

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 30 September, 2017 and
ended 30 September, 2016*

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ANCILLARY INFORMATION

Name	“GRINDEKS”
Legal status	Joint Stock Company since August 25, 1997
Number, place and date of registration	40003034935, Riga, Republic of Latvia, October 11, 1991
Business activities	Production of pharmaceutical products, medical products and phytochemical medicine
Legal address	53 Krustpils Street Riga, LV – 1057, Latvia
Subsidiaries	JSC “Tallinn Pharmaceutical Plant” Tondi 33, 11316, Tallinn, Estonia JSC “Kalceks” 53 Krustpils str., Riga, LV - 1057, Latvia “Namu apsaimniekosanas projekti” Ltd. 53 Krustpils str., Riga, LV - 1057, Latvia “Grindeks Rus” Ltd. 74/3 Warsaw str., 117556, Moscow, Russia “HBM Pharma” Ltd. Sklabinska 30, 036 80, Martin, Slovakia
Reporting period	January 1, 2017 – September 30, 2017
Previous reporting period	January 1, 2016 – September 30, 2016

THE SUPERVISORY COUNCIL AND THE BOARD

Supervisory Council of the Company

(in compliance with the election/dismissal dates)

Since 11 November 2014 to 12 January 2016:

<u>Name</u>	<u>Position</u>	Ownership interest (%)*
Kirovs Lipmans	Chairman of the Supervisory Council	33.29
Anna Lipmane	Deputy Chairman of the Supervisory Council	16.65
Uldis Osis	Member of the Supervisory Council	0.00
Janis Naglis	Member of the Supervisory Council	0.00
Arkadiy Vertkin	Member of the Supervisory Council	0.00

* *Nasdaq CSD data as of 31 October 2015*

Since 12 January 2016 to the date of issuing the financial statements:

<u>Name</u>	<u>Position</u>	Ownership interest (%)*
Kirovs Lipmans	Chairman of the Supervisory Council	33.29
Anna Lipmane	Deputy Chairman of the Supervisory Council	16.65
Janis Naglis	Member of the Supervisory Council	0.00
Arkadiy Vertkin	Member of the Supervisory Council	0.00

* *Nasdaq CSD data as of 30 April 2017*

** *The term of office of Supervisory Council members till 07.06.2019.*

- **Kirovs Lipmans - Chairman of the Council**

Born in 1940. Kirovs Lipmans has been the Chairman of the Council of “Grindeks” since 2003. Simultaneously K. Lipmans is also the Member of the Executive Committee of the Latvian Olympic Committee, the Chairman of the Council of JSC “Kalceks” and JSC “Tallinn pharmaceutical plant”, also the Chairman of the Board of JSC “Grindeks” Foundation „For the Support of Science and Education”. Graduated from the Leningrad Institute of Railway and Transport Engineering, also graduated from the Faculty of Economics of the University of Latvia, obtaining degree as an Engineer-Economist. K. Lipmans is also one of the major shareholders of JSC “Grindeks”.

- **Anna Lipmane - Deputy Chairman of the Council**

Born in 1948. Anna Lipmane has been the Member of the Council of “Grindeks” since 2008. A. Lipmane is certified doctor-neurologist and the Member of the Latvian Medical Association, the Latvian Association of Internists, the Latvian Society of Cardiology and the Latvian Association of Neurologists. A. Lipmane is one of the major shareholders of JSC “Grindeks” and member of the Council of JSC “Tallinn pharmaceutical plant”.

- **Janis Naglis - Member of the Council**

Born in 1958. Janis Naglis has been a member of the Council of JSC “Grindeks” since 2002. Simultaneously to the job responsibilities in JSC “Grindeks” J. Naglis is also the Member of the Council of the Employers' Confederation of Latvia, the President of the the Latvian Auto Federation and Board member of the Association of Hotels and Restaurants of Latvia and Board member of the Latvian Sports for All Association, also member of other enterprises and institutions. J. Naglis has graduated from Riga Polytechnic institute with qualification Engineer-Mechanic.

- **Arkadiy Vertkin - Member of the Council**

Born in 1951. Professor Arkadiy Vertkin has been a member of the Council of JSC “Grindeks” since 2013. A.Vertkin is 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 numerously Russian and international organizations. Dr.med. A.Vertkin is an Honoured Science Worker of Russian Federation, and has received several awards.

The Board of the Company

(in compliance with the election/dismissal dates)

From 12 October 2015 to 4 January 2016:

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

** Nasdaq CSD data as of 31 October 2015*

From 4 January 2016 to 12 January 2016:

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

** Nasdaq CSD data as of 31 October 2015*

Since 12 January 2016 to 1 March 2017:

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

** Nasdaq CSD data as of 31 October 2016*

Since 1 March 2017 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

** Nasdaq CSD data as of 30 April 2017*

• **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 the Member of the Board of JSC “Grindeks” Foundation “For the Support of Science and Education”.

** The Term of office - 08.01.2018.*

• **Janis Romanovskis - Member of the Board, Chief Finance and Administrative Officer**

Born in 1960. Graduated from Riga Secondary School No.1, Faculty of Economics of University of Latvia and Riga International School of Economics and Business Administration. Janis Romanovskis had also previously worked at „Grindeks” as the Chairman of the Board and Chief Finance and Administrative Officer. During his career Romanovskis has been the Chairman of the Board of pharmaceutical companies „Recipe plus” and „Sentor Farm aptiekas”, as well as the Finance Director of the IT company „Komerccentrs DATI Grupa” and the Head of the Financial Management Unit of JSC „Dati”.

** The Term of office - 11.01.2019.*

MAJOR SHAREHOLDERS

The shareholders as at 30 April 2017 and 30 May 2016 were as follows (Nasdaq CSD data):

	Percentage (%) 30.04.2017	Percentage (%) 30.05.2016
Kirovs Lipmans	33.29	33.29
AMBERSTONE GROUP, AS	22.66	22.66
Anna Lipmane	16.65	16.65
Swedbank AS Clients Account (nominal holder)	9.51	9.58
Other shareholders	17.89	17.82
Total	100.00	100.00

MANAGEMENT REPORT

Business activity

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

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

Turnover of the Group in the first nine months of 2017 was 95.9 million euro and has increased by 23.5 million euro or 32% in comparison to the first nine months of 2016. In the first nine months of 2017, the Group’s net profit, attributable to shareholders of the parent company, was 6.5 million euro and has increased by 0.04 million euro or 1% compared to the first nine months of 2016. Gross profit margin in the first nine months of 2017 was 58%, while net profit margin was 7%. In the first nine months of 2017, the Group’s production was exported to 69 countries worldwide, a total of 88.8 million euro which is by 24.0 million euro or 37% more than in the first nine months of 2016.

At the end of the reporting period the amount of accounts receivable (debtors) was 63.6 million euro, which is by 18.0 million euro more than accounts payable (liabilities) that were 45.6 million euro. The amount of current assets at the end of reporting period was 92.6 million euro, which is by 67.9 million euro more than amount of current liabilities which was 24.7 million euro.

Sales of final dosage forms and active pharmaceutical ingredients

Sales volume of the final dosage forms of “Grindeks” in the first nine months of 2017 was 89.7 million euro and has increased by 23.8 million euro or 36% in comparison to the first nine months of 2016. In the first nine months of 2017, the sales amount in Russia, other CIS countries and Georgia reached 58.9 million euro, which is by 20.7 million euro or 54% more than in the first nine months of 2016. In comparison to the first nine months of 2016, in the first nine months of 2017 the biggest increase in sales volume has been reached in Tajikistan (2 times), Russia (87%), Azerbaijan (40%), Kirgizstan (36%), Ukraine (28%) and Armenia (26%).

The sales volume in the Baltic States and other countries in the first nine months of 2017 reached 30.7 million euro which is by 3.1 million euro or 11% more than in the first nine months of 2016. The sales volume in the first nine months of 2017, compared with the first nine months of 2016, has increased by 78% in France, by 73% in Czech Republic, by 52% in Spain, by 47% in Vietnam. In the first nine months of 2017, the sales volume in Latvia reached 5.4 million euro and has decreased by 0.05 million euro or 1% in comparison with the first nine months of 2016.

In the first nine months of 2017, sales of the active pharmaceutical ingredients reached 5.3 million euro, which is by 0.6 million euro or 12% more than in the first nine months of 2016. During this reporting period “Grindeks” mainly exported its active pharmaceutical ingredients to the EU countries, Canada, Australia and Japan. The most required active pharmaceutical ingredients of “Grindeks” in the first nine months of 2017 were zopiclone, oxytocin, pimobendan, florafur, xylazine and medetomidine.

Investment program

In 2017, “Grindeks” continues its most important research and development projects. In cooperation with Latvian and foreign scientists “Grindeks” continues researches of the cardioprotective agent – inhibitor of GBB hydroxyls with an original structure. At the beginning of 2017 a new ampoule production line was opened in “HBM Pharma”, Slovakia.

Quality and environmental protection

To comply with “Good manufacturing practice” standard requirements a list of events were successfully held at “Grindeks” in the first nine months of 2017:

- three inspections by The State Agency of Medicines, incl. within the framework of Joint Audit Programme with participation of observers from FDA (*Food and Drug Administration*) and MRHA (*Medicines and Healthcare products Regulatory Agency*);
- Belarusian state inspection;
- Russian state inspection, after which Russian Good Manufacturing Practice (GMP) Certificate was received (issued also to subsidiaries of JSC “Grindeks” – JSC “Kalceks”, “HBM Pharma” Ltd. and “JSC Tallinn Pharmaceutical Plant”).

In the first nine months of 2017 12 successful audits of compliance with “Good manufacturing practice” standard requirements by international clients were held.

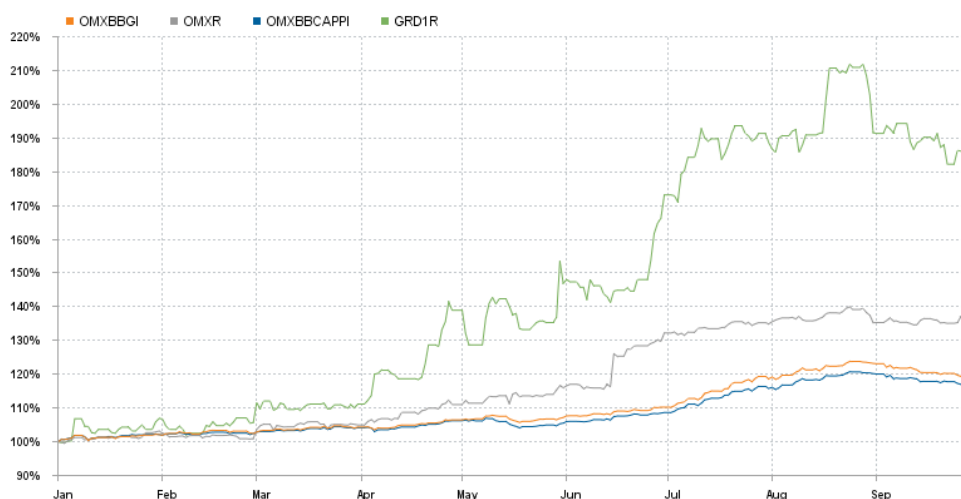
“Grindex” share price development in the first nine months of 2017 (data of “Nasdaq Riga”)

Since 2 January 2006 shares of “Grindex” are listed on the official list of “Nasdaq Riga”. JSC “Grindex” share price on “Nasdaq Riga” in the first nine months of 2017 ranged from 4.33 to 9.88 euro. In the first nine months of 2017 the average price of JSC “Grindex” shares on “Nasdaq Riga” was 6.38 euro. The total of “Nasdaq Riga” traded shares in the first nine months of 2017 was 835 141 shares, reaching 5.66 million euro turnover. At the end of the first nine months of 2017, market capitalization of “Grindex” shares was 79.46 million euro.

In the nine months of 2017, the Group’s earnings per share (EPS factor) was 0.68 euro in comparison to 0.67 euro in the first nine months of 2016.



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



Index/Equity	01.01.2017 ?	30.09.2017 ?	+/-%
— OMX Baltic Benchmark GI	788.17	939.54	19.21 ↑
— OMX Riga	733.77	998.91	36.13 ↑
— OMX Baltic Benchmark Cap PI	397.37	463.34	16.60 ↑
— GRD1R	4.390 EUR	8.290 EUR	88.84 ↑

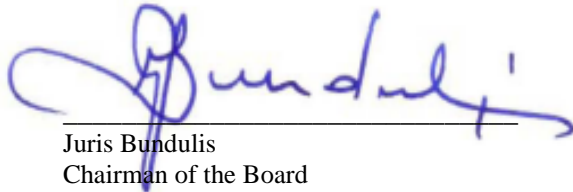
Future prospects

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

- Strategic markets of business development – European Union and South East Asia countries. It is planned to increase sales by 30%
- Strengthening positions in Russia and the other CIS countries
- Business expansion of JSC “Kalceks”
- Expected increase in turnover of the Group by at least 10% in 2017
- Investments in 2017 – 4 million euro
- Optimization of current assets and cost reduction in positions which are not related to the company's strategic development projects, as well as product registration and their promotion.

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

On behalf of the Group’s Management:



Juris Bundulis
Chairman of the Board

27 November 2017

STATEMENT OF BOARD'S RESPONSIBILITIES

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

The consolidated interim financial statements, enclosed from the page 11 to the page 19, are prepared in accordance with the accounting records and source documents, presenting fairly the financial position of the Group as of 30 September 2017 and the results of its operations and cash flows for the period of nine months ended 30 September 2017.

Above mentioned consolidated interim financial statements are prepared in accordance with the International Financial Reporting Standards, reposing on the principle of business activities continuation. Appropriate accounting policies have been applied on a consistent basis. The management in preparation of the consolidated interim financial statements has made prudent and reasonable judgments and estimates.

The Board of the Company is responsible for providing accounting records, preservation of the Group's assets and the prevention and disclosure of fraud and other irregularities of the Group. The Board is responsible for the compliance with the existing legislation in the countries in which the Group's companies are operating (Latvia, Russia, Estonia and Slovakia).

On behalf of the Board:



Juris Bundulis
Chairman of the Board

27 November 2017

STATEMENT OF FINANCIAL POSITION

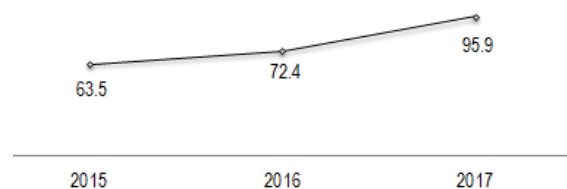
	30.09.2017. EUR	30.09.2016. EUR
ASSETS		
Non-current assets		
Intangible assets		
Software, patents, licenses, trademarks and other rights	751,597	677,809
Advance payments for intangible assets	565,851	110,700
Total intangible assets	1,317,448	788,509
Goodwill	5,044,761	5,044,761
Tangible fixed assets		
Land, buildings and constructions	31,455,658	31,563,024
Equipment and machinery	22,802,261	22,289,486
Other fixed assets	1,029,992	899,800
Construction in progress	1,597,103	3,131,174
Advance payments for fixed assets	1,175,019	1,090,305
Total tangible fixed assets	58,060,033	58,973,789
Investment property	8,108,000	9,080,000
Non-current financial investments		
Other investments	99,020	99,020
Other loans	2,200,000	2,200,000
Loans provided to the Company's/the Group's management and shareholders	2,468,728	-
Total long term financial investments	4,767,748	2,299,020
Total non-current financial assets	77,297,990	76,186,079
Current assets		
Inventories		
Raw materials	7,480,855	6,438,789
Unfinished goods	9,207,868	8,640,672
Finished goods and goods for resale	6,125,588	6,282,211
Advance payments for inventories	1,065,463	-
Total inventory	23,879,774	21,361,672
Debtors		
Trade receivables	46,940,482	53,703,576
Other debtors	4,330,061	2,453,351
Loans provided to the Company's/the Group's management and shareholders	160,455	2,640,282
Other loans	1,579,843	2,226,826
Deferred expenses	10,571,287	7,284,172
Total debtors	63,582,128	68,308,207
Cash and cash equivalents	5,110,842	993,054
Total current assets	92,572,744	90,662,933
TOTAL ASSETS	169,870,734	166,849,012

	30.09.2017.	30.09.2016.
	EUR	EUR
EQUITY AND LIABILITIES		
EQUITY		
Share capital	13,419,000	13,419,000
Share premium	22,321,657	22,321,657
Other reserves	880,726	880,726
Foreign currency revaluation reserve	289,004	342,106
Retained profit		
a) retained profit	80,845,698	72,770,154
b) current year (loss)/ profit	6,470,257	6,432,283
Equity attributable to equity holders of the Parent entity	124,226,342	116,165,925
Non-controlling interest	79,955	99,294
Total equity	124,306,297	116,265,219
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	11,725,671	11,563,575
Finance lease liabilities	107,853	119,348
Deferred income tax liabilities	4,849,449	5,203,490
Deferred income	4,211,834	4,574,236
Total non-current liabilities	20,894,807	21,460,649
Current liabilities		
Loans from credit institutions	7,630,580	11,487,493
Finance lease liabilities	89,513	82,413
Advances from customers	250,583	508,959
Trade accounts payable	9,396,316	10,162,314
Taxes and social security contributions	2,744,350	1,989,826
Other payables	3,359,179	3,884,606
Accrued liabilities	690,957	888,440
Deferred income	508,152	119,093
Unpaid dividends	-	-
Total current liabilities	24,669,630	29,123,144
Total liabilities	45,564,437	50,583,793
TOTAL EQUITY AND LIABILITIES	169,870,734	166,849,012

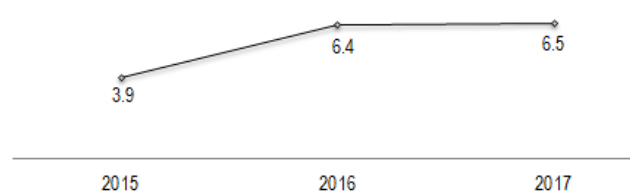
STATEMENT OF COMPREHENSIVE INCOME

	2017 January-September EUR	2016 January-September EUR
Net sales	95,863,798	72,406,243
Cost of goods sold	(40,008,029)	(37,208,778)
Gross profit	55,855,769	35,197,465
Selling expenses	(19,759,845)	(13,898,414)
Administrative expenses	(18,614,571)	(10,253,801)
Other operating income	2,132,084	2,822,340
Other operating expenses	(10,409,766)	(5,944,463)
Interest income and similar income	109,132	108,919
Interest expenses and similar expenses	(237,858)	(316,066)
Real estate tax	(63,731)	(100,147)
Profit /loss before taxation	9,011,214	7,615,833
Corporate income tax	(2,553,809)	(1,187,525)
PROFIT/LOSS FOR THE PERIOD	6,457,405	6,428,308
Other comprehensive income /loss		
Foreign currency revaluation	(149,880)	342,106
Total other comprehensive income /loss	(149,880)	342,106
Total comprehensive income /loss	6,307,525	6,770,414
Attributable to:		
Equity holders of the Parent entity	6,470,257	6,432,283
Non-controlling interest	(12,852)	(3,975)
TOTAL	6,457,405	6,428,308
Comprehensive (loss)/ income attributable to:		
Equity holders of the Parent entity	6,320,377	6,774,389
Non-controlling interest	(12,852)	(3,975)
TOTAL	6,307,525	6,770,414
Earnings per share attributable to the equity holders of the Parent entity (EUR per share)		
– Earnings per share	0.68	0.67

— Turnover, million EUR



— Profit, million EUR



STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Foreign currency re-valuation reserve	Retained profit	Equity attributable to equity holders of the parent	Non-controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31.12. 2016.	13,419,000	22,321,657	880,726	438,884	82,283,448	119,343,715	92,807	119,436,522
Dividends	-	-	-	-	(1,437,750)			(1,437,750)
Profit for the period	-	-	-	-	6,470,257	6,470,257	(12,852)	6,457,405
Foreign currency re-valuation	-	-	-	(149,880)	-	(149,880)	-	(149,880)
30.09. 2017.	13,419,000	22,321,657	880,726	289,004	87,315,955	125,664,092	79,955	124,306,297

STATEMENT OF CASH FLOWS

	2017	2016
	January-September	January-September
	EUR	EUR
OPERATING ACTIVITIES		
Net (loss)/ profit before taxation	8,419,495	7,615,833
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	4,180,472	4,254,779
Sale and write-off of fixed assets	(277,986)	12,686
Revenue from the EU funds	(332,465)	(782,514)
Interest income	(245,409)	(240,914)
Interest expense	220,629	273,336
<i>Changes in operating assets and liabilities:</i>		
Inventory	(2,702,237)	(1,582,930)
Debtors	11,056,963	(9,774,531)
Creditors	(2,739,339)	2,978,511
Gross cash provided by operating activities	17,580,123	2,754,256
Corporate income tax paid	(2,017,570)	(274,765)
Net cash provided by operating activities	15,562,553	2,479,491
INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(5,767,183)	(2,469,249)
Purchase of long term financial investments	-	(15,000)
Net cash used in investing activities	(5,767,183)	(2,484,249)
FINANCING ACTIVITIES		
Received loans from credit institutions	5,258,149	2,304,908
Repaid loans to credit institutions and leasing payments	(10,057,919)	(1,781,000)
Dividends paid	(1,437,750)	-
Revenue from the EU funds	58,309	22,742
Interest paid	(220,629)	(273,336)
Net cash (used in) /provided by financing activities	(6,399,840)	273,314
Net increase/decrease in cash and cash equivalents	3,395,530	268,556
Cash and cash equivalents at the beginning of the year	1,715,312	724,498
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,110,842	993,054

NOTES

OTHER DEBTORS

	30.09.2017. EUR	30.09.2016. EUR
Tax receivables	2,125,457	1,122,666
Other	2,204,604	1,330,685
Total	4,330,061	2,453,351

CASH AND CASH EQUIVALENTS

	30.09.2017. EUR	30.09.2016. EUR
Cash in bank	5,100,051	979,781
Cash on hand	10,791	13,273
Total	5,110,842	993,054

LOANS FROM CREDIT INSTITUTIONS

	30.09.2017. EUR	30.09.2016. EUR
Credit line from Nordea Bank AB Latvia branch	3,958,477	4,282,442
Credit line from JSC "SEB banka", Latvia	2,807,815	4,999,743
Credit line from Tatrabank JSC, Slovakia	67,551	1,677,766
Nordea Bank AB Latvia branch	249,997	250,001
Tatrabank JSC, Slovakia	546,740	101,875
Tatrabank JSC, Slovakia	-	58,200
Tatrabank JSC, Slovakia	-	52,500
JSC "SEB banka", Latvia	-	64,966
Tatrabank JSC, Slovakia	-	-
Current loans from credit institutions	7,630,580	11,487,493
Nordea Bank AB Latvia branch	7,583,335	8,583,333
Tatrabank JSC, Slovakia	4,142,336	1,222,500
Tatrabank JSC, Slovakia	-	708,200
Tatrabank JSC, Slovakia	-	646,226
Tatrabank JSC, Slovakia	-	403,316
Non-current loans from credit institutions	11,725,671	11,563,575
Total	19,356,251	23,051,068

TAXES AND SOCIAL SECURITY CONTRIBUTIONS

	30.09.2017. EUR	30.09.2016. EUR
Social security contributions	765,777	928,486
Personal income tax	421,061	297,909
Corporate income tax	1,553,955	692,241
Other	3,557	71,190
Total	2,744,350	1,989,826

NET SALES

	2017 January- September EUR	2016 January- September EUR
Other CIS countries	26,088,097	23,012,368
Other countries	24,113,630	21,423,008
Russia	36,074,843	19,439,957
Latvia	6,520,594	7,039,276
Lithuania	3,805,240	3,344,072
Estonia	1,769,557	1,820,523
Other sales	744,479	620,622
Gross sales	99,116,440	76,699,826
Less discounts		
Other CIS countries	(2,975,199)	(3,843,326)
Russia	(4,709)	(3,778)
Latvia	(183,252)	(343,355)
Lithuania	(54,490)	(36,407)
Estonia	(19,701)	(43,790)
Other countries	(15,291)	(22,927)
Discounts total	(3,252,642)	(4,293,583)
Total, net	95,863,798	72,406,243

COST OF GOODS SOLD

	2017 January- September EUR	2016 January- September EUR
Raw materials and packaging	26,055,682	19,127,986
Direct labor and social security contributions	11,714,553	10,410,959
Depreciation of fixed assets and amortization of intangible assets	3,424,416	3,540,414
Electricity expenses	1,550,823	1,801,062
Goods purchased for resale and contract manufacturing costs	3,172,109	2,509,897
Research costs	703,070	1,678,883
Machinery, buildings and equipment repairs	1,047,678	973,445
Household expenses	165,005	171,558
Transport costs	133,758	134,923
Rent of work clothing	127,970	103,851
Waste disposal	129,431	94,347
Other expenses	2,721,173	1,535,166
Internal turnover of self-manufactured raw materials	(10,937,639)	(4,873,713)
Total	40,008,029	37,208,778

SELLING AND DISTRIBUTION COSTS

	2017 January- September EUR	2016 January- September EUR
Advertising expenses	7,345,242	4,538,603
Expenses of representative offices	2,849,894	2,691,424
Salaries and social security contributions	3,943,827	2,085,075
Distribution costs	864,168	709,511
Commissions	909,042	873,085
Depreciation of fixed assets and amortization of intangible assets	295,963	253,396
Registration costs for medicine	375,583	603,280
Freight insurance expenses	13,328	11,757
Other expenses	3,162,798	2,132,283
Total	19,759,845	13,898,414

ADMINISTRATIVE EXPENSES

	2017	2016
	January- September	January- September
	EUR	EUR
Salaries and social security contributions	9,402,393	5,978,345
Professional and consultancy services	808,618	364,265
Depreciation of fixed assets and amortization of intangible assets	412,838	411,773
Computer maintenance and repair	370,120	294,570
Security costs	350,070	307,047
Bank charges	140,572	152,278
Electricity costs	205,837	186,099
Employee insurance expenses	163,139	159,373
Transport costs	129,630	132,084
Property and liability insurance	84,547	93,445
Business trip expenses	84,099	82,828
Communication expenses	46,687	49,290
Personnel training and hiring expenses	62,967	22,989
Creation of provisions	4,469,918	-
Other expenses	1,883,136	2,019,415
Total	18,614,571	10,253,801

JSC “Grindeks” hereby informs that there were no changes made in its accounting policy in January-September 2017. In non-audited financial accounts for the period January- September 2017 the Group has employed the same Accounting and Consolidation Principles as in the audited consolidated financial accounts for the year 2016, released on April 28, 2017.

Chairman of the Board



Juris Bundulis

27 November 2017