

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 2014 and
ended 31 December 2013*

CONTENTS

ANCILLARY INFORMATION	3
THE BOARD AND THE SUPERVISORY COUNCIL	4
MAJOR SHAREHOLDERS	7
MANAGEMENT REPORT	8
STATEMENT OF BOARD'S RESPONSIBILITIES	11
FINANCIAL STATEMENTS:	
Statement of financial position	12
Statement of comprehensive income	14
Statement of changes in equity	15
Statement of cash flows	16
NOTES	17

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” (98.67%) 53 Krustpils Street Riga, LV - 1057, Latvia “Namu apsaimniekosanas projekti” Ltd. 53 Krustpils Street Riga, LV - 1057, Latvia “Grindeks Rus” Ltd. 74/3 Warsaw Road 117556, Moscow, Russia “HBM Pharma” Ltd. Sklabinska 30, 036 80, Martina, Slovakia
Reporting period	1 January 2014 – 31 December 2014
Previous reporting period	1 January 2013 – 31 December 2013

THE BOARD AND THE SUPERVISORY COUNCIL

Board of the Company

(in compliance with the election/dismissal dates)

From 1 May 2012 to 3 July 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 30 April 2014.*

Since 3 July 2014 to 13 October 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 30 April 2014.*

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

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

Since 8 January 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 31 December 2014*

** *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 “Grindeks” since 2007. Previously was employed at “Exigen Services” Ltd., holding the post of the Chief Finance Officer, as well as the position of the Deputy Chairman of the Board at JSC “DATI Exigen Group”. V.Rabsha also worked at JSC “Latvijas Balzams” as the Chief Finance Officer. Besides the position at “Grindeks” V.Rabsha is the Member of the Council of „HBM Pharma” Ltd. *

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

- 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 "Grindeks" 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.*

Supervisory Council of the Company

(in compliance with the election/dismissal dates)

From 25 May 2010 to 25 May 2013:

<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
Ivars Kalvins	Member of the Supervisory Council	0.00

* *Latvian Central Depository data as of 31 December 2012*

From 25 May 2013 till 4 June 2013:

Candidates for Supervisory council member position of JSC „Grindeks” were nominated during Annual general meeting of shareholders held on 4 June 2013.

From 4 June 2013 to 12 June 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 30 April 2014*

From 12 June 2014 to 11 November 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 30 April 2014*

Since 11 November 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 31 December 2014*

** *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 "Liplats 2000" Ltd. and 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".

* *The Term of office till 12.10.2017.*

- 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 "Purvcieņa mājas" Ltd., "Imantas mājas" Ltd., "Kembi" Ltd., a member of Board of "Puzes karjers" Ltd., "JA GRS" Ltd., "Kauguru priedes" Ltd., "Arsan" Ltd., "Nordic bioenergy" Ltd., "Kempings Gauja" Ltd., "Baltic TAXI" 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.

MAJOR SHAREHOLDERS

The Shareholders of 31 December 2014 and 31 December 2013 were as follows (*Latvian central Depository data*):

	Percentage holding (%) 31.12.2014	Percentage holding (%) 31.12.2013
Kirovs Lipmans	33.29	33.29
"AB.LV Private equity fund 2010"	22.66	16.69
Anna Lipmane	16.69	11.38
Swedbank AS Clients Account (nominal holder)	9.92	10.80
Skandinaviska Enskilda banken (nominal holder)	-	11.28
Other shareholders	17.44	16.56
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 from 1 September 2014 “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.

The “Grindeks” Group’s activity during reporting period

The Group closed 2014 with a net loss of 2.3 million euros related to the shareholders of the holding company. In comparison the Group’s net profit in 2013 was 13.5 million euros. The Group’s turnover amounted to 88.4 million euros in 2014, which is by 30 million euros or 25% less than in 2013. In 2014, gross profit margin of the Group was 54%, whereas, net profit margin was -2.6%. Products of the Group, manufactured in 2014, were exported to 60 countries worldwide for the total amount of 83 million euros, which is by 29.3 million euros or by 26% less than in 2013. The geopolitical situation in Russia and Ukraine is the key factor affecting Group performance indicators. Most of the Group financial losses are related to the dramatic decline in the value of Russian ruble – consequently, foregone earnings of the Group makes at least 6.2 million euros.

In the end of the reporting period the amount of accounts receivable (debtors) was 56.2 million euros, which is by 9 million euros more than accounts payable (liabilities) that were 47.3 million euros. The dividend payment to be paid in the 10 March 2015 in the amount of 9 million euro is included in the accounts payable. In its turn, the amount of current assets in the end of reporting period was 77.5 million euros, which is by 42 million euros more than current liabilities which was 35.4 million euros. It should be noted that geopolitical situation in Russia and Ukraine has an effect not only on Latvian but on other foreign pharmaceutical companies as well, including “Grindeks” cooperation partners. To a certain extent it affects the cash flow, although, “Grindeks” assesses the overall financial situation as stable.

Despite unfavorable situation in the main final dosage form markets, in 2014 the Group continued its strategically most important research and development projects in. In cooperation with Latvian scientists the project of inhibitor of cardio protective agent – GBB hydroxyls with an original structure – chemical and preclinical pharmacological efficiency studies have concluded, which is an important step in creating a new medical product. 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.

The most significant market trends

According to the “IMS Health” market data, in comparison to 2013, 2.1% increase in sales of packages is observed in the markets of CIS countries in 2014, but in terms of money (euro) – a drop -2.1%. This result is affected by the proportion of the biggest market – Russia. The turnover in packages over there has increased by 1.2%, while the turnover in euros dropped by -3.3%. Russian press reports show a growth of turnover in local currency, but, taking into account the weakening of the Russian ruble against euro, the market size in terms of money (euro) has decreased. In other CIS countries – Armenia, Azerbaijan, Belarus, Kazakhstan, Moldova the turnover of packages sold creates a positive market dynamics (+6.3% in packages and +7.6% in terms of money (euro)).

Sales of final dosage forms and active pharmaceutical ingredients

Sales volume of the final dosage forms of “Grindeks” in 2014 was 78.9 million euros and has decreased by 21.4 million euros or 21% in comparison to 2013. The main final dosage forms markets are Russia, other CIS countries, Georgia and the Baltic States. The sales amount in Russia, other CIS countries and Georgia reached 60.5 million euros in 2014, which is by 26.2 million euros or 30% less than in 2013. The highest increase, compared to 2013 is shown in Armenia +50%, Belarus +21%, Azerbaijan +17%, and Turkmenistan +12%. In its turn, turnover of the final dosage forms in the Baltic States and other European countries was 18.4 million euros, which is by 4.8 million euros or 36% more than in 2013. In 2014 “Grindeks” has begun export of final dosage forms to several new markets – Great Britain, Finland, Slovakia, Spain, the Netherlands and Portugal. In 2014 cooperation was successfully continued with Tunisia, increasing sales volume 2.7 times in comparison with 2013, with

Vietnam, increasing sales volume 4.3 times, with Romania, increasing sales volume 3 times. Comparing with 2013 the turnover in 2014 in markets outside the CIS and the Baltic states increased 3.7 times. In 2014, sales of active pharmaceutical ingredients reached 9 million euros which is by 8.9 million euros or 50% less than in 2013. Main markets of “Grindeks” active pharmaceutical ingredients in 2014 were the Netherlands, Germany, Canada, USA, France, Ireland and Japan. The most required active pharmaceutical ingredients of “Grindeks” are Zopiclone, Oxytocin, Ftorafur, Droperidol, Xylazine, Medetomidine, Detomidine and Ursodeoxycholic acid.

Investment program

In 2014, “Grindeks” successfully continued to implement its investment program and has invested 3.5 million euros over the year. The most significant investment project was the renovation of Quality Control Laboratory that was completed in June of 2014. One of the most advanced laboratories of the Baltic States is established after the completion of the project. This allows performing analysis for “Grindeks” needs as well as providing analytical services to other companies.

Quality and environmental protection

In 2014 the following inspections and audits have taken place in “Grindeks”:

- Inspections of the Latvian State Agency of Medicines on manufacturing process of several active pharmaceutical ingredients being in compliance with the “Good Manufacturing Practice” standard principles, as well as on Pharmacovigilance System in the company;
- Inspection of the Belarusian Health and Test Centre on manufacturing of ointments;
- Inspection of the Japanese Pharmaceuticals and Medical Devices Agency on manufacturing and quality assurance of the active pharmaceutical ingredient Ftorafur;
- audits of clients and cooperation partners – “Orion Corporation” (Finland), “Hikma Pharmaceuticals” (Jordan), “Actavis” (USA), “Sintetica SA” (Italy), “Chemogroup” (Spain), “Biogaran” (France), “Teva Global” (the Netherlands), “Cipla” (India), “TBD Biodiscovery” (Estonia), “HBM Pharma” (Slovakia) and “LMP” (Latvia).

Surveillance audits assured the compliance of quality management, environmental management, and occupational health and safety system standards with the ISO 9001, ISO 14001 and OHSAS 18001.

“Grindeks” share price development in 2014 (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 2014 ranged from 5.3 to 10.5 euros. In 2014, the average price of JSC “Grindeks” shares on “NASDAQ Riga” was 7.28 euros. The total of “NASDAQ Riga” traded shares in 2014 was 683 252 shares, reaching 4.78 million euro turnover. At the end of 2014, market capitalization of “Grindeks” shares was 61.82 million euros.



In 2014, the Group’s earnings per share (EPS factor) was -0.38 euros in comparison to 1.41 euros in 2013.

“Grindeks” share price development in 2014 in comparison with Baltic market indexes (data of NASDAQ Riga)



Index/Equity	01.01.2014	31.12.2014	+/-%
— OMX Baltic Benchmark GI	613.50	566.56	-7.65 ↓
— OMX Riga	460.13	408.03	-11.32 ↓
— OMX Baltic Benchmark PI	369.35	328.61	-11.03 ↓
— GRD1R	9.106 EUR	6.450 EUR	-29.17 ↓

Future expectations

In the next period “Grindeks” will increasingly put emphasis on new markets, thereby diversifying its activities and reducing risks. The company previously had also faced different crisis situations and was able to professionally concentrate its knowledge and resources to overcome the obstacles. Undoubtedly – in case if geopolitical situation in Russia and Ukraine extends, performance indicators of the company could be affected. Considering company’s experience in organizing business in 60 countries worldwide, the company is assured that business diversification and focused restructuring activities will lead to positive results.

“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 Būndulis
Chairman of the Board

27 February 2015

STATEMENT OF BOARD'S RESPONSIBILITIES

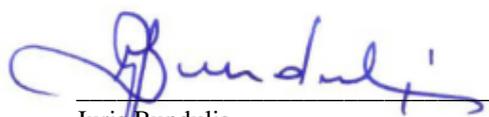
The Board of JSC "Grindex" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter - the Group). The interim financial statements of the Group are not audited.

The consolidated interim financial statements, enclosed from the page 12 to the page 20, are prepared in accordance with the accounting records and source documents, presenting fairly the financial position of the Group as of 31 December 2014 and the results of its operations and cash flows for the period of twelve months ended 31 December 2014.

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 and Estonia, Slovakia).

On behalf of the Board:



Juris Bundulis
Chairman of the Board

27 February 2015

STATEMENT OF FINANCIAL POSITION

ASSETS	31.12.2014 EUR	31.12.2013 EUR
Non-current assets		
Intangible assets		
Software, patents, licenses, trademarks and other rights	914,141	811,360
Advance payments for intangible assets	86,297	-
Total intangible assets	1,000,438	811,360
Tangible fixed assets		
Land, buildings and constructions	36,925,506	24,607,805
Equipment and machinery	24,663,091	19,448,730
Other fixed assets	1,148,942	1,167,745
Construction in progress	2,414,694	3,771,835
Advance payments for fixed assets	811,597	1,211,520
Total tangible fixed assets	65,963,830	50,207,635
Investment property	9,080,000	9,080,000
Non-current financial investments		
Other investments	98,450	31,616
Advance payments for financial investments	-	11,670,000
Other loan	2,278,643	5,138,642
Total long term financial investments	2,377,093	16,840,258
Total non-current financial assets	78,421,361	76,939,253
Current assets		
Inventories		
Raw materials	5,538,833	3,734,929
Unfinished goods	7,975,781	4,590,550
Finished goods and goods for resale	5,504,443	3,642,156
Total inventory	19,019,057	11,967,635
Debtors		
Trade receivables	41,641,816	44,189,299
Due from related parties	-	3,306,028
Other debtors	5,241,874	4,401,063
Loans provided to management and shareholders	4,097,483	2,551,009
Deferred expenses	5,261,484	4,075,219
Total debtors	56,242,657	58,522,618
Cash and cash equivalents	2,191,088	3,576,024
Total current assets	77,452,802	74,066,277
TOTAL ASSETS	155,874,163	151,005,530

	31.12.2014	31.12.2013
	EUR	EUR
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	(60,463)	(51,909)
Retained profit		
a) retained profit /loss	74,273,591	69,768,332
b) current year profit/loss	(2,312,389)	13,505,259
Equity attributable to equity holders of the parent	108,522,122	119,843,065
No controlling interest	93,607	89,021
Total equity	108,615,729	119,932,086
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	2,711,715	2,032,049
Deferred income	4,522,593	4,472,770
Deferred tax liabilities	4,605,030	4,130,278
Total non-current liabilities	11,839,338	10,635,097
Current liabilities		
Loans from credit institutions	12,906,312	11,246,356
Advances from customers	420,253	381,394
Trade accounts payable	8,455,197	5,497,790
Taxes and social security liabilities	873,543	1,570,603
Other payables	2,388,414	1,154,845
Accrued liabilities	296,766	173,286
Deferred income	1,078,611	414,073
Dividends of previous period	9,000,000	-
Total current liabilities	35,419,096	20,438,347
Total liabilities	47,258,434	31,073,444
TOTAL EQUITY AND LIABILITIES	155,874,163	151,005,530

STATEMENT OF COMPREHENSIVE INCOME

	2014 EUR	2013 EUR
Net sales	88,427,880	118,461,106
Cost of goods sold	(40,464,047)	(47,372,776)
Gross profit	47,963,833	71,088,330
Selling expenses	(23,102,720)	(25,380,681)
Administrative expenses	(12,075,332)	(12,180,968)
Other operating income	2,960,715	8,278,499
Other operating expenses	(17,207,562)	(25,539,497)
Changes in fair value/impairment loss	-	224,045
Interest income and similar income	164,655	146,963
Interest expense and similar expense	(299,901)	(254,937)
Real estate tax	(105,899)	(90,277)
Profit /loss before taxation	(1,702,211)	16,291,477
Corporate income tax	(605,592)	(2,782,254)
NET PROFIT/LOSS FOR THE YEAR	(2,307,803)	13,509,223
Other comprehensive income	(8,554)	(131,310)
Foreign currency revaluation	(8,554)	(131,310)
Other comprehensive income total	(2,316,357)	13,377,913
Attributable to:		
Equity holders of the parent	(2,312,389)	13,505,259
Non-controlling interest	4,586	3,964
TOTAL	(2,307,803)	13,509,223
Comprehensive income attributable of:		
Equity holders of the parent	(2,320,943)	13,373,949
Non-controlling interest	4,586	3,964
Total	(2,316,357)	13,377,913
Earnings /loss per share attributable equity holders of the parent (EUR per share)		
- Earnings/loss per share	(0.24)	1.41

Information on the historical financial results for the respective period for last 3 years:



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
31.12.2013	13,638,226	22,321,657	661,500	(51,909)	83,273,591	119,843,065	89,021	119,932,086
Dividends	-	-	-	-	(9,000,000)	(9,000,000)	-	(9,000,000)
Foreign currency revaluation	-	-	-	(8,554)	-	(8,554)	-	(8,554)
Profit for the year	-	-	-	-	(2,312,389)	(2,312,389)	4,586	(2,307,803)
31.12.2014	13,638,226	22,321,657	661,500	(60,463)	71,961,202	108,522,122	93,607	108,615,729

STATEMENT OF CASH FLOWS

	2014 EUR	2013 EUR
OPERATING ACTIVITIES		
Net profit before taxation	(1,702,211)	16,291,477
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	5,148,452	4,687,108
(Gain)/loss on disposal of fixed assets and intangible assets	(26,559)	18,008
Other adjustments	-	(126,795)
Changes in fair value	-	(160,548)
Revenue from the EU funds	(756,484)	(505,131)
Interest expense	299,901	254,937
Interest income	(164,655)	(146,963)
<i>Changes in operating assets and liabilities</i>		
Inventory	(7,051,422)	(1,556,516)
Debtors	2,279,961	1,155,679
Creditors	9,204,818	1,011,767
Gross cash provided by operating activities	7,231,801	20,923,023
Corporate income tax paid	(1,527,517)	(3,639,873)
Interest income	-	309
Net cash provided by operating activities	5,704,284	17,283,459
INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(3,553,539)	(5,730,296)
Proceeds from sale of fixed assets	550	19,745
Purchase of long term financial investments	(116,684)	(6,540,000)
Loans	(1,500,000)	(770,000)
Net cash used in investing activities	(5,169,673)	(13,020,551)
FINANCING ACTIVITIES		
Received loans from credit institutions	1,785,006	1,201,880
Repaid loans to credit institutions	(3,425,558)	(3,801,985)
Interest paid	(299,901)	(260,172)
Net cash (used in) /provided by financing activities	(1,940,453)	(2,860,277)
Net increase in cash and cash equivalents from related company purchase	20,906	-
Net increase in cash and cash equivalents	(1,384,936)	1,402,631
		-
Cash and cash equivalents at the beginning of the year	3,576,024	2,173,393
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,191,088	3,576,024

NOTES

OTHER DEBTORS

	31.12.2014 EUR	31.12.2013 EUR
„Grindeks Rus” Ltd. other debtors	1,278,093	2,174,909
JSC „Tallinn Pharmaceutical Plant” other debtors	-	49,589
Tax receivables	3,339,583	817,340
Other	624,198	1,359,225
Total	5,241,874	4,401,063

CASH AND CASH EQUIVALENTS

	31.12.2014 EUR	31.12.2013 EUR
Cash in bank	9,164	3,567,263
Cash on hand	2,181,924	8,761
Total	2,191,088	3,576,024

LOANS FROM CREDIT INSTITUTIONS

	31.12.2014 EUR	31.12.2013 EUR
Credit line from JSC “SEB Bank”, Latvia	4,966,082	4,614,359
Credit line from Nordea Bank Finland Plc.	3,766,187	4,080,278
Nordea Bank Finland Plc.	900,000	1,200,000
Credit line from JSC Tatrabank , Slovakia	879,908	-
JSC Aizkraukles banka	714,080	-
JSC Tatrabank , Slovakia	407,500	-
JSC “SEB Bank”, Latvia	384,932	461,922
JSC “SEB Bank”, Latvia	357,317	389,797
JSC Tatrabank , Slovakia	232,800	-
JSC Tatrabank , Slovakia	210,000	-
JSC Tatrabank , Slovakia	87,506	-
Nordea Bank Finland Plc.	-	500,000
Current loans from credit institutions	12,906,312	11,246,356
JSC Tatrabank , Slovakia	1,630,000	-
JSC Tatrabank , Slovakia	613,316	-
JSC “SEB Bank”, Latvia	389,799	747,117
JSC Tatrabank , Slovakia	78,600	-
Nordea Bank Finland Plc.	-	900,000
JSC “SEB Bank”, Latvia	-	384,932
Non-current loans from credit institutions	2,711,715	2,032,049
Total	15,618,027	13,278,405

TAX LIABILITIES

	31.12.2014 EUR	31.12.2013 EUR
Corporate income tax	-	620,775
Social security payments	461,907	670,533
Personal income tax	375,907	235,753
Value added tax	-	30,303
Other	35,729	13,240
Total	873,543	1,570,603

NET SALES

	2014 EUR	2013 EUR
Other CIS countries	33,816,988	33,950,017
Russia	32,493,852	72,258,822
Other countries	15,786,107	13,047,937
Latvia	5,051,258	6,032,554
Lithuania	3,758,427	3,681,736
Estonia	2,073,572	2,147,441
Other income	497,897	221,681
Gross sales	93,478,101	131,340,188
Less discounts		
Other CIS countries	(4,144,327)	(3,889,436)
Russia	(663,914)	(8,648,386)
Latvia	(77,649)	(224,952)
Lithuania	(82,984)	(44,412)
Estonia	(50,863)	(57,387)
Other countries	(30,484)	(14,509)
Discounts total	(5,050,221)	(12,879,082)
Total, net	88,427,880	118,461,106

COST OF GOODS SOLD

	2014	2013
	EUR	EUR
Raw materials and packing	14,233,888	17,949,484
Direct labour and social security payments	10,954,482	9,711,210
Goods purchased for resale and contract manufacturing	8,018,043	14,301,266
Depreciation of fixed assets and amortization of intangible assets	4,094,989	3,735,754
Research costs	2,530,021	2,442,264
Electricity resource expenses	2,028,934	1,906,156
Machinery, buildings and equipment repairs	983,894	967,884
Household expenses	254,639	297,662
Transport	186,288	180,961
Waste disposal	133,996	149,544
Rent of work clothing	112,988	109,171
Other	1,655,317	1,779,744
Internal turnover of self-manufactured raw materials	(4,723,432)	(6,158,324)
Total	40,464,047	47,372,776

SELLING AND DISTRIBUTION COSTS

	2014	2013
	EUR	EUR
Advertising	11,043,776	13,578,614
Expenses of representative offices	4,040,136	4,234,518
Salaries and social security payments	2,533,372	2,409,670
Distribution expenses for goods	852,563	899,703
Commissions	722,642	512,508
Registration costs for medicine	504,919	306,710
Depreciation of fixed assets and amortisation of intangible assets	454,516	525,748
Freight insurance	14,204	18,433
Patents	-	152,112
Other	2,936,592	2,742,665
Total	23,102,720	25,380,681

ADMINISTRATIVE EXPENSES

	2014	2013
	EUR	EUR
Salaries and social security payments	5,397,240	5,006,042
Professional services	347,949	226,561
Depreciation of fixed assets and amortisation of intangible assets	585,573	435,843
Security costs	343,709	310,434
Employee insurance	251,444	252,063
Computers maintenance	241,000	232,593
Electricity costs	219,689	220,650
Transport	182,444	198,364
Business trip expensis	113,648	127,791
Bank charges	117,228	88,591
Property and liability insurance	93,002	63,938
Personnel training and hiring expenses	62,647	138,221
Communication expense	57,345	40,597
Other	4,062,414	4,839,280
Total	12,075,332	12,180,968

JSC "Grindex" hereby informs that there were no changes made in its accounting policy in January-December 2014. In non-audited financial accounts for the year 2014 the Group has employed the same Accounting and Consolidation Principles as in the audited consolidated financial accounts for the year 2013, released on 29 April 2014.

Chairman of the Board

27 February 2015

Juris Bundulis