

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 June 30, 2015 and
ended June 30, 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” (100 %) Tondi 33, 11316, Tallinn, Estonia JSC “Kalceks” (98.67%) 53 Krustpils str., Riga, LV - 1057, Latvia “Namu apsaimniekosanas projekti” Ltd. (100%) 53 Krustpils str., Riga, LV - 1057, Latvia “Grindeks Rus” Ltd. (100%) 74/3 Warsaw str., 117556, Moscow, Russia “HBM Pharma” Ltd. (100%) Sklabinska 30, 036 80, Martin, Slovakia
Reporting period	January 1, 2015 – June 30, 2015
Previous reporting period	January 1, 2014 – June 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
Arkadij 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
Arkadij Vertkin	Member of the Supervisory Council	0.00

* Latvian Central Depository data as of April 30, 2014

Since November 11, 2014 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	16.69
Uldis Osis	Member of the Supervisory Council	0.00
Janis Naglis	Member of the Supervisory Council	0.00
Arkadij Vertkin	Member of the Supervisory Council	0.00

* Latvian Central Depository data as of June 4, 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 Metalurģis”. 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 "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.*

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 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
Sergejs Batalins	Board member	0.00

* *Latvian Central Depository data as of June 4, 2015*

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

• 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 "Grindex" 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 "Grindex" V.Rabsha is the Member of the Council of „HBM Pharma” Ltd. *

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

• Sergejs Batalins - Member of the Board, Commercial Director

Born in 1975. Graduated from Moscow Commercial University, where he studied International Economics. He is the Commercial Director for JSC "Grindex" since December 2013. Previously he worked at "BLRT Masinaehitus", part of BLRT group as the Executive Director. He also held leading positions in companies, such as "Baltrotors" Ltd., "Nelss Logi" Ltd., "Staburadzes konditoreja" Ltd., "Euro Food" Ltd. and "NP Foods" Ltd.

** The Term of office from 03.07.2014. till 02.07.2017.*

MAJOR SHAREHOLDERS

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

	Percentage (%) 30.04.2015	Percentage (%) 31.12.2014
Kirovs Lipmans	33.29	33.29
„AB.LV Private equity fund 2010”	22.66	22.66
Anna Lipmane	16.69	16.69
Swedbank AS Clients Account (nominal holder)	9.96	9.92
Other shareholders	17.39	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 first six months of 2015 was 43.8 million euros and has increased by 3.1 million euros or 81% in comparison to the first six months of 2014. While the Group’s net profit, attributable to shareholders of the parent company, was 3.2 million euros in the first six months of 2015 and has increased by 0.4 million euros or 14% in comparison to the first quarter of 2014. Gross profit margin in the first quarter of 2015 was 45% while net profit margin was 7%. In the first six months of 2015 the Group’s production was exported to 55 countries worldwide, a total of 40.0 million euros which is 1.3 million euros or 4% more than in the first six months of 2014.

In the end of the reporting period the amount of accounts receivable (debtors) was 59.0 million euros, which is by 13.0 million euros more than accounts payable (liabilities) that were 46.0 million euros. The amount of current assets in the end of reporting period was 78.2 million euros, which is by 44.9 million euros more than amount of current liabilities which was 33.3 million euros. The geopolitical 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 as well, including those pharmaceutical companies which are “Grindeks” cooperation partners. 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 six months of 2015 was 39.4 million euros and has increased by 4.9 million euros or 14% in comparison to the first six months of 2014. The sales amount in Russia, other CIS countries and Georgia reached 23.6 million euros in the first six months of 2015, which is by 5.3 million euros or 18% less than in the first six months of 2014. In comparison to the first six months of the previous year the biggest increase in sales volumes has been reached in Armenia (18%), Georgia (27%), Kirgizstan (28%) and Turkmenistan (26%). In the first six 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.

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 15.9 million euros, which is by 10.2 million euros or 2.8 times more than in the first six months of 2014. The sales volume in Poland in comparison with first six months of 2014 has increased 6.4 times, while in Vietnam 2.6 times. The sales volume in Latvia in the first six months of this year accounted to 3.1 million euros and has increased by 1.3 million euros or 72% comparing with the first six months of last year.

In the first half year of 2015, sales of the active pharmaceutical ingredients reached 4.1 million euros, which is by 2.0 million euros or 33% less than in the first half year 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 half year of 2015 were Oxytocin, Zopiclone, Xylazine, Medetomidine and Pimobendan.

The most significant market trends

According to the “IMS Health” market data, in comparison to the first six months of 2014, 5.3% decrease in sales of packages is observed in the markets of CIS countries in the first half year of 2015, but in terms of money (euro) the drop reaches 11.1%. Although, the market in Russia shows an increase by 11% in the local currency, the turnover in packages over there has decreased by 7.2%, and taking into account the value decrease of the Russian ruble against euro, the market size in terms of money (euro) has decreased by 17.5%. In other biggest markets in CIS countries – Belarus, Kazakhstan, Uzbekistan and Georgia the turnover of packages sold creates a positive market dynamics (+0.7% in packages and +28.3% in terms of money (euro)).

Investment program

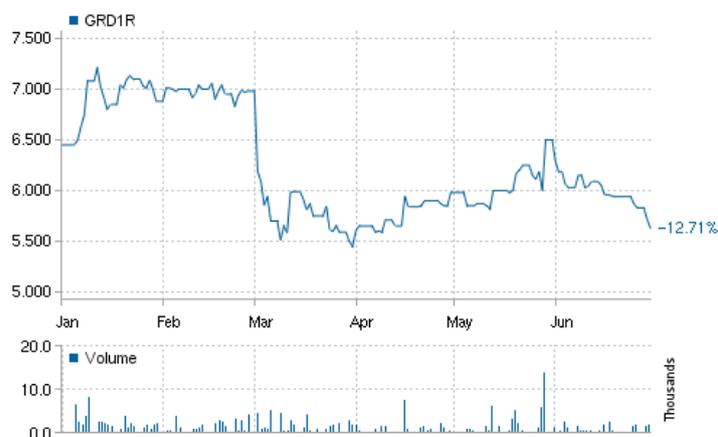
In 2015, “Grindeks” successfully continues its most important research and development projects. Last year in cooperation with Latvian scientists the project of inhibitor of cardioprotective agent - GBB hydroxyls with an original structure - chemical and preclinical pharmacological efficiency studies, 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 half year 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), and “Bayer Healthcare” (Germany). During the first half year of 2015 specialists from “Grindeks” audited 20 active pharmaceutical ingredients manufacturers, raw material suppliers, wholesalers and contractual partners in Latvia and abroad – Estonia, Lithuania, Belgium, Ireland, Israel, China and Singapore.

“Grindeks” share price development in the first half year 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 the first half year of 2015 ranged from 5.45 to 7.23 euros. In the first half year of 2015 the average price of JSC “Grindeks” shares on “NASDAQ Riga” was 5.9 euros. The total of “NASDAQ Riga” traded shares in the first half year of 2015 was 192 948 shares, reaching 1.22 million euro turnover. At the end of the first half year of 2015, market capitalization of “Grindeks” shares was 53.96 million euros.



In the first half year of 2015, the Group’s earnings per share (EPS factor) was 0.33 euros in comparison to 0.29 euros in the first quarter of 2014.

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



Index/Equity	01.01.2015	30.06.2015	+/-%
— OMX Baltic Benchmark GI	566.56	625.19	+10.35
— OMX Riga	408.03	439.44	+7.70
— OMX Baltic Benchmark PI	328.61	350.18	+6.56
— GRD1R	6.450 EUR	5.630 EUR	-12.71

Future expectations

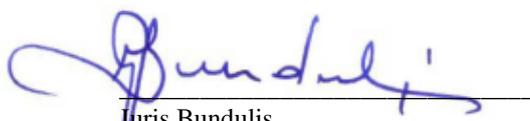
In the next period “Grindeks” will continue to put emphasis on new markets, thereby diversifying its activities and reducing risks. Company’s experience in organizing business in 60 countries worldwide and strategy developed so far has already significantly promoted increase in sales volume in Poland and Vietnam. It is expected that in the other new markets “Grindeks” will reach even higher sales results as well.

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

“Grindeks” pays great attention to the complementation of its product range. During this year company’s product portfolio has been complemented with two new medicines. This includes the final dosage form of Ursodeoxycholic acid (UDCA), which was introduced in the beginning of this year.

“Grindeks” will continue optimization of 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

August 28, 2015

STATEMENT OF BOARD'S RESPONSIBILITIES

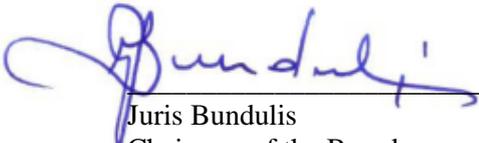
The Board of JSC "Grindex" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter - the Group). The interim financial statements of the Group are not audited.

The consolidated interim financial statements, enclosed from the page 12 to the page 19, are prepared in accordance with the accounting records and source documents, presenting fairly the financial position of the Group as of June 30, 2015 and the results of its operations and cash flows for the period of six months ended June 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

August 28, 2015

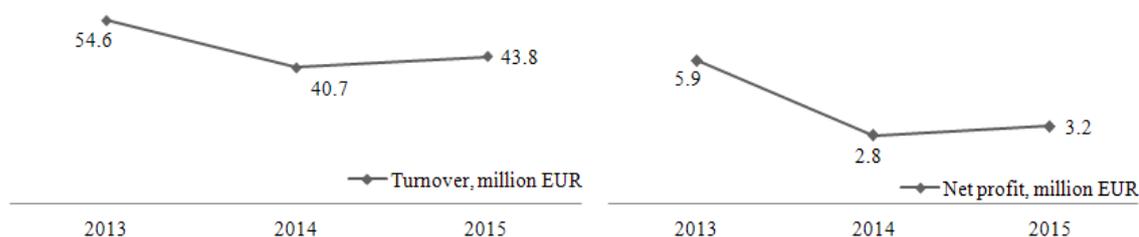
STATEMENT OF FINANCIAL POSITION

	30.06.2015. EUR	30.06.2014. EUR
ASSETS		
Non-current assets		
Intangible assets		
Software, patents, licenses, trademarks and other rights	760,476	817,925
Advance payments for intangible assets	111,730	-
Total intangible assets	872,206	817,925
Goodwill	5,044,761	-
Tangible fixed assets		
Land, buildings and constructions	33,393,822	26,364,663
Equipment and machinery	25,175,410	20,197,739
Other fixed assets	1,054,586	1,231,215
Construction in progress	2,547,258	2,126,609
Advance payments for fixed assets	155,887	285,118
Total tangible fixed assets	62,326,963	50,205,344
Investment property	9,080,000	9,080,000
Non-current financial investments		
Other investments	98,450	31,616
Advance payments for financial investments	-	11,770,000
Other loans	2,233,643	5,138,643
Total long term financial investments	2,332,093	16,940,259
Total non-current financial assets	79,656,023	77,043,528
Current assets		
Inventories		
Raw materials	5,340,295	4,008,799
Unfinished goods	9,432,670	6,430,750
Finished goods and goods for resale	3,543,929	8,091,514
Total inventory	18,316,894	18,531,063
Debtors		
Trade receivables	45,276,407	38,514,690
Due from related parties	-	2,828,641
Other debtors	4,329,423	4,588,581
Loans provided to the Company's/the Group's management and shareholders	2,597,483	2,551,009
Other loans	1,500,000	-
Deferred expenses	5,341,917	4,555,579
Total debtors	59,045,230	53,038,500
Cash and cash equivalents	872,830	2,621,310
Total current assets	78,234,954	74,190,873
TOTAL ASSETS	157,890,977	151,234,401

	30.06.2015.	30.06.2014.
	EUR	EUR
EQUITY AND LIABILITIES		
EQUITY		
Share capital	13,638,226	13,638,226
Share premium	22,321,657	22,321,657
Other reserves	661,500	661,500
Foreign currency revaluation reserve	191,703	67,144
Retained profit		
a) retained profit	71,733,420	83,273,591
b) current period profit /loss	3,205,238	2,811,459
Equity attributable to equity holders of the Parent entity	111,751,744	122,773,577
Non-controlling interest	98,049	89,963
Total equity	111,849,793	122,863,540
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	2,711,715	2,032,049
Finance lease liabilities	206,055	-
Deferred income tax liabilities	5,269,792	4,130,278
Deferred income	4,507,628	4,472,771
Total non-current liabilities	12,695,190	10,635,098
Current liabilities		
Loans from credit institutions	19,992,874	10,754,757
Finance lease liabilities	109,632	-
Advances from customers	731,176	38,095
Trade accounts payable	7,031,671	4,687,107
Taxes and social security contributions	944,891	632,420
Other payables	3,368,702	1,068,220
Deferred income	997,903	381,878
Accrued liabilities	169,145	173,286
Total current liabilities	33,345,994	17,735,763
Total liabilities	46,041,184	28,370,861
TOTAL EQUITY AND LIABILITIES	157,890,977	151,234,401

STATEMENT OF COMPREHENSIVE INCOME

	2015 January-June EUR	2014 January-June EUR
Net sales	43,790,634	40,697,107
Cost of goods sold	(24,050,788)	(17,543,003)
Gross profit	19,739,846	23,154,104
Selling expenses	(8,924,851)	(11,686,126)
Administrative expenses	(6,610,511)	(5,806,767)
Other operating income	5,415,769	2,169,320
Other operating expenses	(5,563,727)	(4,371,275)
Interest income and similar income	77,980	73,414
Interest expenses and similar expenses	(211,906)	(125,144)
Real estate tax	(64,627)	(45,550)
Profit /loss before taxation	3,857,973	3,361,976
Corporate income tax	(647,684)	(549,575)
PROFIT/LOSS FOR THE PERIOD	3,210,289	2,812,401
Other comprehensive income /loss		
Foreign currency revaluation	252,166	119,053
Total other comprehensive income /loss	252,166	119,053
Total comprehensive income /loss	3,462,455	2,931,454
Attributable to:		
Equity holders of the parent	3,205,238	2,811,459
Non-controlling interest	5,051	942
TOTAL	3,210,289	2,812,401
Comprehensive (loss)/ income attributable to:		
Equity holders of the Parent entity	3,457,404	2,930,512
Non-controlling interest	5,051	942
TOTAL	3,462,455	2,931,454
Earnings per share attributable to the equity holders of the Parent entity (EUR per share)	0.33	0.29



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	-	-	-	-	3,205,238	3,205,238	5,051	3,210,289
Foreign currency re-valuation	-	-	-	252,166	-	252,166	-	252,166
30.06.2015.	13,638,226	22,321,657	661,500	191,703	74,938,658	111,751,744	98,049	111,849,793

STATEMENT OF CASH FLOWS

	2015 January-June EUR	2014 January-June EUR
OPERATING ACTIVITIES		
Net (loss)/ profit before taxation	3,857,973	3,361,976
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	2,953,848	2,347,787
Revenue from the EU funds	(275,208)	(311,776)
Interest income	(77,980)	(73,414)
Interest expense	211,906	125,144
<i>Changes in operating assets and liabilities:</i>		
Inventory	(665,286)	(6,563,428)
Debtors	1,025,838	5,484,118
Creditors	(7,643,762)	(1,793,689)
Gross cash provided by operating activities	(612,671)	2,576,718
Corporate income tax paid	1,827,000	(640,846)
Net cash provided by operating activities	1,214,329	1,935,872
INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(648,559)	(2,366,119)
Purchase of long term financial investments	(60,150)	(100,000)
Net cash used in investing activities	(708,709)	(2,466,119)
FINANCING ACTIVITIES		
Received loans from credit institutions	8,233,091	867,594
Repaid loans to credit institutions and leasing payments	(1,043,170)	(1,359,193)
Revenue from the EU funds	198,107	192,276
Interest paid	(211,906)	(125,144)
Dividends paid	(9,000,000)	-
Net cash (used in) /provided by financing activities	(1,823,878)	(424,467)
Net increase/decrease in cash and cash equivalents	(1,318,258)	(954,714)
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	872,830	2,621,310

NOTES

OTHER DEBTORS

	30.06.2015.	30.06.2014.
	EUR	EUR
Tax receivables	932,590	1,298,432
Other	4,896,833	3,290,149
Total	5,829,423	4,588,581

CASH AND CASH EQUIVALENTS

	30.06.2015.	30.06.2014.
	EUR	EUR
Cash in bank	858,605	2,617,292
Cash on hand	14,225	4,018
Total	872,830	2,621,310

LOANS FROM CREDIT INSTITUTIONS

	30.06.2015.	30.06.2014.
	EUR	EUR
Credit line from Nordea Bank AB Latvia branch	11,984,914	4,836,526
Credit line from JSC "SEB banka", Latvia	4,980,447	4,725,705
Credit line from Tatrabank JSC, Slovakia	1,079,869	-
Tatrabank JSC, Slovakia	639,716	-
Tatrabank JSC, Slovakia	444,084	-
Nordea Bank AB Latvia branch	300,000	600,000
Tatrabank JSC, Slovakia	203,750	-
JSC "SEB banka", Latvia	162,416	194,899
JSC "SEB banka", Latvia	153,973	230,961
Tatrabank JSC, Slovakia	43,705	-
Nordea Bank AB Latvia branch	-	166,666
Current loans from credit institutions	19,992,874	10,754,757
Tatrabank JSC, Slovakia	1,630,000	-
Tatrabank JSC, Slovakia	613,316	-
Nordea Bank AB Latvia branch	389,799	900,000
Tatrabank JSC, Slovakia	78,600	-
JSC "SEB banka", Latvia	-	747,115
JSC "SEB banka", Latvia	-	384,934
Non-current loans from credit institutions	2,711,715	2,032,049
Total	22,704,589	12,786,806

TAXES AND SOCIAL SECURITY CONTRIBUTIONS

	30.06.2015.	30.06.2014.
	EUR	EUR
Social security contributions	534,293	363,102
Personal income tax	298,819	245,057
Corporate income tax	67,179	-
Value added tax	-	18,120
Other	44,600	6,141
Total	944,891	632,420

NET SALES

	2015	2014
	January-June	January-June
	EUR	EUR
Other CIS countries	15,795,670	20,439,210
Other countries	13,403,669	6,400,722
Russia	8,715,423	13,800,354
Latvia	3,486,723	1,994,130
Lithuania	1,965,530	1,812,241
Estonia	993,152	1,029,798
Other sales	467,414	122,200
Gross sales	44,827,581	45,598,655
Less discounts		
Other CIS countries	(598,320)	(2,316,390)
Other countries	(6,937)	(25,897)
Russia	(230,498)	(2,492,522)
Latvia	(116,248)	(15,714)
Lithuania	(57,233)	(27,077)
Estonia	(27,711)	(23,948)
Discounts total	(1,036,947)	(4,901,548)
Total, net	43,790,634	40,697,107

COST OF GOODS SOLD

	2015	2014
	January-June	January-June
	EUR	EUR
Raw materials and packaging	8,413,500	5,687,049
Direct labor and social security contributions	6,784,883	4,850,660
Goods purchased for resale and contract manufacturing costs	4,301,286	3,598,318
Depreciation of fixed assets and amortization of intangible assets	2,410,672	1,856,131
Electricity expenses	1,235,472	960,549
Research costs	1,193,479	1,083,265
Machinery, buildings and equipment repairs	490,058	463,248
Household expenses	120,143	136,853
Transport costs	84,699	93,138
Rent of work clothing	66,880	55,484
Waste disposal	60,319	66,399
Other expenses	983,944	846,653
Internal turnover of self-manufactured raw materials	(2,094,547)	(2,154,744)
Total	24,050,788	17,543,003

SELLING AND DISTRIBUTION COSTS

	2015	2014
	January-June	January-June
	EUR	EUR
Advertising expenses	3,024,909	5,836,559
Expenses of representative offices	1,921,568	2,020,429
Salaries and social security contributions	1,215,133	1,312,493
Distribution costs	491,126	461,149
Commissions	452,216	312,245
Registration costs for medicine	278,265	237,531
Depreciation of fixed assets and amortization of intangible assets	207,079	233,346
Freight insurance expenses	10,046	7,099
Other expenses	1,324,509	1,265,275
Total	8,924,851	11,686,126

ADMINISTRATIVE EXPENSES

	2015	2014
	January-June	January-June
	EUR	EUR
Salaries and social security contributions	3,132,793	2,487,231
Professional and consultancy services	664,367	939,109
Depreciation of fixed assets and amortization of intangible assets	335,843	258,061
Security costs	205,352	162,336
Computer maintenance and repair	198,767	103,405
Employee insurance expenses	117,210	136,913
Electricity costs	112,551	105,479
Bank charges	109,881	44,096
Transport costs	86,013	91,143
Property and liability insurance	69,547	36,567
Business trip expenses	43,728	67,082
Communication expenses	28,472	30,894
Personnel training and hiring expenses	10,255	50,719
Other expenses	1,495,732	1,293,732
Total	6,610,511	5,806,767

JSC "Grindeks" hereby informs that there were no changes made in its accounting policy in January-June 2015. In non-audited financial accounts for the period January- June 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