

***SIA Madara Cosmetics***  
*2015 Annual Report*  
*prepared in accordance with*  
*Latvian statutory requirements,*  
*and Independent auditors' report\**

\* This version of financial statements is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.

Riga, 2016

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**General information about the Company**

Name of the Company	Madara Cosmetics
Legal status of the Company	Limited liability company
Registration number	No 40003844254
Registration place and date	Riga, 28 July 2006
Registered address	Zeltinu Street 131, Marupe, LV-2167
Shareholders	Liene Drāzniece - 8 % Uldis Iltners - 28 % Zane Tamane - 12 % Lote Tisenkopfa - Iltnere - 28 % Paula Tisenkopfa - pieder 4 % daļu ALPS Investments, A/S, Reg No 40103684497 - 20 %
Type of operation NACE kods	Manufacture of perfumes and toilet preparations 20.42
Board of the Company	Lote Tisenkopfa - Iltnere - Chairman of the Board Uldis Iltners - Member of the Board Solvita Kurtiša - Member of the Board
Reporting year	1/1/2015 to 12/31/2015
Previous reporting year	1/1/2014 to 12/31/2014
Related parties information	Madara Retail SIA, reg. No 40103212103 - 100%  Cosmetics Nord SIA, reg. No 40103277805 - 100%
Independent Auditors:	Deloitte Audits Latvia SIA Reg. No 40003606960 Licence No 43 4a Gredu Street, Riga, LV-1019, Latvia
Certified Auditor	Jeļena Mihejenkova Certified Auditor Certificate No 166

## MANAGEMENT REPORT

### **Type of operation**

The main type of activity of SIA Madara Cosmetics is the production of daily care cosmetics with the brand names "MADARA" and "MOSSA". The company operates in leased premises in 2 Šampētera Street, Riga and 131 Zeltiņu Street, Marupe.

### **The Company's financial situation and operation in the reporting year**

The reporting year has been completed successfully. In 2015, the Company has successfully worked on the sales channels developed in previous years, reaching a 29% increase in turnover compared to 2014, maintaining the growth rate of previous years. The profit of the company has increased along with increase of turnover to EUR 522 867 before income tax.

In 2015, the plant modernization project was successfully completed by the company. The Company's production technologies were modernized and new production lines were installed during the modernization process, which allowed to increase production volumes capacity and introduce new products in production. The new production capacity after modernization is several times higher than before. The production capacity reserve after modernization is sufficient to ensure the current growth rate of the company in the future.

### **Future prospects and development**

In the future, the growth of the Company will be based on the expansion on foreign markets - development of foreign markets, which will consolidate and expand operations in the existing export markets and launch operations in several new markets. In 2015, the Company's organization has been improved to achieve this goal and 15 new jobs have been created. The Company's organization improvement will continue in the future.

### **Research and development activities**



In the reporting year, the Company has continued to implement a research program in cooperation with the "Pharma and Chemical Center of Latvia". The company invested EUR 89 109 in research and development of new products in 2015. The research results will allow to improve existing products and start the production of new competitive products in the coming years.

### **Events after the balance sheet date**

Since the end of the reporting year no material changes have taken place which would not be reflected in the financial statements and would be significant to assess the Company's assets and liabilities, its financial position and the financial result of the reporting year.

### **Proposal for the Company's profit for the year distribution or loss for the year coverage**

According to the management's assessment, the profit for 2015 should be allocated to the Company's development.

  
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Lote Tisenkopfa - Iltner  
Chairman of the Board  
\_\_\_\_\_  
Solvita Kurtiša  
Member of the Board  
\_\_\_\_\_  
Uldis Iltners  
Member of the Board

27 May 2016