

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, 2017 and
ended 31 March, 2016*

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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, 2017 – March 31, 2017
Previous reporting period	January 1, 2016 – March 31, 2016

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 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 Member of Executive Committee of the Latvian Olympic Committee, the Chairman of the Council of JSC “Kalceks” and JSC “Tallinn pharmaceutical plant”, also the Chairman of the Board of JSC “Grindeks” Foundation „For the Support of Science and Education”. 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 Member of the Council of the Employers’ Confederation of Latvia, the President of the Latvian Auto Federation and Board member of the Association of Hotels and Restaurants of Latvia and Board member of the Latvian Sports Association, also member of other enterprises and institutions. 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.

The Board of the Company

(in compliance with the election/dismissal dates)

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
Ibraim 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
Ibraim Muhtshi	Board member	0.00

* Latvian Central Depository data as of 31 October 2015

Since 12 January 2016 to March 1 2017

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

* Latvian Central Depository data as of 31 October 2016

Since 1 March 2017 to the date of issuing the financial statement:

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

* Latvian Central Depository data as of 31 October 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 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.

• 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 2016 and 31 October 2015 were as follows (Latvian Central Depository data):

	Percentage (%) 31.10.2016	Percentage (%) 31.10.2015
Kirovs Lipmans	33.29	33.29
AMBERSTONE GROUP, JSC	22.66	22.66
Anna Lipmane	16.65	16.65
Swedbank AS Clients Account (nominal holder)	9.66	9.56
Other shareholders	17.74	17.84
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 2017 was 31.9 million euro and has increased by 11.1 million euro or 53% in comparison to the first quarter of 2016. In the first quarter of 2017, the Group’s net profit, attributable to shareholders of the parent company, was 4.51 million euro and has increased by 4.46 million euro or 89 times compared to the first quarter of 2016. Gross profit margin in the first quarter of 2017 was 60%, while net profit margin was 14%. In the first quarter of 2017, the Group’s production was exported to 52 countries worldwide, a total of 29.7 million euro which is by 11 million euro or 59% more than in the first quarter of 2016.

At the end of the reporting period the amount of accounts receivable (debtors) was 67.3 million euro, which is by 18.6 million euro more than accounts payable (liabilities) that were 48.7 million euro. The amount of current assets at the end of reporting period was 95.2 million euro, which is by 66.7 million euro more than amount of current liabilities which was 28.5 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 2017 was 29.6 million euro and has increased by 10.6 million euro or 56% in comparison to the first quarter of 2016. In the first quarter of 2017, the sales amount in Russia, other CIS countries and Georgia reached 20.5 million euro, which is by 10.5 million euro or twice as much than in the first quarter of 2016. In comparison to the first quarter of 2016, in the first quarter of 2017 the biggest increase in sales volume has been reached in Russia (3.4 times), Tajikistan (2.6 times), Azerbaijan (2.4 times), Ukraine (52%) and Kazakhstan (42%).

The sales volume in the Baltic States and other countries in the first quarter of 2017 reached 9.1 million euro which is by 0.2 million euro or 2% more than in the first quarter of 2016. The sales volume in Kosovo compared with the first quarter of 2016, has increased by 3.5 times, in France by 2.7 times, in Hungary by 45%, Lithuania by 31% and Vietnam by 19%. In the first quarter of 2017, the sales volume in Latvia reached 1.6 million euro and has increased by 0.04 million euro or 2% in comparison with the first quarter of 2016.

In the first quarter of 2017, sales of the active pharmaceutical ingredients reached 1.9 million euro, which is by 0.4 million euro or 30% more than in the first quarter of 2016. During this reporting period “Grindeks” mainly 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 quarter of 2017 were ftorafur, xylazine, oxytocin, zopiclone, pimobendan and detomidine.

Investment program

In 2017, “Grindeks” continues its most important research and development projects. In cooperation with Latvian and foreign scientists “Grindeks” continues researches of the cardioprotective agent – inhibitor of GBB hydroxyls with an original structure.

Quality and environmental protection

In the first quarter of 2017 three audits of compliance with “Good manufacturing practice” standard requirements by international clients were successfully held.

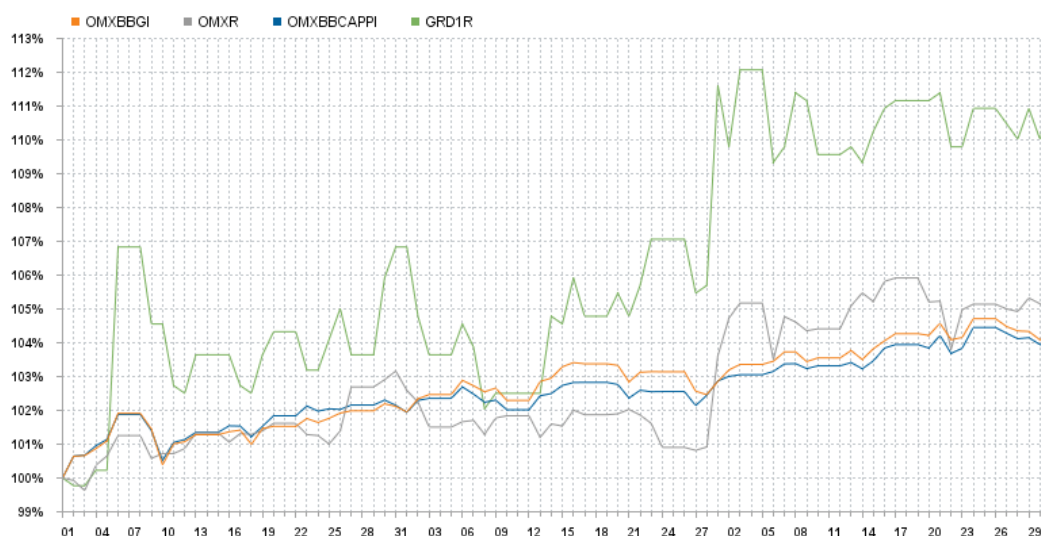
“Grindeks” share price development in the first quarter of 2017 (data of “Nasdaq Riga”)

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 2017 ranged from 4.33 to 5.00 euro. In the first quarter of 2017 the average price of JSC “Grindeks” shares on “Nasdaq Riga” was 4.67 euro. The total of “Nasdaq Riga” traded shares in the first quarter of 2017 was 169 881 shares, reaching 798 124.31 thousand euro turnover. At the end of the first quarter of 2017, market capitalization of “Grindeks” shares was 46.77 million euro.

In the first quarter of 2017, the Group’s earnings per share (EPS factor) was 0.47 euro in comparison to 0.01 euro in the first quarter of 2016.



“Grindeks” share price development in the first quarter of 2017 in comparison with Baltic market indexes (data of Nasdaq Riga)



Index/Equity	01.01.2017 [?]	31.03.2017 [?]	+/-%
— OMX Baltic Benchmark GI	788.17	822.47	4.35 ↑
— OMX Riga	733.77	770.32	4.98 ↑
— OMX Baltic Benchmark Cap PI	397.37	413.90	4.16 ↑
— GRD1R	4.390 EUR	4.880 EUR	11.16 ↑

Future prospects for 2017

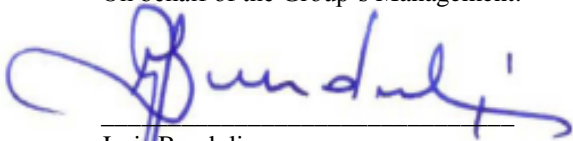
In 2017, “Grindeks” continues focusing on the new markets, diversifying its operations and thereby reducing risks. As before in 2017 “Grindeks” continues to expand its product portfolio.

- Strategic markets of business development – European Union and South East Asia countries. It is planned to increase sales by 30%
- Strengthening positions in Russia and other CIS countries
- Launch new production line in “HBM Pharma” Ltd.
- Business expansion of JSC “Kalceks”
- Increase turnover of the Group by at least 10% in 2017

- Investments in 2017 – 4 million euro
- 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.

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

On behalf of the Group's Management:



Juris Bundulis
Chairman of the Board

29 May 2017

STATEMENT OF BOARD'S RESPONSIBILITIES

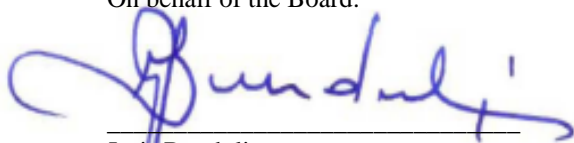
The Board of JSC "Grindeks" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter - the Group). The interim financial statements of the Group are not audited.

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 2017 and the results of its operations and cash flows for the period of three months ended 31 March 2017.

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

29 May 2017

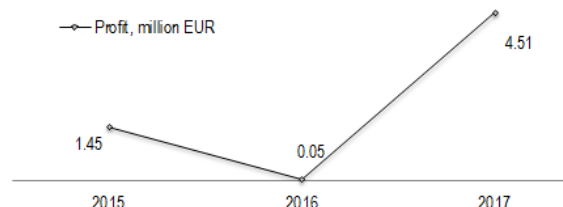
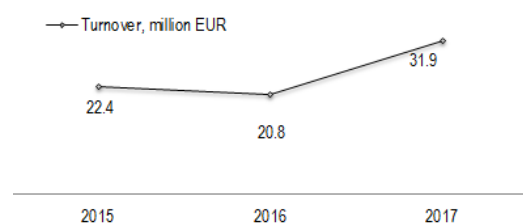
STATEMENT OF FINANCIAL POSITION

	31.03.2017. EUR	31.03.2016. EUR
ASSETS		
Non-current assets		
Intangible assets		
Software, patents, licenses, trademarks and other rights	537,040	688,446
Advance payments for intangible assets	358,640	125,700
Total intangible assets	895,680	814,146
Goodwill	5,044,761	5,044,761
Tangible fixed assets		
Land, buildings and constructions	32,599,088	32,424,721
Equipment and machinery	22,791,281	23,440,979
Other fixed assets	1,022,020	925,057
Construction in progress	1,848,628	2,770,962
Advance payments for fixed assets	581,042	315,013
Total tangible fixed assets	58,842,059	59,876,732
Investment property	8,108,000	9,080,000
Non-current financial investments		
Other investments	99,020	98,450
Other loans	2,200,000	2,200,000
Loans provided to the Company's/the Group's management and shareholders	2,468,728	-
Total long term financial investments	4,797,748	2,298,450
Total non-current financial assets	77,658,248	77,114,089
Current assets		
Inventories		
Raw materials	6,939,425	6,046,491
Unfinished goods	9,971,856	9,852,584
Finished goods and goods for resale	6,520,337	4,770,208
Advance payments for inventories	511,143	-
Total inventory	23,942,761	20,669,283
Debtors		
Trade receivables	50,098,741	45,265,951
Other debtors	3,667,238	3,361,392
Loans provided to the Company's/the Group's management and shareholders	160,455	2,640,282
Other loans	1,579,843	1,542,568
Deferred expenses	11,753,307	7,020,779
Total debtors	67,259,584	59,830,972
Cash and cash equivalents	3,959,932	940,424
Total current assets	95,162,277	81,440,679
TOTAL ASSETS	172,820,525	158,554,768

	31.03.2017.	31.03.2016.
	EUR	EUR
EQUITY AND LIABILITIES		
EQUITY		
Share capital	13,419,000	13,419,000
Share premium	22,321,657	22,321,657
Other reserves	880,726	880,726
Foreign currency revaluation reserve	650,808	32,510
Retained profit		
a) retained profit	82,283,448	72,770,154
b) current year (loss)/ profit	4,513,335	50,483
Equity attributable to equity holders of the Parent entity	124,068,974	109,474,530
Non-controlling interest	89,421	103,009
Total equity	124,158,395	109,577,539
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	11,007,061	2,334,016
Finance lease liabilities	109,877	174,990
Deferred income tax liabilities	4,849,449	5,203,490
Deferred income	4,211,834	5,167,295
Total non-current liabilities	20,178,221	12,879,791
Current liabilities		
Loans from credit institutions	9,640,166	21,530,088
Finance lease liabilities	82,734	75,868
Advances from customers	89,365	1,494,345
Trade accounts payable	12,006,952	8,852,874
Taxes and social security contributions	3,468,235	1,269,252
Other payables	1,920,070	2,040,435
Accrued liabilities	686,334	477,407
Deferred income	590,053	357,169
Total current liabilities	28,483,909	36,097,438
Total liabilities	48,662,130	48,977,229
TOTAL EQUITY AND LIABILITIES	172,820,525	158,554,768

STATEMENT OF COMPREHENSIVE INCOME

	2017 January-March EUR	2016 January-March EUR
Net sales	31,850,169	20,793,836
Cost of goods sold	(12,785,877)	(11,511,140)
Gross profit	19,064,292	9,282,696
Selling expenses	(6,562,824)	(4,780,869)
Administrative expenses	(5,098,499)	(2,985,926)
Other operating income	2,295,950	403,274
Other operating expenses	(3,734,996)	(1,412,827)
Interest income and similar income	31,365	29,441
Interest expenses and similar expenses	(92,416)	(111,345)
Real estate tax	-	(26,154)
Profit /loss before taxation	5,902,872	398,290
Corporate income tax	(1,392,923)	(348,067)
PROFIT/LOSS FOR THE PERIOD	4,509,949	50,223
Other comprehensive income /loss		
Foreign currency revaluation	211,924	147,705
Total other comprehensive income /loss	211,924	147,705
Total comprehensive income /loss	4,721,873	197,928
Attributable to:		
Equity holders of the Parent entity	4,513,335	50,483
Non-controlling interest	(3,386)	(260)
TOTAL	4,509,949	50,223
Comprehensive (loss)/ income attributable to:		
Equity holders of the Parent entity	4,725,259	198,188
Non-controlling interest	(3,386)	(260)
TOTAL	4,721,873	197,928
Earnings per share attributable to the equity holders of the Parent entity (EUR per share)		
– Earnings per share	0.47	0.01



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. 2016.	13,419,000	22,321,657	880,726	438,884	82,283,448	119,343,715	92,807	119,436,522
Profit for the period	-	-	-	-	4,513,335	4,513,335	(3,386)	4,509,949
Foreign currency re-valuation	-	-	-	211,924	-	211,924	-	211,924
31.03. 2017.	13,419,000	22,321,657	880,726	650,808	86,796,783	124,068,974	89,421	124,158,395

STATEMENT OF CASH FLOWS

	2016	2015
	January-March	January-March
	EUR	EUR
OPERATING ACTIVITIES		
Net (loss)/ profit before taxation	5,902,872	398,290
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	1,354,507	1,404,174
Sale and write-off of fixed assets	21,667	-
Revenue from the EU funds	(110,822)	(433,108)
Interest income	(73,883)	(76,615)
Interest expense	85,301	111,150
<i>Changes in operating assets and liabilities:</i>		
Inventory	(3,006,942)	(890,541)
Debtors	6,940,749	(1,297,296)
Creditors	(3,692,799)	(1,571,814)
Gross cash provided by operating activities	7,420,650	787,868
Corporate income tax paid	(274,765)	-
Net cash provided by operating activities	7,145,885	787,868
INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(637,287)	(1,951,683)
Purchase of long term financial investments	-	(15,000)
Net cash used in investing activities	(637,287)	(1,966,683)
FINANCING ACTIVITIES		
Received loans from credit institutions	1,273,493	2,318,464
Repaid loans to credit institutions and leasing payments	(5,583,701)	(829,006)
Dividends paid	-	-
Revenue from the EU funds	131,531	16,433
Interest paid	(85,301)	(111,150)
Net cash (used in) /provided by financing activities	(4,263,978)	1,394,741
Net increase/decrease in cash and cash equivalents	2,244,620	215,926
Cash and cash equivalents at the beginning of the year	1,715,312	724,498
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,959,932	940,424

NOTES

OTHER DEBTORS

	31.03.2017. EUR	31.03.2016. EUR
Tax receivables	1,401,742	946,729
Other	2,265,496	2,414,663
Total	3,667,238	3,361,392

CASH AND CASH EQUIVALENTS

	31.03.2017. EUR	31.03.2016. EUR
Cash in bank	3,954,478	919,705
Cash on hand	5,454	20,719
Total	3,959,932	940,424

LOANS FROM CREDIT INSTITUTIONS

	31.03.2017. EUR	31.03.2016. EUR
Credit line from Nordea Bank AB Latvia branch	4,048,484	13,919,363
Credit line from JSC "SEB banka", Latvia	2,662,993	4,979,575
Credit line from Tatrabank JSC, Slovakia	868,966	1,733,559
Tatrabank JSC, Slovakia	174,600	174,600
Nordea Bank AB Latvia branch	749,998	-
ABLV Bank, JSC	-	-
Tatrabank JSC, Slovakia	305,625	305,624
JSC "SEB banka", Latvia	-	-
JSC "SEB banka", Latvia	-	259,867
Tatrabank JSC, Slovakia	157,500	157,500
Tatrabank JSC, Slovakia	672,000	-
Current loans from credit institutions	9,640,166	21,530,088
Tatrabank JSC, Slovakia	815,000	1,222,500
Tatrabank JSC, Slovakia	475,400	708,200
JSC "SEB banka", Latvia	-	403,316
Tatrabank JSC, Slovakia	193,316	-
Tatrabank JSC, Slovakia	1,940,010	-
Nordea Bank AB Latvia branch	7,583,335	-
Non-current loans from credit institutions	11,007,061	2,334,016
Total	20,647,227	23,864,104

TAXES AND SOCIAL SECURITY CONTRIBUTIONS

	31.03.2017. EUR	31.03.2016. EUR
Social security contributions	573,704	517,364
Personal income tax	298,582	274,807
Corporate income tax	2,584,086	424,771
Other	11,863	52,310
Total	3,468,235	1,269,252

NET SALES

	2017 January-March EUR	2016 January-March EUR
Other CIS countries	7,763,059	7,140,555
Other countries	7,159,165	6,921,811
Russia	13,659,526	4,256,054
Latvia	1,959,582	1,916,349
Lithuania	1,405,561	1,075,643
Estonia	597,035	625,157
Other sales	228,162	172,085
Gross sales	32,772,090	22,107,654
Less discounts		
Other CIS countries	(825,567)	(1,222,703)
Russia	-	(719)
Latvia	(65,378)	(63,131)
Lithuania	(11,872)	(11,052)
Estonia	(15,419)	(14,658)
Other countries	(3,685)	(1,555)
Discounts total	(921,921)	(1,313,818)
Total, net	31,850,169	20,793,836

COST OF GOODS SOLD

	2017	2016
	January-March	January-March
	EUR	EUR
Raw materials and packaging	10,173,946	4,274,891
Direct labor and social security contributions	3,440,884	3,370,480
Depreciation of fixed assets and amortization of intangible assets	1,124,721	1,185,389
Electricity expenses	625,536	633,697
Goods purchased for resale and contract manufacturing costs	1,054,041	1,594,705
Research costs	231,385	203,066
Machinery, buildings and equipment repairs	357,655	231,310
Household expenses	58,878	58,729
Transport costs	46,998	44,184
Rent of work clothing	40,309	32,608
Waste disposal	43,924	32,378
Other expenses	973,346	908,496
Internal turnover of self-manufactured raw materials	(5,385,746)	(1,058,793)
Total	12,785,877	11,511,140

SELLING AND DISTRIBUTION COSTS

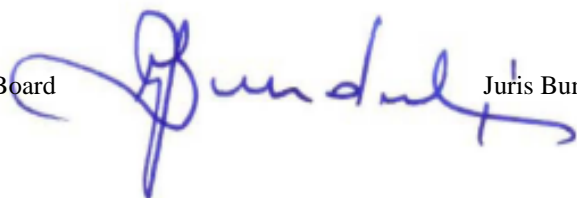
	2017	2016
	January-March	January-March
	EUR	EUR
Advertising expenses	2,670,928	1,791,168
Expenses of representative offices	976,468	851,847
Salaries and social security contributions	1,139,713	682,514
Distribution costs	261,293	235,517
Commissions	215,446	231,451
Depreciation of fixed assets and amortization of intangible assets	91,671	85,025
Registration costs for medicine	178,969	173,401
Freight insurance expenses	4,848	2,686
Other expenses	1,023,488	727,260
Total	6,562,824	4,780,869

ADMINISTRATIVE EXPENSES

	2017	2016
	January-March	January-March
	EUR	EUR
Salaries and social security contributions	1,845,539	1,553,995
Professional and consultancy services	311,093	144,359
Depreciation of fixed assets and amortization of intangible assets	126,299	137,949
Computer maintenance and repair	113,914	94,960
Security costs	110,138	100,023
Bank charges	33,742	32,863
Electricity costs	80,759	70,320
Employee insurance expenses	55,828	54,512
Transport costs	47,129	43,617
Property and liability insurance	28,267	30,846
Business trip expenses	16,472	23,584
Communication expenses	15,616	15,656
Personnel training and hiring expenses	46,252	5,561
Creation of provisions	1,735,776	-
Other expenses	531,675	677,681
Total	5,098,499	2,985,926

JSC “Grindex” hereby informs that there were no changes made in its accounting policy in January-March 2017. 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 2016, released on April 28, 2017.

Chairman of the Board



Juris Bundulis

29 May 2017