

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 September, 2015 and
ended 30 September, 2014*

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ANCILLARY INFORMATION

Name	“GRINDEKS”
Legal status	Joint Stock Company since August 25, 1997
Number, place and date of registration	40003034935, Riga, Republic of Latvia, October 11, 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	January 1, 2015 – September 30, 2015
Previous reporting period	January 1, 2014 – September 30, 2014

THE SUPERVISORY COUNCIL AND THE BOARD

Supervisory Council of the Company

(in compliance with the election/dismissal dates)

From June 4, 2013 to June 12, 2014:

<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	16.69
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 April 30, 2014

From June 12, 2014 to November 11, 2014:

<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	16.69
Janis Naglis	Member of the Supervisory Council	0.00
Arkadiy Vertkin	Member of the Supervisory Council	0.00

* Latvian Central Depository data as of April 30, 2014

Since November 11, 2014 to June 4, 2015:

<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 June 4, 2015

Since June 4, 2015 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
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 October 30, 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”, also the Member of the Council of JSC “Liepājas Metalurģs”. 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”.

• Uldis Osis - Member of the Council

Born in 1948. Uldis Osis has worked for the Council of JSC “Grindeks” since 2002. Besides the position at JSC “Grindeks”, U. Osis is also the President of “Konsorts” Ltd., the Corresponding Member of the Latvian Academy of Sciences and the Member of „Economist Union 2010”. U. Osis has graduated from the Faculty of Economics of the Leningrad State University, also the post graduate studies of the Construction Economics Research Institute of the USSR Construction Committee, obtaining a diploma of the Candidate of Economics Science (Dr. oec.). Has studied abroad, for instance at the Georgetown University (in 1992, Washington D.C., USA).

• 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 ”Kembī” Ltd., a member of Board of ”Baltijas taksometri” 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.

Board of the Company

(in compliance with the election/dismissal dates)

From May 1, 2012 to July 3, 2014:

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

* *Latvian Central Depository data as of April 30, 2014.*

Since July 3, 2014 to October 13, 2014:

<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 April 30, 2014.*

Since October 13, 2014 ** to January 8, 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 December 31, 2014*

** *Considering reelection of the Board member V.Rabsha.*

Since January 8, 2015** to October 12, 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 June 4, 2015*

** *Considering reelection of Chairman of the Board J.Bundulis.*

Since October 12, 2015** 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
Vadims Rabsha	Board member	0.00
Ibrahim Muhtsi	Board member	0.00

* *Latvian Central Depository data as of October 30, 2015*

** *Considering election of the Board member I. Muhtsi.*

• **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 from 08.01.2015. till 07.01.2018.*

• **Vadims Rabsha - Member of the Board, Chief Finance and Administrative Officer**

Born in 1976. Graduated from the Stockholm School of Economics in Riga where he studied Economics and Business. Has been working for the JSC “Grindeks” since 2007. Previously was employed at “Exigen Services” Ltd., holding the post of the Chief Finance Officer, as well as the position of the Deputy Chairman of the Board at JSC “DATI Exigen Group”. V.Rabsha also worked at JSC “Latvijas Balzams” as the Chief Finance Officer. Besides the position at “Grindeks” V.Rabsha is the Member of the Council of „HBM Pharma” Ltd. *

* *The Term of office from 13.10.2014. till 12.10.2017.*

• **Ibrahim Muhtsi – 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.Muhtsi 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, Muhtsi had also worked at JSC “Grindeks” as the Director of Sales. Before his appointment as Member of the Board of JSC “Grindeks” I.Muhtsi was the Chairman of the Board of a subsidiary of JSC “Grindeks” – JSC “Tallinn Pharmaceutical Plant”.

* *The Term of office from 12.10.2015. till 12.10.2018.*

MAJOR SHAREHOLDERS

The shareholders as at October 30, 2015 and December 31, 2014 were as follows (Latvian Central Depository data):

	Percentage (%) 30.10.2015	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. (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 “Grindeks” Group during the reporting period

Turnover of the Group in the nine months of 2015 was 63.5 million euros and has increased by 0.3 million euros or 0.6% in comparison to the first nine months of 2014. While the Group’s net profit, attributable to shareholders of the parent company, was 3.9 million euros in the first nine months of 2015 and has increased by 0.2 million euros or 5.7% in comparison to the three quarters of 2014. Gross profit margin in the three quarters of 2015 was 44% while net profit margin was 6.1%. In the nine months of 2015 the Group’s production was exported to 63 countries worldwide, a total of 56.9 million euros which is 2.8 million euros or 4.7% less than in the nine months of 2014.

In the end of the reporting period the amount of accounts receivable (debtors) was 60.5 million euros, which is by 12.7 million euros more than accounts payable (liabilities) that were 47.9 million euros. The amount of current assets in the end of reporting period was 81.3 million euros, which is by 45.9 million euros more than amount of current liabilities which was 35.4 million euros. The complex situation in Russia and Ukraine is still the key factor affecting Group’s performance indicators. Moreover, the situation has an effect on the other CIS countries and pharmaceutical companies, including “Grindeks” cooperation partners, as well. To a certain extent it affects the cash flow, although, “Grindeks” assesses the overall financial situation as stable.

Sales of final dosage forms and active pharmaceutical ingredients

Sales volume of the final dosage forms of “Grindeks” in the first nine months of 2015 was 56.5 million euros and has increased by 0.9 million euros or 1.6% in comparison to the first nine months of 2014. The sales amount in Russia, other CIS countries and Georgia reached 32.4 million euros in the first nine months of 2015, which is by 12.8 million euros or 28.4% less than in the first nine months of 2014. In comparison to the first nine months of the previous year the biggest increase in sales volumes has been reached in Armenia (20%), Georgia (39%), Kirgizstan (16%) and Turkmenistan (22%). In the first nine months of 2015 “Grindeks” has complemented its range of products and introduced the final dosage form (capsule) of Ursodeoxycholic acid (UDCA) and started its export to Russia and Georgia. Thereby “Grindeks” has widened its offer in the gastrointestinal tract and metabolism drug therapeutic group. “Grindeks” has also widened its range of food supplements and introduced two new products – the latest generation lactic acid bacteria and bifidobacteria complex Lactobex® Strong and Herbastress® night. Both products are distributed in the Baltics.

Thanks to successful business diversification and the development of company’s activities in new markets, turnover of the final dosage forms in the Baltic States and other countries amounted to 24.1 million euros, which is by 13.7 million euros or 2.3 times more than in the first nine months of 2014. The sales volume in the Netherlands in comparison with first nine months of 2014 has increased 6.5 times, in Slovakia – 3 times, while in Vietnam by 91%, Portugal – 89%, Poland – 56%. The sales volume in Latvia in the first nine months of this year accounted to 4.7 million euros and has increased by 1.7 million euros or 57.1% comparing with the first nine months of last year.

In the first nine months of 2015, sales of the active pharmaceutical ingredients reached 5.8 million euros, which is by 1.6 million euros or 22% less than in the first nine months of 2014. Main markets of “Grindeks” active pharmaceutical ingredients are the EU countries, USA, Canada and Japan. The most required active pharmaceutical ingredients of “Grindeks” in the

first nine months of 2015 were Oxytocin, Zopiclone, Ftorafur (Tegafur), Detomidine and Xylazine.

Investment program

In 2015, “Grindeks” successfully continues its most important research and development projects. Last 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 nine months of 2015 the inspection of the State Agency of Medicines of Latvia was successfully held and certificates approving accordance to “Good Manufacturing Practice” standards of manufacturing, quality control and providing of final dosage form for human use, including ointments and investigational medicinal products as well as secondary packaging of pharmaceuticals were received. Many audits by the clients and cooperation partners were also successfully held – “Dechra” (Netherlands), “Ever Pharma” (Germany), “Bayer Healthcare” (Germany), “Telstar” (Portugal), “Hospira” (Germany), “Andenex” (Germany) and “Chanelle Medical” (Ireland). During the first nine months of 2015 specialists from “Grindeks” audited 26 active pharmaceutical ingredients manufacturers, raw material suppliers, wholesalers and contractual partners in Latvia and abroad – Estonia, Lithuania, Belgium, Germany, Slovakia, Ireland, Israel, China and Singapore.

In September, 2015, recertification audit approving conformity to ISO 9001:2001 and ISO 14001:2001 standards, as well as supervisory audit in compliance with OHSAS 18001:2007 requirements and Energy management certification audit in compliance with LVS EN 50001:2012 standard requirements at “Grindeks” were held. Also, for the first time the “Grindeks” Energy management system was audited and certification approving the adequacy to the requirements of LVS EN ISO 50001:2012 standard was received.

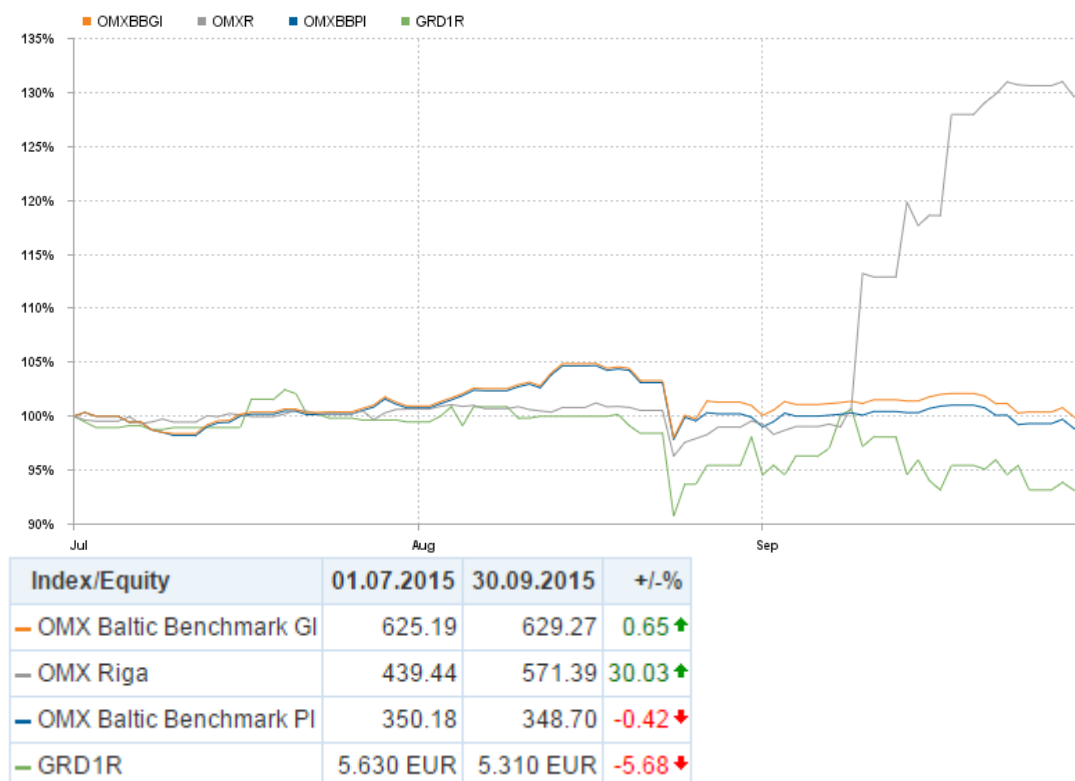
“Grindeks” share price development in the nine months of 2015 (data of “NASDAQ Riga”)

Since 2 January 2006 shares of “Grindeks” are listed in the official list of “NASDAQ Riga”. JSC “Grindeks” share price on “NASDAQ Riga” in nine months of 2015 ranged from 5.15 to 5.85 euros. In the first nine months of 2015, the average price of JSC “Grindeks” shares on “NASDAQ Riga” was 5.58 euros. The total of “NASDAQ Riga” traded shares in the three quarters of 2015 was 76 268 shares, reaching 425 512 thousand euros turnover. At the end of three months of 2015, market capitalization of “Grindeks” shares was 50.9 million euros.

In the nine months of 2015, the Group’s earnings per share (EPS factor) was 0.40 euros in comparison to 0.38 euros in nine months of 2014.



“Grindeks” share price development in the nine months of 2015 in comparison with Baltic market indexes (data of NASDAQ Riga)



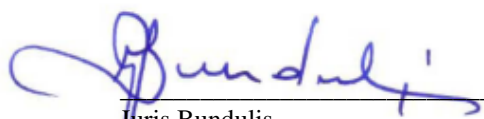
Future expectations

In the next period “Grindeks” will continue to put emphasis on new markets, thereby diversifying its activities and reducing risks. Company’s experience in organizing business in more than 60 countries worldwide and strategy developed so far has already significantly promoted increase in sales volume in the Netherlands, Slovakia, Portugal, Poland and Vietnam.

Despite the diversification of the company’s activities, one of the most influential business risks is the complex situation in Russia and Ukraine. Decreases of the value of national currencies or devaluation in the CIS countries are factors that negatively affect company’s performance indicators.

“Grindeks” will continue optimization of the current assets and cost reduction in positions which are not related to strategic company's development projects.

On behalf of the Group’s Management:


 Juris Bundulis
 Chairman of the Board

November 27, 2015

STATEMENT OF BOARD'S RESPONSIBILITIES

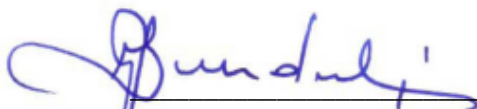
The Board of JSC "Grindex" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter - the Group). The interim financial statements of the Group are not audited.

The consolidated interim financial statements, enclosed from the page 12 to the page 20, are prepared in accordance with the accounting records and source documents, presenting fairly the financial position of the Group as of September 30, 2015 and the results of its operations and cash flows for the period of nine months ended September 30, 2015.

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

November 27, 2015

STATEMENT OF FINANCIAL POSITION

	30.09.2015. EUR	30.09.2014. EUR
ASSETS		
Non-current assets		
Intangible assets		
Software, patents, licenses, trademarks and other rights	713,290	970,287
Advance payments for intangible assets	120,794	65,000
Total intangible assets	834,084	1,035,287
Goodwill	5,044,761	-
Tangible fixed assets		
Land, buildings and constructions	33,017,438	37,361,992
Equipment and machinery	24,591,171	25,259,394
Other fixed assets	999,745	1,248,946
Construction in progress	2,621,707	2,396,459
Advance payments for fixed assets	304,875	621,930
Total tangible fixed assets	61,534,936	66,888,721
Investment property	9,108,638	9,080,000
Non-current financial investments		
Other investments	98,450	31,616
Other non-current loans	2,200,000	2,278,643
Total long term financial investments	2,298,450	2,310,259
Total non-current financial assets	78,820,869	79,314,267
Current assets		
Inventories		
Raw materials	6,191,380	7,691,154
Unfinished goods	9,292,519	7,272,059
Finished goods and goods for resale	4,285,216	9,073,863
Total inventory	19,769,115	24,037,076
Debtors		
Trade receivables	46,844,056	43,538,109
Other debtors	3,791,851	5,232,444
Loans provided to management and shareholders	2,551,009	2,551,009
Other loans	1,546,474	-
Deferred expenses	5,798,702	5,066,702
Total debtors	60,532,092	56,388,264
Cash and cash equivalents	990,303	1,626,284
Total current assets	81,291,510	82,051,624
TOTAL ASSETS	160,112,379	161,365,891

	30.09.2015. EUR	30.09.2014. EUR
LIABILITIES		
EQUITY		
Share capital	13,419,000	13,638,226
Share premium	22,321,657	22,321,657
Other reserves	880,726	661,500
Retained profit		
a) retained profit	71,733,420	83,273,591
b) foreign currency revaluation reserve	(65,664)	(64,102)
b) current year profit	3,864,821	3,657,462
Equity attributable to equity holders of the parent	112,153,960	123,488,334
Non-controlling interest	99,453	92,148
Total equity	112,253,413	123,580,482
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	2,711,715	5,048,121
Deferred income	4,500,146	4,944,149
Deferred tax liabilities	5,269,792	4,426,558
Total non-current liabilities	12,481,653	14,418,828
Current liabilities		
Loans from credit institutions	21,438,536	10,384,850
Finance lease liabilities	-	824,325
Advances from customers	357,796	80,588
Trade accounts payable	7,685,078	8,846,990
Taxes and social security contributions	1,396,326	808,915
Other payables	3,459,390	1,612,141
Accrued liabilities	169,145	387,838
Deferred income	871,042	420,934
Total current liabilities	35,377,313	23,366,581
Total liabilities	47,858,966	37,785,409
TOTAL EQUITY AND LIABILITIES	160,112,379	161,365,891

STATEMENT OF COMPREHENSIVE INCOME

	2015 January- September EUR	2014 January- September EUR
Net sales	63,476,102	63,126,897
Cost of goods sold	(35,556,249)	(26,293,846)
Gross profit	27,919,853	36,833,051
Selling expenses	(12,844,960)	(15,539,886)
Administrative expenses	(9,132,488)	(8,726,579)
Other operating income	5,389,018	1,760,352
Other operating expenses	(6,596,191)	(10,188,242)
Interest income and similar income	108,869	103,403
Interest expenses and similar expenses	(320,819)	(196,021)
Real estate tax	(92,884)	(73,682)
Profit before taxation	4,430,398	3,972,396
Corporate income tax	(559,122)	(311,807)
NET PROFIT FOR THE PERIOD	3,871,276	3,660,589

Other comprehensive income

Foreign currency revaluation	(5,201)	(12,193)
Other comprehensive income total	(5,201)	(12,193)
Other comprehensive income	3,866,075	3,648,396

Attributable to:

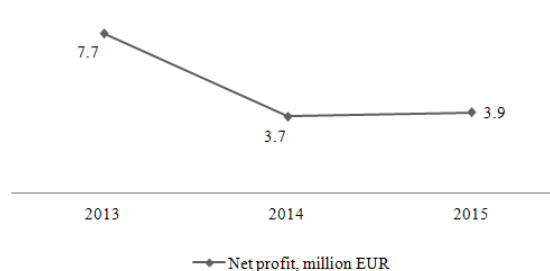
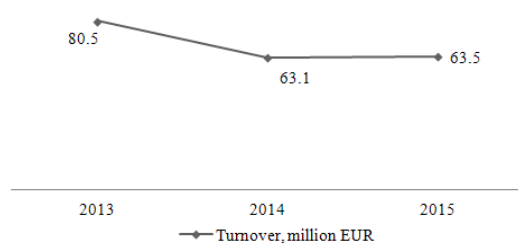
Equity holders of the parent	3,864,821	3,657,462
Non-controlling interest	6,455	3,127
TOTAL	3,871,276	3,660,589

Comprehensive income attributable to:

Equity holders of the parent	3,859,620	3,645,269
Non-controlling interest	6,455	3,127
Total	3,866,075	3,648,396

Earnings per share attributable to the equity holders of the parent

(EUR per share) 0.40 0.38



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
31.12.2014.	13,638,226	22,321,657	661,500	(60,463)	71,733,420	108,294,340	92,998	108,387,338
Profit for the period	-	-	-	-	3,864,821	3,864,821	6,455	3,871,276
Stock denomination	(219,226)	-	219,226	-	-	-	-	-
Foreign currency revaluation	-	-	-	(5,201)	-	(5,201)	-	(5,201)
30.09.2015.	13,419,000	22,321,657	880,726	(65,664)	75,598,241	112,153,960	99,453	112,253,413

STATEMENT OF CASH FLOWS

	2015 January-September EUR	2014 January-September EUR
OPERATING ACTIVITIES		
Net profit before taxation	4,430,398	3,972,396
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	4,442,743	3,673,732
Revenue from the EU funds	(586,395)	(457,252)
Interest income	(108,869)	(103,403)
Interest expense	320,819	196,021
<i>Changes in operating assets and liabilities:</i>		
Inventory	(786,935)	(11,042,296)
Debtors	(2,512,700)	3,651,354
Creditors	(5,382,153)	3,466,993
Gross cash provided by operating activities	(183,092)	3,357,545
Corporate income tax paid	1,863,597	(1,089,161)
Net cash provided by operating activities	1,680,505	2,268,384
INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(2,242,188)	(2,749,590)
Advance payments for financial investments	(60,150)	-
Net cash used in investing activities	(2,302,338)	(2,749,590)
FINANCING ACTIVITIES		
Received loans from credit institutions	10,101,586	402,599
Repaid loans to credit institutions and leasing payments	(1,569,362)	(2,038,787)
Dividends paid	(9,000,000)	-
Revenue from the EU funds	209,643	363,675
Interest paid	(320,819)	(196,021)
Net cash (used in) /provided by financing activities	(578,952)	(1,468,534)
Net increase in cash and cash equivalents	(1,200,785)	(1,949,740)
Cash and cash equivalents at the beginning of the year	2,191,088	3,576,024
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	990,303	1,626,284

NOTES

OTHER DEBTORS

	30.09.2015. EUR	30.09.2014. EUR
Tax receivables	461,637	3,505,378
Other	3,330,214	1,727,066
Total	3,791,851	5,232,444

CASH AND CASH EQUIVALENTS

	30.09.2015. EUR	30.09.2014. EUR
Cash in bank	981,196	1,616,017
Cash on hand	9,107	10,267
Total	990,303	1,626,284

LOANS FROM CREDIT INSTITUTIONS

	30.09.2015. EUR	30.09.2014. EUR
Credit line from Nordea Bank AB Latvia branch	13,867,774	4,234,223
Credit line from JSC "SEB banka", Latvia	4,948,501	4,863,013
Credit line from Tatrabank JSC, Slovakia	1,460,514	774,681
Tatrabank JSC, Slovakia	537,841	-
Tatrabank JSC, Slovakia	385,884	-
Tatrabank JSC, Slovakia	151,250	-
JSC "SEB banka", Latvia	64,967	97,453
Tatrabank JSC, Slovakia	21,805	-
Nordea Bank AB Latvia branch	-	300,000
JSC "SEB banka", Latvia	-	115,480
Current loans from credit institutions	21,438,536	10,384,850
Tatrabank JSC, Slovakia	1,630,000	875,816
Tatrabank JSC, Slovakia	613,316	645,000
JSC "SEB banka", Latvia	389,799	747,115
Tatrabank JSC, Slovakia	78,600	369,600
ABLV Bank, JSC	-	1,016,251
Nordea Bank AB Latvia branch	-	900,000
JSC "SEB banka", Latvia	-	384,934
Tatrabank JSC, Slovakia	-	109,405
Non-current loans from credit institutions	2,711,715	5,048,121
Total	24,150,251	15,432,971

TAXES AND SOCIAL SECURITY CONTRIBUTIONS

	30.09.2015. EUR	30.09.2014. EUR
Social security contributions	548,300	469,508
Personal income tax	206,124	298,629
Corporate income tax	596,483	-
Other	45,419	40,778
Total	1,396,326	808,915

NET SALES

	2015 January- September EUR	2014 January- September EUR
Other CIS countries	23,639,983	27,024,037
Russia	12,709,901	22,628,442
Other countries	20,087,954	9,655,135
Latvia	6,048,251	3,226,350
Lithuania	2,841,565	2,673,917
Estonia	1,524,212	1,495,732
Other sales	704,082	215,279
Gross sales	67,555,948	66,918,892
Less discounts		
Other CIS countries	(3,504,003)	(3,211,631)
Russia	(232,867)	(446,477)
Latvia	(195,612)	(45,782)
Lithuania	(96,194)	(36,985)
Estonia	(41,371)	(27,009)
Other countries	(9,799)	(24,111)
Discounts total	(4,079,846)	(3,791,995)
Total, net	63,476,102	63,126,897

COST OF GOODS SOLD

	2015 January- September EUR	2014 January- September EUR
Raw materials and packaging	12,537,906	10,344,965
Direct labor and social security contributions	10,242,100	7,591,815
Goods purchased for resale and contract manufacturing costs	5,631,269	3,414,096
Depreciation of fixed assets and amortization of intangible assets	3,602,742	2,920,072
Research costs	1,873,407	1,502,979
Electricity expenses	1,653,381	1,322,773
Machinery, buildings and equipment repairs	862,226	705,036
Household expenses	177,807	194,259
Transport costs	126,005	141,598
Waste disposal	99,375	86,969
Rent of work clothing	97,191	80,398
Other expenses	1,334,655	1,291,407
Internal turnover of self-manufactured raw materials	(2,681,815)	(3,302,521)
Total	35,556,249	26,293,846

SELLING AND DISTRIBUTION COSTS

	2015 January- September EUR	2014 January- September EUR
Advertising expenses	4,319,984	6,812,658
Expenses of representative offices	2,873,821	2,940,015
Salaries and social security contributions	1,816,372	1,910,590
Distribution costs	675,645	626,852
Commissions	594,617	453,005
Registration costs for medicine	339,677	315,745
Depreciation of fixed assets and amortization of intangible assets	307,568	340,733
Freight insurance expenses	12,632	9,606
Other expenses	1,904,644	2,130,682
Total	12,844,960	15,539,886

ADMINISTRATIVE EXPENSES

	2015	2014
	January- September	January- September
	EUR	EUR
Salaries and social security contributions	4,836,959	3,818,485
Depreciation of fixed assets and amortization of intangible assets	476,293	405,282
Professional and consultancy services	363,955	899,122
Security costs	313,335	246,646
Computer maintenance and repair	279,551	155,333
Employee insurance expenses	183,310	205,516
Bank charges	178,431	83,176
Electricity costs	161,831	145,856
Transport costs	125,117	136,346
Property and liability insurance	102,994	59,171
Business trip expenses	61,351	83,188
Communication expenses	41,097	43,450
Personnel training and hiring expenses	16,572	57,701
Other expenses	1,991,692	2,387,307
Total	9,132,488	8,726,579

JSC "Grindex" hereby informs that there were no changes made in its accounting policy in January-September 2015. In non-audited financial accounts for the period January- September 2015 the Group has employed the same Accounting and Consolidation Principles as in the audited consolidated financial accounts for the year 2014, released on April 29, 2015.

Chairman of the Board

Juris Bundulis