

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 December, 2015 and
ended 31 December, 2014*

CONTENTS

ANCILLARY INFORMATION	3
THE SUPERVISORY COUNCIL AND THE BOARD	4
MAJOR SHAREHOLDERS	7
MANAGEMENT REPORT	8
STATEMENT OF BOARD'S RESPONSIBILITIES	12
FINANCIAL STATEMENTS:	
Statement of financial position	13
Statement of comprehensive income	15
Statement of changes in equity	16
Statement of cash flows	17
NOTES	18

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 – December 31, 2015
Previous reporting period	January 1, 2014 – December 31, 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 January 12, 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 October 31, 2015

Since January 12, 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 October 31, 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”.

• Janis Naglis - Member of the Council

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

• Arkadiy Vertkin - Member of the Council

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

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.*

From 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.*

From 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.*

From 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.*

From October 12, 2015** to January 12, 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 October 31, 2015

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

Since January 12, 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 October 31, 2015

** Considering election of the Board member J.Romanovskis.

• 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.

• 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 from 12.01.2016. till 12.01.2019.

• Ibrahim Muhtshi – Member of the Board, Commercial Director

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

* The Term of office from 12.10.2015. till 12.10.2018.

MAJOR SHAREHOLDERS

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

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

MANAGEMENT REPORT

Business activity

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

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

Turnover of the Group in 2015 was 82.9 million euros and has decreased by 5.6 million euros or 6.3% in comparison to 2014. In 2015, the Group’s net profit, attributable to shareholders of the parent company, was 1.0 million euro in comparison to a net loss of 2.5 million euros in 2014. Gross profit margin in 2015 was 44.4% while net profit margin was 1.2%. In 2015, the Group’s production was exported to 70 countries worldwide, a total of 74.4 million euros which is 8.5 million euros or 10.2% less than in 2015.

In the end of the reporting period the amount of accounts receivable (debtors) was 60.9 million euros, which is by 10.4 million euros more than accounts payable (liabilities) that were 50.6 million euros. The amount of current assets in the end of reporting period was 81.6 million euros, which is by 43.2 million euros more than amount of current liabilities which was 38.5 million euros. “Grindeks” assesses the overall financial situation as stable.

Situation in the key markets

The complex situation in Russia and Ukraine is still the major factor affecting Group’s performance indicators. The unstable economical situation in the CIS countries – Russia, Ukraine, Kazakhstan, Belarus, Kirgizia, Uzbekistan, Tadjikistan, Azerbaijan and Georgia – is characterized by substantial decreases of the value of national currencies, purchasing power decrease and reduced activity of business operations. Pharmaceutical companies, including “Grindeks” cooperation partners, reduce the volumes of import and optimize their warehouse stocks.

Sales of final dosage forms and active pharmaceutical ingredients

Sales volume of the final dosage forms of “Grindeks” in 2015 was 74.9 million euros and has decreased by 4.1 million euros or 5.2% in comparison to 2014. In 2015, the sales amount in Russia, other CIS countries and Georgia reached 41.5 million euros, which is by 19.0 million euros or 31.4% less than in 2014. In comparison to the previous year the biggest increase in sales volumes has been reached in Georgia (25%) and Turkmenistan (37%).

Due to the business diversification strategy and the development of Company’s activities in new markets, the sales volume in the Baltic States and other countries reached 33.4 million euros which is by 14.9 million euros or 1.8 times more than in 2014. The sales volume in the Netherlands comparing with 2014 has increased by 14.1 times, in Norway – 3.3 times, while in Vietnam – 2.2 times and in Poland 1.8 times. In 2015, “Grindeks” started the export of the final dosage forms to France where the sales volume reached 0.5 million euros, and Canada where the sales reached 0.3 million euros. In 2015, the sales volume in Latvia reached 6.6 million euros and has increased by 1.9 million euros or 41.6% in comparison with the previous year.

In 2015, “Grindeks” complemented its range of products and introduced the final dosage form (capsule) of UDCA (Ursodeoxycholic acid) and started its export to Russia and Georgia. Thereby “Grindeks” 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.

In 2015, sales of the active pharmaceutical ingredients reached 7.2 million euros, which is by 1.8 million euros or 20.3% less than in 2014. The main markets of “Grindeks” active pharmaceutical ingredients are the EU countries, U.S., Canada and Japan. The most required active pharmaceutical ingredients of “Grindeks” in 2015 were oxytocin, zopiclone, florasur (tegafur), detomidine and xylazine.

Investment program

In 2015, “Grindeks” invested 3.1 million euros and successfully continued its most important research and development projects. 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 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.

Various 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), “Chanelle Medical” (Ireland), “Apotex” (Australia), “Ecopharm” (Bulgaria), “PolyPeptide / SHP” (Denmark) and “Orifarm” (Denmark).

In 2015, specialists from “Grindeks” audited 45 active pharmaceutical ingredients manufacturers, raw material suppliers, wholesalers and contractual partners in Latvia (9) and abroad (36) – Estonia, Lithuania, Belgium, Germany, Slovakia, Ireland, Israel, China, India, Spain, Italy and Singapore. In 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 were held.

For the first time the “Grindeks” Energy management system was audited and it received the certification approving the adequacy to the requirements of LVS EN ISO 50001:2012 standard.

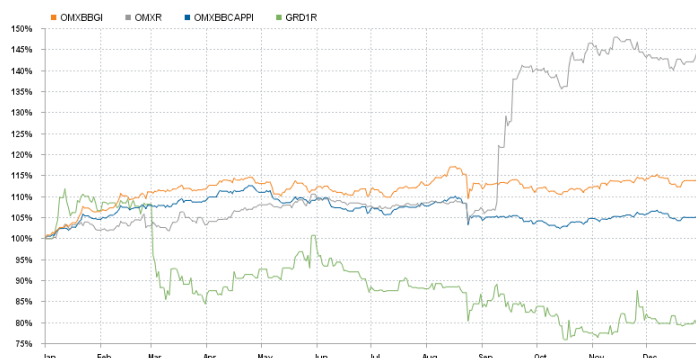
“Grindeks” share price development in 2015 (data of “NASDAQ Riga”)

Since 2 January 2006 shares of “Grindeks” are listed in the official list of “NASDAQ Riga”. JSC “Grindeks” share price on “NASDAQ Riga” in 2015 ranged from 4.9 to 7.23 euros. In 2015, the average price of JSC “Grindeks” shares on “NASDAQ Riga” was 5.38 euros. The total amount of “NASDAQ Riga” traded shares in 2015 was 324 554 shares, reaching 1.93 million euros turnover. At the end of 2015, market capitalization of “Grindeks” shares was 49.84 million euros.

In 2015, the Group’s earnings per share (EPS factor) were 0.10 euros in comparison to losses per share (LPS factor) of 0.27 euros in 2014.



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



Index/Equity	01.01.2015	31.12.2015	+/- %
OMX Baltic Benchmark GI	566.56	648.32	14.43
OMX Riga	408.03	594.35	45.66
OMX Baltic Benchmark Cap PI	322.29	340.20	5.56
GRD1R	6.450 EUR	5.200 EUR	-19.38

Future expectations

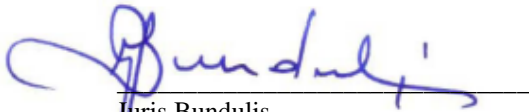
In 2016, “Grindeks” will continue to put emphasis on the new markets, thereby diversifying its activities and reducing risks. Company’s experience in organizing business in 70 countries worldwide and strategy developed so far has already significantly promoted increase in sales volume in the Netherlands, Norway, Vietnam, Poland, France and Canada. Gradually, it is expected that also in the other new markets “Grindeks” will reach increasingly higher sales results. The Company’s strategic target markets in 2016 will be the European Union and Southeast Asia countries. It is planned that in these countries the sales volume in comparison with previous year will increase by more than 30%. In 2016, the sales of final dosage forms is about to be started in Australia, Belgium and Nigeria. 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 and devaluation in the CIS countries are factors that negatively affect Company’s performance indicators.

In 2016, “Grindeks” will continue to widen its product range. Currently, under development in different stages are 14 generics, starting from the chemical synthesis of active pharmaceutical ingredient to the clinical trials. In 2016, for 7 of these drugs the registration procedure is about to be started. The final dosage form of UDCA (Ursodeoxycholic acid) is now being registered in 9 EU countries. Simultaneously with the registration of the new products in the historical “Grindeks” markets – Russia, other CIS countries and few particular EU countries – a number of registration procedures have been started in South Asia, Oceania and Persian Gulf countries where “Grindeks” registers its existing products.

In 2016, “Grindeks” will continue its successfully initiated cooperation with the World Health Organisation on oxytocin supplies. It is also expected that the cooperation would extend by starting the supplies of other medicines as well.

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

On behalf of the Group's Management:



Juris Bundulis
Chairman of the Board

February 26, 2016

STATEMENT OF BOARD'S RESPONSIBILITIES

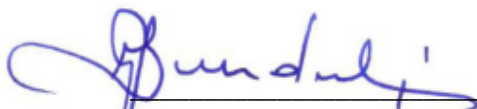
The Board of JSC "Grindeks" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter - the Group). The interim financial statements of the Group are not audited.

The consolidated interim financial statements, enclosed from the page 13 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 December 31, 2015 and the results of its operations and cash flows for the period of twelve months ended December 31, 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

February 26, 2016

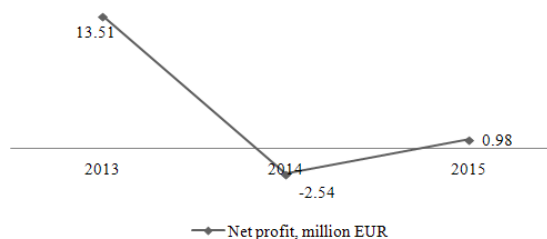
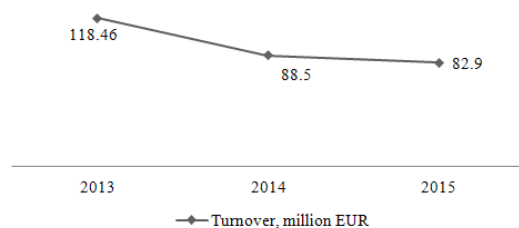
STATEMENT OF FINANCIAL POSITION

ASSETS	31.12.2015 EUR	31.12.2014 EUR
Non-current assets		
Intangible assets		
Software, patents, licenses, trademarks and other rights	737,661	914,141
Advance payments for intangible assets	85,700	86,297
Total intangible assets	823,361	1,000,438
Goodwill	5,044,761	5,044,761
Tangible fixed assets		
Land, buildings and constructions	32,874,958	4,273,191
Equipment and machinery	23,879,749	24,663,091
Other fixed assets	991,373	1,148,942
Construction in progress	2,943,203	2,414,694
Advance payments for fixed assets	320,381	811,597
Total tangible fixed assets	61,009,646	63,311,515
Investment property	9,124,063	9,080,000
Non-current financial investments		
Other investments	98,450	98,450
Other loan	2,200,000	2,278,643
Total long term financial investments	2,298,450	2,377,093
Total non-current financial assets	78,300,300	80,813,807
Current assets		
Inventories		
Raw materials	5,804,618	5,538,833
Unfinished goods	8,725,312	7,975,781
Finished goods and goods for resale	5,419,447	5,467,556
Total inventory	19,949,377	18,982,180
Debitori		
Trade receivables	46,239,087	43,025,695
Other debtors	3,041,952	5,632,458
Loans provided to management and shareholders	2,640,282	2,597,483
Other loans	1,500,000	1,500,000
Deferred expenses	7,519,263	5,263,756
Total debtors	60,940,584	58,019,756
Cash and cash equivalents	743,278	2,191,088
Total current assets	81,633,239	79,192,660
TOTAL ASSETS	159,933,538	160,006,467

	31.12.2015	31.12.2014
	EUR	EUR
LIABILITIES		
EQUITY		
Share capital	13,419,000	13,638,226
Share premium	22,321,657	22,321,657
Other reserves	880,727	661,500
Foreign currency revaluation reserve	(73,145)	(60,463)
Retained profit		
a) retained profit /loss	71,733,419	74,273,591
b) current year profit/loss	(980,452)	(2,540,171)
Equity attributable to equity holders of the parent	108,522,122	108,294,340
No controlling interest	103,653	92,998
Total equity	109,365,764	108,387,338
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	2,334,016	2,711,715
Finance lease liabilities	-	118,491
Deferred income	4,500,146	5,269,792
Deferred tax liabilities	5,269,792	4,522,593
Total non-current liabilities	12,103,954	12,622,591
Current liabilities		
Loans from credit institutions	20,100,466	12,906,312
Finance lease liabilities	-	93,837
Advances from customers	1,908,891	421,914
Trade accounts payable	7,999,670	10,474,159
Taxes and social security liabilities	1,483,724	1,093,919
Other payables	5,469,714	3,651,632
Accrued liabilities	616,659	276,763
Deferred income	884,696	1,078,002
Dividends of previos period	-	9,000,000
Total current liabilities	38,463,820	38,996,538
Total liabilities	50,567,774	51,619,129
TOTAL EQUITY AND LIABILITIES	159,933,538	160,006,467

STATEMENT OF COMPREHENSIVE INCOME

	2015 EUR	2014 EUR
Net sales	82,895,960	88,487,515
Cost of goods sold	(46,127,150)	(40,461,842)
Gross profit	36,768,810	48,025,673
Selling expenses	(18,896,641)	(23,307,179)
Administrative expenses	(11,708,296)	(12,084,293)
Other operating income	8,527,752	2,961,669
Other operating expenses	(12,782,840)	(17,255,921)
Interest income and similar income	157,123	164,655
Interest expense and similar expense	(433,090)	(299,901)
Real estate tax	(120,892)	(105,899)
Profit /loss before taxation	(1,702,211)	(1,901,196)
Corporate income tax	(520,817)	(634,998)
NET PROFIT/LOSS FOR THE YEAR	991,108	(2,536,194)
Other comprehensive income	(12,682)	(8,554)
Foreign currency revaluation	(12,682)	(8,554)
Other comprehensive income total	978,427	(2,544,748)
Attributable to:		
Equity holders of the parent	980,452	(2,540,171)
Non-controlling interest	10,656	3,977
TOTAL	991,108	(2,536,194)
Comprehensive income attributable of:		
Equity holders of the parent	967,771	(2,548,725)
Non-controlling interest	10,656	3,977
Total	978,427	(2,544,748)
Earnings /loss per share attributable equity holders of the parent		
(EUR per share)		
– Earnings/loss per share	0.10	(0.27)



STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Accumulated 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)	71,961,202	108,522,122	93,607	108,615,729
Stock denomination	(219,226)	-	219,226	-	-	-	-	-
Foreign currency revaluation	-	-	-	(12,682)	-	(12,682)	-	(12,682)
Profit for the year	-	-	-	-	980,452	980,452	10,656	991,108
31.12. 2015.	13,419,000	22,321,657	880,726	(73,145)	72,713,872	109,262,110	103,654	109,365,764

STATEMENT OF CASH FLOWS

	2015	2014
	EUR	EUR
OPERATING ACTIVITIES		
Net profit before taxation	1,702,211	(1,901,196)
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	5,900,857	5,177,710
(Gain)/loss on disposal of fixed assets and intangible assets	(26,559)	(26,559)
Revenue from the EU funds	(859,499)	(756,484)
Interest expense	433,090	299,901
Interest income	(249,500)	(164,655)
<i>Changes in operating assets and liabilities</i>		
Inventory	(967,197)	(7,014,645)
Debtors	(2,921,192)	503,227
Creditors	(1,912,307)	11,215,882
Gross cash provided by operating activities	1,126,463	7,333,181
Corporate income tax paid	1,857,401	(1,527,517)
Interest income	-	-
Net cash provided by operating activities	5,704,284	5,805,664
INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(3,052,888)	(3,654,919)
Proceeds from sale of fixed assets	-	550
Purchase of long term financial investments	(75,150)	(116,684)
Loans	-	(1,500,000)
Net cash used in investing activities	(3,128,038)	(5,271,053)
FINANCING ACTIVITIES		
Received loans from credit institutions	10,206,727	1,785,006
Repaid loans to credit institutions	(1,700,236)	(3,425,558)
Interest paid	(433,090)	(299,901)
Dividends paid	(9,000,000)	-
Net cash (used in) /provided by financing activities	(651,818)	(1,940,453)
Net increase in cash and cash equivalents from related company purchase	-	20,906
Net increase in cash and cash equivalents	(795,992)	(1,384,936)
	-	-
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	743,278	2,191,088

NOTES

OTHER DEBTORS

	31.12.2015	31.12.2014
	EUR	EUR
„Grindeks Rus” Ltd. other debtors	431,682	1,278,093
JSC „Tallinn Pharmaceutical Plant” other debtors	1,880	-
Tax receivables	437,685	3,391,089
Other	2,170,705	963,276
Total	3,041,952	5,632,458

CASH AND CASH EQUIVALENTS

	31.12.2015	31.12.2014
	EUR	EUR
Cash in bank	741,579	2,181,924
Cash on hand	1,699	9,164
Total	743,278	2,191,088

LOANS FROM CREDIT INSTITUTIONS

	31.12.2015	31.12.2014
	EUR	EUR
Credit line from JSC “SEB Bank”, Latvia	4,939,235	4,966,082
Credit line from Nordea Bank Finland Plc.	12,338,801	3,766,187
Credit line from JSC Tatrabank , Slovakia	1,614,814	879,908
JSC Tatrabank , Slovakia	407,500	407,500
JSC Aizkraukles banka	-	714,080
JSC “SEB Bank”, Latvia	-	384,932
JSC “SEB Bank”, Latvia	357,317	357,317
JSC Tatrabank , Slovakia	232,800	232,800
JSC Tatrabank , Slovakia	210,000	210,000
JSC Tatrabank , Slovakia	-	87,506
Current loans from credit institutions	20,100,466	12,906,312
JSC Tatrabank , Slovakia	1,222,500	1,630,000
JSC Tatrabank , Slovakia	708,200	613,316
JSC “SEB Bank”, Latvia	-	389,799
JSC Tatrabank , Slovakia	403,316	78,600
Non-current loans from credit institutions	2,334,016	2,711,715
Total	22,432,482	15,618,027

TAX LIABILITIES

	31.12.2015	31.12.2014
	EUR	EUR
Corporate income tax	665,313	204,042
Social security payments	485,721	461,907
Personal income tax	225,926	393,458
Value added tax	98,254	-
Other	8,510	34,512
Total	1,483,724	1,093,919

NET SALES

	2015	2014
	EUR	EUR
Other CIS countries	30,330,746	33,816,988
Russia	15,928,576	32,493,852
Other countries	26,800,918	15,786,107
Latvia	7,508,462	5,051,258
Lithuania	3,943,595	3,758,427
Estonia	2,174,402	2,073,572
Other income	1,214,366	557,532
Gross sales	87,901,065	93,537,736
Other CIS countries	(4,456,935)	(4,144,327)
Russia	(8,211)	(663,914)
Latvia	(276,570)	(77,649)
Lithuania	(185,512)	(82,984)
Estonia	(57,123)	(50,863)
Other countries	(20,756)	(30,484)
Discounts total	(5,005,107)	(5,050,221)
Total, net	82,895,960	88,487,515

COST OF GOODS SOLD

	2015	2014
	EUR	EUR
Raw materials and packing	16,120,468	14,232,884
Direct labour and social security payments	13,763,617	10,954,482
Goods purchased for resale and contract manufacturing	7,206,471	8,018,042
Depreciation of fixed assets and amortization of intangible assets	4,813,705	4,094,989
Research costs	1,948,475	2,530,021
Electricity resource expenses	2,224,456	2,028,934
Machinery, buildings and equipment repairs	1,266,257	983,894
Household expenses	239,025	254,639
Transport	170,851	186,288
Waste disposal	134,780	133,996
Rent of work clothing	128,921	112,988
Other	1,798,890	1,654,117
Internal turnover of self-manufactured raw materials	(3,688,766)	(4,723,432)
Total	46,127,150	40,461,842

SELLING AND DISTRIBUTION COSTS

	2015	2014
	EUR	EUR
Advertising	6,988,223	11,093,860
Expenses of representative offices	3,826,778	4,040,136
Salaries and social security payments	2,491,311	2,533,372
Distribution expenses for goods	919,675	851,189
Commissions	959,584	722,641
Registration costs for medicine	416,615	504,904
Depreciation of fixed assets and amortisation of intangible assets	409,366	461,715
Freight insurance	17,119	14,204
Other	2,867,971	3,085,158
Total	18,896,642	23,307,179

ADMINISTRATIVE EXPENSES

	2015	2014
	EUR	EUR
Salaries and social security payments	6,903,756	5,397,241
Professional services	263,231	347,949
Depreciation of fixed assets and amortisation of intangible assets	615,090	585,573
Security costs	412,375	343,709
Employee insurance	226,760	251,444
Computers maintenance	381,567	241,000
Electricity costs	223,256	219,809
Transport	214,269	182,444
Business trip expenses	83,134	113,648
Bank charges	262,300	117,228
Property and liability insurance	136,682	93,002
Personnel training and hiring expenses	21,608	62,647
Communication expense	53,625	57,345
Other	1,910,642	4,078,455
Total	11,708,296	12,084,293

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

Chairman of the Board

February 26, 2016

Juris Bundulis