

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 30 June 2016 and
ended 30 June 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 str. 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 – 30 June 2016
Previous reporting period	1 January 2015 – 30 June 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 30 May 2016*

** *The term of Office of Supervisory Council members till 07.06.2019.*

- **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, as well as the Member of the Council of JSC “Tallinn pharmaceutical plant”. A. Lipmane is one of the major shareholders of JSC “Grindeks”.

- **Janis Naglis - Member of the Council**

Born in 1958. Janis Naglis has been a member of the Council of JSC “Grindeks” since 2002. Simultaneously to the responsibilities in JSC “Grindeks” J. Naglis is also the Member of the Council of the Employers' Confederation of Latvia, the President of the the Latvian Auto Federation, the Member of the Board of the Association of Hotels and Restaurants of Latvia and the Latvian Sports for All Association, as well as the Member of management boards and supervisory councils of many others companies and institutions. J. Naglis graduated from Riga Polytechnic institute with qualification Engineer-Mechanic.

- **Arkadiy Vertkin - Member of the Council**

Born in 1951. Professor Arkadiy Vertkin has been a member of the Council of JSC “Grindeks” since 2013. A.Vertkin is 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 numerously Russian and international organizations. Dr.med. A.Vertkin is an Honoured Science Worker of Russian Federation, and has received several awards.

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 30 May 2016*

- 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 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” (Estonia).

** 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 30 May 2016 and 31 December 2014 were as follows
(Latvian Central Depository data):

	Percentage (%) 30.05.2016	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)	9.58	9.92
Other shareholders (less 5% ownership interest)	17.82	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 six months of 2016 was 46.4 million euro and has increased by 2.6 million euro or 5.9% in comparison to the first six months of 2015. In the first six months of 2016, the Group’s net profit, attributable to shareholders of the parent company, was 4.2 million euro and has increased by 1 million euro or 32.4 % compared to the first six months of 2015. Gross profit margin in the first half year of 2016 was 51.1%, while net profit margin was 9.2%. In the first six months of 2016, the Group’s production was exported to 64 countries worldwide, a total of 41.5 million euro which is by 1.7 million euro or 4.2% more than in the first half year of 2015.

At the end of the reporting period the amount of accounts receivable (debtors) was 66.0 million euro, which is by 14.4 million euro more than accounts payable (liabilities) that were 51.5 million euro. The amount of current assets at the end of reporting period was 88.6 million euro, which is by 49.9 million euro more than amount of current liabilities which was 38.7 million euro.

Sales of final dosage forms and active pharmaceutical ingredients

Sales volume of the final dosage forms of “Grindeks” in the first half year of 2016 was 42.5 million euro and has increased by 3.4 million euro or 8.7% in comparison to the first half year of 2015. In the first half year of 2016, the sales amount in Russia, other CIS countries and Georgia reached 23.8 million euro, which is by 0.3 million euro or 1.2% more than in the first half year of 2015. After assessment of potential currency risks, “Grindeks” limited its operations in Central Asia countries in the first half year of 2016, thus, the export to these countries was reduced. In comparison to the first six months of 2015, the biggest increase in sales volume has been reached in Russia (25%), Uzbekistan (18%), Moldova (17%) and Turkmenistan (15%).

Due to the business diversification strategy and the development of company’s activities in the new markets, in the first half year of 2016 the sales volume in the Baltic States and other countries reached 18.6 million euro which is by 3.1 million euro or 20.1% more than in the first half year of 2015. The sales volume in Croatia compared with the first six months of 2015 has increased by 7.6 times, in Spain – 4 times, in Canada – 1.8 times, while in Hungary and Finland it has increased by 36%. In the first half year of 2016, the sales volume in Latvia reached 3.8 million euro and has increased by 0.9 million euro or 32.5% in comparison with the first six months of 2015. In the first half year of 2016, compared with the first half year of 2015, remarkable increase in sales have been reached also in the other Baltic States – in Lithuania by 17% and Estonia by 16%.

In the first half year of 2016, in several Eastern European countries, including the Baltic States, the Group of “Grindeks” has registered injectable preparations – Diazepeks®, Neostigmine-Kalceks, Piracetam-Kalceks, Magnesium sulfate-Kalceks and Tramadol-Kalceks. In Ukraine, the Group has widened the product range and finished the registration of 8 generic medicines. In Australia, the registration of the mucolytic over-the-counter drug developed by “Grindeks” was successfully finished.

In the first half year of 2016, sales of the active pharmaceutical ingredients reached 3.2 million euro, which is by 0.8 million euro or 20.4% less than in the first half year of 2015. During this reporting period, “Grindeks” exported its active pharmaceutical ingredients to the EU countries, U.S., Australia and Japan. The most required active pharmaceutical ingredients of “Grindeks” in the first six months of 2016 were oxytocin, zopiclone, droperidol, pimobendan and detomidine.

Investment program

In 2016, “Grindeks” continues its most important research and development projects. In cooperation with Latvian and foreign scientists “Grindeks” continues development of the cardioprotective agent –

inhibitor of GBB hydroxyls with an original structure. 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 half year 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. The certificate on Good Distribution Practice of medicinal products for human use was received and significant inspection was carried out by the U.S. Food and drug Administration (FDA). Also, audits by the clients and cooperation partners were performed, while specialists from “Grindeks” audited active pharmaceutical ingredient manufacturers, wholesalers and cooperation partners both in Latvia and in other countries. During the first half year of 2016, the recertification for company’s subsidiary “Kalceks” on compliance to the Good Manufacturing Practice standard was accomplished.

“Grindeks” share price development in the first half year 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 half year of 2016 ranged from 4.15 to 5.25 euro. In the first half year of 2016 the average price of JSC “Grindeks” shares on “Nasdaq Riga” was 4.84 euro. The total of “Nasdaq Riga” traded shares in the first half year of 2016 was 191 212 shares, reaching 923 thousand euro turnover. At the end of the first half year of 2016, market capitalization of “Grindeks” shares was 39.78 million euro.

In the first half year of 2016, the Group’s earnings per share (EPS factor) were 0.48 euro in comparison to 0.33 euro in the first half year of 2015.



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



Indekss	01.01.2016	30.06.2016	+/- %
—OMX Baltic Benchmark GI	648.32	711.29	9.71
—OMX Riga	594.35	620.68	4.43
—OMX Baltic Benchmark PI	359.03	376.39	4.84
—GRD1R	5.200 EUR	4.150 EUR	-20.19

Future expectations

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

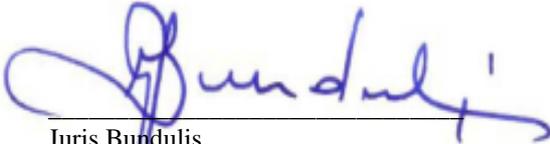
In 2016, “Grindex” continues widening its product range. Along with registration procedures of the new products in the historical “Grindex” markets – Russia, other CIS countries and certain EU countries – a number of registration procedures have been initiated in South Asia, Oceania and Persian Gulf countries where “Grindex” registers the existing products. In 18 European countries 16 generic drugs are now being registered. Currently, under development in different stages starting from the chemical synthesis of active pharmaceutical ingredient to the clinical trials are 14 generics, for 7 of which the registration procedure will be started in 2016.

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

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

“Grindex” continues the optimization of current assets and cost reduction in positions which are not related to the 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

26 August 2016

STATEMENT OF BOARD'S RESPONSIBILITIES

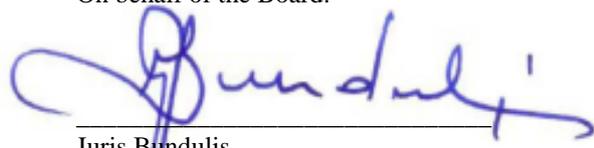
The Board of JSC "Grindeks" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter - the Group). The interim financial statements of the Group are not audited.

The consolidated interim financial statements, enclosed from the page 11 to the page 18, are prepared in accordance with the accounting records and source documents, presenting fairly the financial position of the Group as of 30 June 2016 and the results of its operations and cash flows for the period of six months ended 30 June 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

26 August 2016

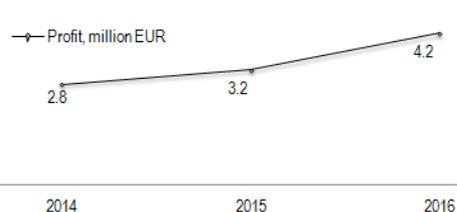
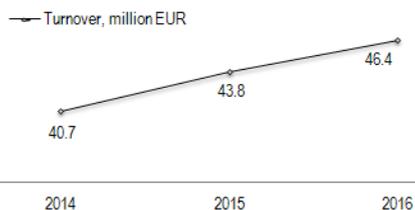
STATEMENT OF FINANCIAL POSITION

	30.06.2016. EUR	30.06.2015. EUR
ASSETS		
Non-current assets		
Intangible assets		
Software, patents, licenses, trademarks and other rights	648,667	760,476
Advance payments for intangible assets	130,700	111,730
Total intangible assets	779,367	872,206
Goodwill	5,044,761	5,044,761
Tangible fixed assets		
Land, buildings and constructions	31,966,508	33,393,822
Equipment and machinery	23,014,892	25,175,410
Other fixed assets	907,987	1,054,586
Construction in progress	2,868,054	2,547,258
Advance payments for fixed assets	981,536	155,887
Total tangible fixed assets	59,738,977	62,326,963
Investment property	9,080,000	9,080,000
Non-current financial investments		
Other investments	99,020	98,450
Other loans	2,200,000	2,233,643
Total long term financial investments	2,299,020	2,332,093
Total non-current financial assets	76,942,125	79,656,023
Current assets		
Inventories		
Raw materials	5,611,370	5,340,295
Unfinished goods	9,751,714	9,432,670
Finished goods and goods for resale	6,053,835	3,543,929
Total inventory	21,416,919	18,316,894
Debtors		
Trade receivables	52,233,909	45,276,407
Other debtors	1,674,872	4,329,423
Loans provided to the Company's/the Group's management and shareholders	2,640,282	2,597,483
Other loans	2,226,826	1,500,000
Deferred expenses	7,178,821	5,341,917
Total debtors	65,954,710	59,045,230
Cash and cash equivalents	1,207,357	872,830
Total current assets	88,578,986	78,234,954
TOTAL ASSETS	165,521,111	157,890,977

	30.06.2016. EUR	30.06.2015. 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	242,857	191,703
Retained profit		
a) retained profit	72,770,154	71,733,420
b) current period profit /loss	4,243,948	3,205,238
Equity attributable to equity holders of the Parent entity	113,878,341	111,751,744
Non-controlling interest	100,191	98,049
Total equity	113,978,532	111,849,793
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	2,950,516	2,711,715
Finance lease liabilities	126,909	206,055
Deferred income tax liabilities	5,203,490	5,269,792
Deferred income	4,574,236	4,507,628
Total non-current liabilities	12,855,151	12,695,190
Current liabilities		
Loans from credit institutions	20,638,305	19,992,874
Finance lease liabilities	79,115	109,632
Advances from customers	1,167,898	731,176
Trade accounts payable	10,811,927	7,031,671
Taxes and social security contributions	1,790,552	944,891
Other payables	3,416,941	3,368,702
Deferred income	229,915	997,903
Accrued liabilities	552,775	169,145
Total current liabilities	38,687,428	33,345,994
Total liabilities	51,542,579	46,041,184
TOTAL EQUITY AND LIABILITIES	165,521,111	157,890,977

STATEMENT OF COMPREHENSIVE INCOME

	2016 January-June EUR	2015 January-June EUR
Net sales	46,369,558	43,790,634
Cost of goods sold	(22,654,033)	(24,050,788)
Gross profit	23,715,525	19,739,846
Selling expenses	(9,555,612)	(8,924,851)
Administrative expenses	(6,577,500)	(6,610,511)
Other operating income	1,310,794	5,415,769
Other operating expenses	(3,446,707)	(5,563,727)
Interest income and similar income	77,568	77,980
Interest expenses and similar expenses	(216,357)	(211,906)
Real estate tax	(66,683)	(64,627)
Profit /loss before taxation	5,241,028	3,857,973
Corporate income tax	(1,000,158)	(647,684)
PROFIT/LOSS FOR THE PERIOD	4,240,870	3,210,289
Other comprehensive income /loss		
Foreign currency revaluation	358,051	252,166
Total other comprehensive income /loss	358,051	252,166
Total comprehensive income /loss	4,598,921	3,462,455
Attributable to:		
Equity holders of the parent	4,243,948	3,205,238
Non-controlling interest	(3,078)	5,051
TOTAL	4,240,870	3,210,289
Comprehensive (loss)/ income attributable to:		
Equity holders of the Parent entity	4,595,843	3,457,404
Non-controlling interest	(3,078)	5,051
TOTAL	4,598,921	3,462,455
Earnings per share attributable to the equity holders of the Parent entity (EUR per share)	0.48	0.33



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	-	-	-	-	4,243,948	4,243,948	(3,078)	4,240,870
Foreign currency re-valuation	-	-	-	358,051	-	358,051	-	358,051
30.06.2016.	13,419,000	22,321,657	880,726	242,857	77,014,102	113,878,341	100,191	113,978,532

STATEMENT OF CASH FLOWS

	2016 January-June EUR	2015 January-June EUR
OPERATING ACTIVITIES		
Net (loss)/ profit before taxation	5,241,028	3,857,973
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	2,832,797	2,953,848
Revenue from the EU funds	(671,692)	(275,208)
Interest income	(165,122)	(77,980)
Interest expense	183,621	211,906
<i>Changes in operating assets and liabilities:</i>		
Inventory	(1,638,177)	(665,286)
Debtors	(7,421,034)	1,025,838
Creditors	2,129,856	(7,643,762)
Gross cash provided by operating activities	491,277	(612,671)
Corporate income tax paid	-	1,827,000
Net cash provided by operating activities	491,277	1,214,329
INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(1,476,375)	(648,559)
Purchase of long term financial investments	(15,000)	(60,150)
Net cash used in investing activities	(1,491,375)	(708,709)
FINANCING ACTIVITIES		
Received loans from credit institutions	2,233,241	8,233,091
Repaid loans to credit institutions and leasing payments	(587,567)	(1,043,170)
Revenue from the EU funds	22,742	198,107
Interest paid	(185,459)	(211,906)
Dividends paid	-	(9,000,000)
Net cash (used in) /provided by financing activities	1,482,957	(1,823,878)
Net increase/decrease in cash and cash equivalents	482,859	(1,318,258)
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	1,207,357	872,830

NOTES

OTHER DEBTORS

	30.06.2016. EUR	30.06.2015. EUR
Tax receivables	917,536	932,590
Other	757,336	3,396,833
Total	1,674,872	4,329,423

CASH AND CASH EQUIVALENTS

	30.06.2016. EUR	30.06.2015. EUR
Cash in bank	1,198,284	858,605
Cash on hand	9,073	14,225
Total	1,207,357	872,830

LOANS FROM CREDIT INSTITUTIONS

	30.06.2016. EUR	30.06.2015. EUR
Credit line from Nordea Bank AB Latvia branch	13,210,702	11,984,914
Credit line from JSC "SEB banka", Latvia	4,999,816	4,980,447
Credit line from Tatrabank JSC, Slovakia	1,840,220	1,079,869
Tatrabank JSC, Slovakia	203,750	639,716
Tatrabank JSC, Slovakia	116,400	444,084
Nordea Bank AB Latvia branch	105,000	300,000
Tatrabank JSC, Slovakia	-	203,750
JSC "SEB banka", Latvia	162,417	162,416
JSC "SEB banka", Latvia	-	153,973
Tatrabank JSC, Slovakia	-	43,705
Current loans from credit institutions	20,638,305	19,992,874
Tatrabank JSC, Slovakia	1,222,500	1,630,000
Tatrabank JSC, Slovakia	708,200	-
Tatrabank JSC, Slovakia	403,316	613,316
Tatrabank JSC, Slovakia	616,500	-
Nordea Bank AB Latvia branch	-	389,799
Tatrabank JSC, Slovakia	-	78,600
Non-current loans from credit institutions	2,950,516	2,711,715
Total	23,588,821	22,704,589

TAXES AND SOCIAL SECURITY CONTRIBUTIONS

	30.06.2016. EUR	30.06.2015. EUR
Social security contributions	942,971	534,293
Personal income tax	324,373	298,819
Corporate income tax	520,176	67,179
Other	3,032	44,600
Total	1,790,552	944,891

NET SALES

	2016	2015
	January-June	January-June
	EUR	EUR
Other CIS countries	16,016,445	17,715,615
Other countries	14,030,505	13,403,669
Russia	10,700,042	8,715,423
Latvia	4,614,990	3,486,723
Lithuania	2,262,161	1,965,530
Estonia	1,243,517	993,152
Other sales	422,320	467,414
Gross sales	49,289,980	46,747,526
Less discounts		
Other CIS countries	(2,670,302)	(2,518,265)
Other countries	(20,808)	(6,937)
Russia	(3,778)	(230,498)
Latvia	(175,294)	(116,248)
Lithuania	(21,684)	(57,233)
Estonia	(28,556)	(27,711)
Discounts total	(2,920,422)	(2,956,892)
Total, net	46,369,558	43,790,634

COST OF GOODS SOLD

	2016	2015
	January-June	January-June
	EUR	EUR
Raw materials and packaging	11,779,829	11,513,577
Direct labor and social security contributions	6,923,910	6,784,883
Goods purchased for resale and contract manufacturing costs	1,524,713	1,201,209
Depreciation of fixed assets and amortization of intangible assets	2,365,334	2,410,672
Electricity expenses	1,122,304	1,235,472
Research costs	881,443	1,193,479
Machinery, buildings and equipment repairs	510,404	490,058
Household expenses	123,977	120,143
Transport costs	89,250	84,699
Rent of work clothing	66,960	66,880
Waste disposal	59,472	60,319
Other expenses	1,008,626	983,944
Internal turnover of self-manufactured raw materials	(3,802,189)	(2,094,547)
Total	22,654,033	24,050,788

SELLING AND DISTRIBUTION COSTS

	2016	2015
	January-June	January-June
	EUR	EUR
Advertising expenses	3,326,517	3,024,909
Expenses of representative offices	1,785,604	1,921,568
Salaries and social security contributions	1,357,642	1,215,133
Distribution costs	515,502	491,126
Commissions	518,390	452,216
Registration costs for medicine	406,696	278,265
Depreciation of fixed assets and amortization of intangible assets	168,453	207,079
Freight insurance expenses	7,987	10,046
Other expenses	1,468,821	1,324,509
Total	9,555,612	8,924,851

ADMINISTRATIVE EXPENSES

	2016	2015
	January-June	January-June
	EUR	EUR
Salaries and social security contributions	3,525,586	3,132,793
Professional and consultancy services	323,913	664,367
Depreciation of fixed assets and amortization of intangible assets	275,844	335,843
Security costs	199,651	205,352
Computer maintenance and repair	193,406	198,767
Employee insurance expenses	105,902	117,210
Electricity costs	131,559	112,551
Bank charges	70,030	109,881
Transport costs	86,485	86,013
Property and liability insurance	62,834	69,547
Business trip expenses	58,557	43,728
Communication expenses	34,153	28,472
Personnel training and hiring expenses	13,318	10,255
Other expenses	1,496,262	1,495,732
Total	6,577,500	6,610,511

JSC "Grindeks" hereby informs that there were no changes made in its accounting policy in January-June 2016. In non-audited financial accounts for the period January-June 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

26 August 2016

Juris Bundulis