

Joint Stock Company “Grindeks”

*Non -audited Consolidated financial statements,
prepared in accordance with International
Financial Reporting Standards
as adopted by the European Union
for the periods ended 31 March 2016 and
ended 31 March 2015*

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ANCILLARY INFORMATION

Name	“GRINDEKS”
Legal status	Joint Stock Company, since 25 August 1997
Number, place and date of registration	40003034935, Riga, Republic of Latvia, 11 October 1991
Business activities	Production of pharmaceutical products, medical products and phytochemical medicine
Legal address	53 Krustpils Street Riga, LV – 1057, Latvia
Subsidiaries	JSC “Tallinn Pharmaceutical Plant” Tondi 33, 11316, Tallinn, Estonia JSC “Kalceks” 53 Krustpils str., Riga, LV - 1057, Latvia “Namu apsaimniekosanas projekti” Ltd. 53 Krustpils str., Riga, LV - 1057, Latvia “Grindeks Rus” Ltd. 74/3 Warsaw str., 117556, Moscow, Russia “HBM Pharma” Ltd. Sklabinska 30, 036 80, Martin, Slovakia
Reporting period	1 January 2016 – 31 March 2016
Previous reporting period	1 January 2015 – 31 March 2015

THE SUPERVISORY COUNCIL AND THE BOARD

Supervisory Council of the Company

(in compliance with the election/dismissal dates)

Since 11 November 2014 to 12 January 2016:

<u>Name</u>	<u>Position</u>	Ownership interest (%)*
Kirovs Lipmans	Chairman of the Supervisory Council	33.29
Anna Lipmane	Deputy Chairman of the Supervisory Council	16.65
Uldis Osis	Member of the Supervisory Council	0.00
Janis Naglis	Member of the Supervisory Council	0.00
Arkadiy Vertkin	Member of the Supervisory Council	0.00

* Latvian Central Depository data as of 31 October 2015

Since 12 January 2016 to the date of issuing the financial statements:

<u>Name</u>	<u>Position</u>	Ownership interest (%)*
Kirovs Lipmans	Chairman of the Supervisory Council	33.29
Anna Lipmane	Deputy Chairman of the Supervisory Council	16.65
Janis Naglis	Member of the Supervisory Council	0.00
Arkadiy Vertkin	Member of the Supervisory Council	0.00

* Latvian Central Depository data as of 31 October 2015

** The term of Office of Supervisory Council members till 10.11.2017.

• Kirovs Lipmans - Chairman of the Council

Born in 1940. Kirovs Lipmans has been the Chairman of the Council of “Grindeks” since 2003. Simultaneously K. Lipmans is also the President of the Latvian Hockey Federation, the Member of the Executive Committee of the Latvian Olympic Committee, the Chairman of the Board of JSC “Grindeks” Foundation „For the Support of Science and Education”, the Chairman of the Council of JSC “Kalceks” and JSC “Tallinn pharmaceutical plant”. Graduated from the Leningrad Institute of Railway and Transport Engineering, also graduated from the Faculty of Economics of the University of Latvia, obtaining degree as an Engineer-Economist. K. Lipmans is also one of the major shareholders of JSC “Grindeks”.

• Anna Lipmane - Deputy Chairman of the Council

Born in 1948. Anna Lipmane has been the Member of the Council of “Grindeks” since 2008. A. Lipmane is certified doctor-neurologist and the Member of the Latvian Medical Association, the Latvian Association of Internists, the Latvian Society of Cardiology and the Latvian Association of Neurologists. A. Lipmane is one of the major shareholders of JSC “Grindeks” and member of the Council of JSC “Tallinn pharmaceutical plant”.

• Janis Naglis - Member of the Council

Born in 1958. Jānis Naglis has been a member of the Council of JSC “Grindeks” since 2002. Simultaneously to the job responsibilities in JSC “Grindeks” J. Naglis is also the Chairman of the Board of ”Kembi” Ltd., a member of Board of ”Baltijas taksometrs” Ltd. As well as he is the President of the Association of Hotels and Restaurants of Latvia and the Latvian Auto Federation, a member of Board of the Latvian Sports for All Association, member of the Council of the Employers’ Confederation of Latvia and member of the National Economy Council. J. Naglis has graduated from Riga Polytechnic institute with qualification Engineer-Mechanic.

• Arkadiy Vertkin - Member of the Council

Born in 1951. Professor Arkadiy Vertkin has been the Head of Therapy, Clinical Pharmacology and Ambulance Department at the Moscow State University of Medicine and Dentistry (MSUMD) since 1989, and the Scientific Secretary of the Scientific Council of MSUMD since 2012. Simultaneously, A. Vertkin is the President of Russian National Scientific Practical Society of Ambulance Care and International Society for the Study of Age-related involution, also he is the Member of the numerous Russian and international organizations. Dr. med. A. Vertkin is an Honored Science Worker of Russian Federation, and has received several awards. As a leading researcher A. Vertkin participates in clinical researches of national and international scale. He is the author and co-author of 1051 scientific publications, 86 of which were published in internationally recognized scientific magazines.

The Board of the Company

(in compliance with the election/dismissal dates)

From 3 July 2014 to 12 October 2015:

<u>Name</u>	<u>Position</u>	<u>Ownership interest(%)*</u>
Juris Bundulis	Chairman of the Board	0.00
Vadims Rabsha	Board member	0.00
Sergejs Batalins	Board member	0.00

** Latvian Central Depository data as of 31 December 2014*

From 12 October 2015 to 4 January 2016:

<u>Name</u>	<u>Position</u>	<u>Ownership interest(%)*</u>
Juris Bundulis	Chairman of the Board	0.00
Vadims Rabsha	Board member	0.00
Ibrahim Muhtshi	Board member	0.00

** Latvian Central Depository data as of 31 October 2015*

From 4 January 2016 to 12 January 2016:

<u>Name</u>	<u>Position</u>	<u>Ownership interest(%)*</u>
Juris Bundulis	Chairman of the Board	0.00
Vadims Rabsha	Board member	0.00
Ibrahim Muhtshi	Board member	0.00

** Latvian Central Depository data as of 31 October 2015*

Since 12 January 2016 to the date of issuing the financial statements:

<u>Name</u>	<u>Position</u>	<u>Ownership interest(%)*</u>
Juris Bundulis	Chairman of the Board	0.00
Janis Romanovskis	Board member	0.00
Ibrahim Muhtshi	Board member	0.00

** Latvian Central Depository data as of 31 October 2015*

- **Juris Bundulis – Chairman of the Board**

Born in 1953. Obtained the Doctoral degree of Biological Sciences if the University of Latvia, also graduated from the Faculty of Chemistry of the University of Latvia. Previously Juris Bundulis worked at “Grindeks” as the Marketing and Sales Director and the Scientific Research and Development Director. Before his appointment as Chairman of the Board of JSC “Grindeks” J.Bundulis was the Deputy State Secretary of the Health Ministry of Latvia and dealt with the health policy issues. Besides the position at “Grindeks” J.Bundulis is also the Member of the Council of „Pharma and Chemistry Competence Centre of Latvia” Ltd. and the Member of the Board of JSC “Grindeks” Foundation “For the Support of Science and Education”.

** The Term of office - 08.01.2018.*

- **Ibraim Muhtshi – Member of the Board, Commercial Director**

Born in 1956. Graduated from the University of Tartu in Estonia, obtaining a Doctor’s diploma in Anaesthesia and Intensive Care specialty. During a career I.Muhtshi had also worked as a medical practitioner, as well as he run the department of Anaesthesiology and Intensive Care at the Viru Central Hospital (Estonia). Previously, Muhtshi had also worked at JSC “Grindeks” as the Director of Sales. Before his appointment as Member of the Board of JSC “Grindeks” I.Muhtshi was the Chairman of the Board of a subsidiary of JSC “Grindeks” – JSC “Tallinn Pharmaceutical Plant”.

** The Term of office - 11.10.2018.*

- **Janis Romanovskis - Member of the Board, Chief Finance and Administrative Officer**

Born in 1960. Graduated from Riga Secondary School No.1, Faculty of Economics of University of Latvia and Riga International School of Economics and Business Administration. Janis Romanovskis had also previously worked at „Grindeks” as the Chairman of the Board and Chief Finance and Administrative Officer. During his career Romanovskis has been the Chairman of the Board of pharmaceutical companies „Recipe plus” and „Sentor Farm aptiekas”, as well as the Finance Director of the IT company „Komerccentrs DATI Grupa” and the Head of the Financial Management Unit of JSC „Dati”.

** The Term of office - 11.01.2019.*

MAJOR SHAREHOLDERS

The shareholders as at 31 October 2015 and 31 December 2014 were as follows
(Latvian Central Depository data):

	Percentage (%) 31.10.2015	Percentage (%) 31.12.2014
Kirovs Lipmans	33.29	33.29
“AB.LV Private equity fund 2010”	-	22.66
AMBERSTONE GROUP, AS	22.66	-
Anna Lipmane	16.65	16.69
Swedbank AS Clients Account (nominal holder)	9.56	9.92
Other shareholders	17.84	17.44
Total	100.00	100.00

MANAGEMENT REPORT

Business activity

During the reporting period the Group of “Grindeks” consists of JSC “Grindeks” and its subsidiaries: JSC “Tallinn Pharmaceutical Plant” in Estonia, JSC “Kalceks” in Latvia, “Namu Apsaimniekošanas projekti” Ltd. in Latvia, “Grindeks Rus” Ltd. in Russia and “HBM Pharma” Ltd. in Slovakia (together hereinafter – the Group). Core business activity of the Group is research, development, manufacturing and sales of original products, generics and active pharmaceutical ingredients.

Business activity of the Group of “Grindeks” during the reporting period

Turnover of the Group in the first quarter of 2016 was 20.8 million euro and has decreased by 1.6 million euro or 7.2% in comparison to the first quarter of 2015. In the first quarter of 2016, the Group’s net profit, attributable to shareholders of the parent company, was 0.05 million euro and has decreased by 1.4 million euro or 96.5 % compared to the first three months of 2015. Gross profit margin in the first quarter of 2016 was 44.6%, while net profit margin was 0.2%. In the first three months of 2016, the Group’s production was exported to 53 countries worldwide, a total of 18.8 million euro which is by 1.8 million euro or 8.6% less than in the first quarter of 2015.

At the end of the reporting period the amount of accounts receivable (debtors) was 59.8 million euro, which is by 10.9 million euro more than accounts payable (liabilities) that were 49.0 million euro. The amount of current assets at the end of reporting period was 81.4 million euro, which is by 45.3 million euro more than amount of current liabilities which was 36.1 million euro.

Sales of final dosage forms and active pharmaceutical ingredients

Sales volume of the final dosage forms of “Grindeks” in the first quarter of 2016 was 19.2 million euro and has decreased by 0.04 million euro or 0.2% in comparison to the first three months of 2015. In the first quarter of 2016, the sales amount in Russia, other CIS countries and Georgia reached 10.0 million euro, which is by 2.2 million euro or 18.3% less than in the first quarter of 2015. In comparison to the first three months of 2015, the biggest increase in sales volume has been reached in Ukraine (8%), Georgia (4%) and Moldova (3%).

Due to the business diversification strategy and the development of company’s activities in the new markets, the sales volume in the Baltic States and other countries reached 9.2 million euro which is by 2.2 million euro or 31.8% more than in the first quarter of 2015. The sales volume in Canada compared with the first three months of 2015, has increased by 3.6 times, in Poland – 2.5 times, while in Hungary it has increased by 88%. In the first quarter of 2016, the sales volume in Latvia reached 1.7 million euro and has increased by 0.2 million euro or 11.5% in comparison with the first three months of 2015.

In the first quarter of 2016, sales of the active pharmaceutical ingredients reached 1.5 million euro, which is by 1.6 million euro or 52.1% less than in 2015. The key markets of “Grindeks” active pharmaceutical ingredients are the EU countries, U.S., Australia and Japan. The most required active pharmaceutical ingredients of “Grindeks” in the first three months of 2016 were oxytocin, droperidol, pimobendan, detomidine and xylazine.

Investment program

In 2016, “Grindeks” continues its most important research and development projects. In the previous year, in cooperation with Latvian scientists the project of inhibitor of cardioprotective agent – GBB hydroxyls with an original structure – chemical and preclinical pharmacological efficiency studies, which is an important step in creating a new medical product, was successfully finished. The other project is registration of a drug Mildronate® in China, where the 3rd phase of clinical trial for this medication is now being held.

Quality and environmental protection

In the first quarter of 2016, the State Agency of Medicines of the Republic of Latvia successfully inspected the “Grindeks” Wholesaler on compliance to the requirements of the Good Distribution Practice standard, as well as recertification for company’s subsidiary “Kalceks” on compliance to the Good Manufacturing Practice standard was accomplished.

“Grindeks” share price development in the first quarter of 2016 (data of “NASDAQ Riga”)

Since 2 January 2006 shares of “Grindeks” are listed in the official list of “NASDAQ Riga”. JSC “Grindeks” share price on “NASDAQ Riga” in the first quarter of 2015 ranged from 4.85 to 5.27 euro. In the first quarter of 2016 the average price of JSC “Grindeks” shares on “NASDAQ Riga” was 5.02 euro. The total of “NASDAQ Riga” traded shares in the first quarter of 2016 was 101 103 shares, reaching 505.58 thousand euro turnover. At the end of the first quarter of 2016, market capitalization of “Grindeks” shares was 46.97 million euro.

In the first quarter of 2016, the Group’s earnings per share (EPS factor) was 0.01 euro in comparison to 0.15 euro in the first quarter of 2015.



“Grindeks” share price development in the first quarter of 2016 in comparison with Baltic market indexes (data of NASDAQ Riga)



Future expectations

In 2016, “Grindex” continues to focus on the new markets, thereby diversifying its operations and reducing risks. It is expected, that in the new markets “Grindex” will gradually reach increasingly higher sales results.

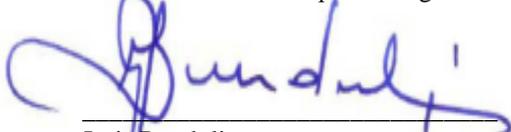
In 2016, “Grindex” continues to widen its product range. Simultaneously with registration of the new products in the historical “Grindex” markets – Russia, other CIS countries and few particular EU countries – a number of registration procedures have been started also in South Asia, Oceania and Persian Gulf countries where “Grindex” registers its existing products. Currently, under development in different stages are 14 generics, starting from the chemical synthesis of active pharmaceutical ingredient to the clinical trials. In 2016, the registration procedure will be started for 7 of these drugs.

Situation in Russia and Ukraine, highlighted as one of the major business risks in the previous periods, gradually becomes stable, having a positive impact on company’s performance indicators in both countries.

Decrease in value or devaluation of national currencies in the CIS countries are still the most substantial business risk factors, that might negatively affect company’s performance indicators.

“Grindex” continues the optimization of current assets and cost reduction in positions which are not related to company's strategic development projects, as well as product registration and their promotion.

On behalf of the Group’s Management:



Juris Bundulis
Chairman of the Board

27 May 2016

STATEMENT OF BOARD'S RESPONSIBILITIES

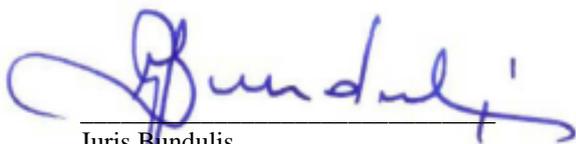
The Board of JSC "Grindeks" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter - the Group). The interim financial statements of the Group are not audited.

The consolidated interim financial statements, enclosed from the page 11 to the page 19, are prepared in accordance with the accounting records and source documents, presenting fairly the financial position of the Group as of 31 March 2016 and the results of its operations and cash flows for the period of three months ended 31 March 2016.

Above mentioned consolidated interim financial statements are prepared in accordance with the International Financial Reporting Standards, reposing on the principle of business activities continuation. Appropriate accounting policies have been applied on a consistent basis. The management in preparation of the consolidated interim financial statements has made prudent and reasonable judgments and estimates.

The Board of the Company is responsible for providing accounting records, preservation of the Group's assets and the prevention and disclosure of fraud and other irregularities of the Group. The Board is responsible for the compliance with the existing legislation in the countries in which the Group's companies are operating (Latvia, Russia, Estonia and Slovakia).

On behalf of the Board:



Juris Bundulis
Chairman of the Board

27 May 2016

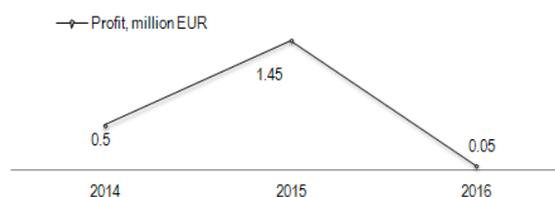
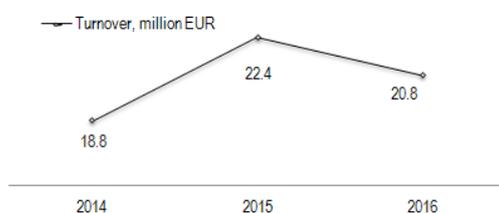
STATEMENT OF FINANCIAL POSITION

	31.03.2016. EUR	31.03.2015. EUR
ASSETS		
Non-current assets		
Intangible assets		
Software, patents, licenses, trademarks and other rights	688,446	826,572
Advance payments for intangible assets	125,700	83,030
Total intangible assets	814,146	909,602
Goodwill	5,044,761	5,044,761
Tangible fixed assets		
Land, buildings and constructions	32,424,721	33,827,637
Equipment and machinery	23,440,979	24,353,046
Other fixed assets	925,057	1,076,227
Construction in progress	2,770,962	3,811,367
Advance payments for fixed assets	315,013	201,429
Total tangible fixed assets	59,876,732	63,269,706
Investment property	9,080,000	9,080,000
Non-current financial investments		
Other investments	98,450	98,450
Other loans	2,200,000	2,233,643
Total long term financial investments	2,298,450	2,332,093
Total non-current financial assets	77,114,089	80,636,162
Current assets		
Inventories		
Raw materials	6,046,491	6,895,905
Unfinished goods	9,852,584	9,661,706
Finished goods and goods for resale	4,770,208	4,502,653
Total inventory	20,669,283	21,060,264
Debtors		
Trade receivables	45,265,951	44,724,126
Other debtors	3,330,840	4,111,260
Loans provided to the Company's/the Group's management and shareholders	2,640,282	2,597,483
Other loans	1,542,568	1,500,000
Deferred expenses	7,051,331	5,295,213
Total debtors	59,830,972	58,228,082
Cash and cash equivalents	940,424	1,996,169
Total current assets	81,440,679	81,284,515
TOTAL ASSETS	158,554,768	161,920,677

	31.03.2016.	31.03.2015.
	EUR	EUR
EQUITY AND LIABILITIES		
EQUITY		
Share capital	13,419,000	13,638,226
Share premium	22,321,657	22,321,657
Other reserves	880,726	661,500
Foreign currency revaluation reserve	32,510	(132,151)
Retained profit		
a) retained profit	72,770,154	71,733,420
b) current year (loss)/ profit	50,483	1,447,003
Equity attributable to equity holders of the Parent entity	109,474,530	109,669,655
Non-controlling interest	103,009	97,025
Total equity	109,577,539	109,766,680
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	2,334,016	2,711,715
Finance lease liabilities	174,990	118,491
Deferred income tax liabilities	5,203,490	5,269,792
Deferred income	5,167,295	4,522,593
Total non-current liabilities	12,879,791	12,622,591
Current liabilities		
Loans from credit institutions	21,530,088	22,962,741
Finance lease liabilities	75,868	70,378
Advances from customers	1,494,345	1,273,968
Trade accounts payable	8,852,874	8,973,788
Taxes and social security contributions	1,269,252	846,735
Other payables	2,040,435	3,937,810
Accrued liabilities	477,407	276,763
Deferred income	357,169	1,189,223
Total current liabilities	36,097,438	39,531,406
Total liabilities	48,977,229	52,153,997
TOTAL EQUITY AND LIABILITIES	158,554,768	161,920,677

STATEMENT OF COMPREHENSIVE INCOME

	2016 January-March EUR	2015 January-March EUR
Net sales	20,793,836	22,404,491
Cost of goods sold	(11,511,140)	(10,733,142)
Gross profit	9,282,696	11,671,349
Selling expenses	(4,780,869)	(3,739,190)
Administrative expenses	(2,985,926)	(3,103,178)
Other operating income	403,274	670,326
Other operating expenses	(1,412,827)	(3,449,507)
Interest income and similar income	29,441	30,120
Interest expenses and similar expenses	(111,345)	(95,635)
Real estate tax	(26,154)	(26,550)
Profit /loss before taxation	398,290	1,957,735
Corporate income tax	(348,067)	(506,705)
PROFIT/LOSS FOR THE PERIOD	50,223	1,451,030
Other comprehensive income /loss		
Foreign currency revaluation	147,705	(71,668)
Total other comprehensive income /loss	147,705	(71,668)
Total comprehensive income /loss	197,928	1,379,362
Attributable to:		
Equity holders of the Parent entity	50,483	1,447,003
Non-controlling interest	(260)	4,027
TOTAL	50,223	1,451,030
Comprehensive (loss)/ income attributable to:		
Equity holders of the Parent entity	198,188	1,375,335
Non-controlling interest	(260)	4,027
TOTAL	197,928	1,379,362
Earnings per share attributable to the equity holders of the Parent entity (EUR per share)		
– Earnings per share	0.01	0.15



STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Foreign currency re-valuation reserve	Retained profit	Equity attributable to equity holders of the parent	Non-controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31.12. 2015.	13,419,000	22,321,657	880,726	(115,195)	72,770,154	109,276,342	103,269	109,379,611
Profit for the period	-	-	-	-	50,483	50,483	(260)	50,223
Foreign currency re-valuation	-	-	-	147,705	-	147,705	-	147,705
31.03. 2016.	13,419,000	22,321,657	880,726	32,510	72,820,637	109,474,530	103,009	109,577,539

STATEMENT OF CASH FLOWS

	2016	2015
	January-March	January-March
	EUR	EUR
OPERATING ACTIVITIES		
Net (loss)/ profit before taxation	398,290	1,957,735
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	1,404,174	1,490,537
Revenue from the EU funds	(433,108)	(103,524)
Interest income	(76,615)	(30,120)
Interest expense	111,150	95,635
<i>Changes in operating assets and liabilities:</i>		
Inventory	(890,541)	(2,078,084)
Debtors	(1,297,296)	(208,690)
Creditors	(1,571,814)	(624,951)
Gross cash provided by operating activities	787,868	498,538
Corporate income tax paid	-	(28,121)
Net cash provided by operating activities	787,868	470,417
INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(1,951,683)	(1,565,982)
Purchase of long term financial investments	(15,000)	(60,150)
Net cash used in investing activities	(1,966,683)	(1,626,132)
FINANCING ACTIVITIES		
Received loans from credit institutions	2,318,464	10,479,255
Repaid loans to credit institutions and leasing payments	(829,006)	(422,824)
Dividends paid	-	(9,000,000)
Revenue from the EU funds	16,433	-
Interest paid	(111,150)	(95,635)
Net cash (used in) /provided by financing activities	1,394,741	960,796
Net increase/decrease in cash and cash equivalents	215,926	(194,919)
Cash and cash equivalents at the beginning of the year	724,498	2,191,088
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	940,424	1,996,169

NOTES

OTHER DEBTORS

	31.03.2016. EUR	31.03.2015. EUR
Tax receivables	946,729	2,211,258
Other	2,414,663	2,000,002
Total	3,361,392	4,111,260

CASH AND CASH EQUIVALENTS

	31.03.2016. EUR	31.03.2015. EUR
Cash in bank	919,705	1,985,415
Cash on hand	20,719	10,754
Total	940,424	1,996,169

LOANS FROM CREDIT INSTITUTIONS

	31.03.2016. EUR	31.03.2015. EUR
Credit line from Nordea Bank AB Latvia branch	13,919,363	13,705,493
Credit line from JSC "SEB banka", Latvia	4,979,575	4,999,731
Credit line from Tatrabank JSC, Slovakia	1,733,559	1,276,087
Tatrabank JSC, Slovakia	174,600	913,800
Nordea Bank AB Latvia branch	-	600,000
ABLV Bank, JSC	-	409,578
Tatrabank JSC, Slovakia	305,624	305,625
JSC "SEB banka", Latvia	-	269,455
JSC "SEB banka", Latvia	259,867	259,867
Tatrabank JSC, Slovakia	157,500	157,500
Tatrabank JSC, Slovakia	-	65,605
Current loans from credit institutions	21,530,088	22,962,741
Tatrabank JSC, Slovakia	1,222,500	1,630,000
Tatrabank JSC, Slovakia	708,200	613,316
JSC "SEB banka", Latvia	403,316	389,799
Tatrabank JSC, Slovakia	-	78,600
Non-current loans from credit institutions	2,334,016	2,711,715
Total	23,864,104	25,674,456

TAXES AND SOCIAL SECURITY CONTRIBUTIONS

	31.03.2016. EUR	31.03.2015. EUR
Social security contributions	517,364	486,179
Personal income tax	274,807	264,519
Corporate income tax	424,771	46,918
Other	52,310	49,119
Total	1,269,252	846,735

NET SALES

	2016 January-March EUR	2015 January-March EUR
Other CIS countries	7,140,555	8,682,770
Other countries	6,921,811	6,716,218
Russia	4,256,054	5,153,947
Latvia	1,916,349	1,704,295
Lithuania	1,075,643	1,059,960
Estonia	625,157	501,611
Other sales	172,085	170,033
Gross sales	22,107,654	23,988,834
Less discounts		
Other CIS countries	(1,222,703)	(1,300,454)
Russia	(719)	(205,716)
Latvia	(63,131)	(32,639)
Lithuania	(11,052)	(24,974)
Estonia	(14,658)	(14,825)
Other countries	(1,555)	(5,735)
Discounts total	(1,313,818)	(1,584,343)
Total, net	20,793,836	22,404,491

COST OF GOODS SOLD

	2016	2015
	January-March	January-March
	EUR	EUR
Raw materials and packaging	4,274,891	4,836,338
Direct labor and social security contributions	3,370,480	3,350,534
Depreciation of fixed assets and amortization of intangible assets	1,185,389	1,217,934
Electricity expenses	633,697	715,684
Goods purchased for resale and contract manufacturing costs	1,594,705	496,161
Research costs	203,066	333,895
Machinery, buildings and equipment repairs	231,310	203,528
Household expenses	58,729	59,498
Transport costs	44,184	41,395
Rent of work clothing	32,608	33,529
Waste disposal	32,378	29,381
Other expenses	908,496	407,204
Internal turnover of self-manufactured raw materials	(1,058,793)	(991,939)
Total	11,511,140	10,733,142

SELLING AND DISTRIBUTION COSTS

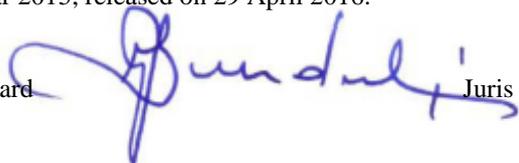
	2016	2015
	January-March	January-March
	EUR	EUR
Advertising expenses	1,791,168	1,122,589
Expenses of representative offices	851,847	909,994
Salaries and social security contributions	682,514	587,890
Distribution costs	235,517	249,276
Commissions	231,451	227,199
Depreciation of fixed assets and amortization of intangible assets	85,025	103,537
Registration costs for medicine	173,401	101,280
Freight insurance expenses	2,686	5,224
Other expenses	727,260	432,201
Total	4,780,869	3,739,190

ADMINISTRATIVE EXPENSES

	2016	2015
	January-March	January-March
	EUR	EUR
Salaries and social security contributions	1,553,995	1,526,954
Professional and consultancy services	144,359	343,626
Depreciation of fixed assets and amortization of intangible assets	137,949	166,821
Computer maintenance and repair	94,960	98,118
Security costs	100,023	97,591
Bank charges	32,863	72,193
Electricity costs	70,320	71,878
Employee insurance expenses	54,512	55,360
Transport costs	43,617	41,133
Property and liability insurance	30,846	36,033
Business trip expenses	23,584	24,873
Communication expenses	15,656	14,958
Personnel training and hiring expenses	5,561	5,152
Other expenses	677,681	548,488
Total	2,985,926	3,103,178

JSC “Grindex” hereby informs that there were no changes made in its accounting policy in January-March 2016. In non-audited financial accounts for the period January-March 2016 the Group has employed the same Accounting and Consolidation Principles as in the audited consolidated financial accounts for the year 2015, released on 29 April 2016.

Chairman of the Board



Juris Bundulis

27 May 2016