

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, 2017 and
ended 31 December, 2016*

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ANCILLARY INFORMATION

Name	“GRINDEKS”
Legal status	Joint Stock Company since 25 August 1997
Number, place and date of registration	40003034935, Riga, Republic of Latvia, 11 October 1991
Business activities	Production of pharmaceutical products, medical products and phytochemical medicine
Legal address	53 Krustpils Street Riga, LV – 1057, Latvia
Subsidiaries	<p>JSC “Tallinn Pharmaceutical Plant” Tondi 33, 11316, Tallinn, Estonia</p> <p>JSC “Kalceks” 53 Krustpils str., Riga, LV - 1057, Latvia</p> <p>“Namu apsaimniekosanas projekti” Ltd. 53 Krustpils str., Riga, LV - 1057, Latvia</p> <p>“Grindeks Rus” Ltd. 74/3 Warsaw str., 117556, Moscow, Russia</p> <p>“HBM Pharma” Ltd. Sklabinska 30, 036 80, Martin, Slovakia</p>
Reporting period	1 January 2017 – 31 December 2017
Previous reporting period	1 January 2016 – 31 December 2016

THE SUPERVISORY COUNCIL AND THE BOARD

Supervisory Council of the Company

(in compliance with the election/dismissal dates)

Since 4 June 2015 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 31 October 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 8 January 2018:

<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 31 October 2017

Since 9 January 2018 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
Juris Hmelnickis	Board member	0.00

* Nasdaq CSD data as of 31 October 2017

• Juris Bundulis – Chairman of the Board

Born in 1953. Obtained the Doctoral degree of Biological Sciences of 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 - 08.01.2021.*

• 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.*

• Juris Hmelnickis – Member of the Board, Quality Director

Born in 1980. Juris Hmelnickis is Quality Director/Qualified Person of JSC Grindeks, as well as Chairman of the Board of JSC Kalceks, a subsidiary of JSC Grindeks. J.Hmelnickis has advanced his career at Grindeks since 2000, when started as a chemical technician analyst, and thanks to his professionalism and goal oriented attitude, he quickly developed career, serving at number of leading positions. Since 2010, Juris Hmelnickis has been Quality Director/Qualified Person of JSC Grindeks,

as well he is Chairman of the Board of JSC Kalceks since 2014. Juris Hmelnickis has obtained several higher education degrees. He graduated from the Faculty of Chemistry of University of Latvia in 2004 with the Master of Natural Sciences, while in 2005 he acquired Professional Master Degree in Total Quality Management. Furthering his professional advancement, J.Hmelnickis graduated from the Faculty of Chemistry of University of Latvia in 2010, where obtained a Doctoral Degree in analytical chemistry (Dr.chem.). In 2016 he completed a Swedish Institute Management Programme of Leadership and Sustainable Management, while in 2017 Juris Hmelnickis finished Master studies in the programme Strategic Management and Leadership at Faculty of Business, Management and Economics of University of Latvia. Ph.D. Juris Hmelnickis is a co-author of number of scientific publications on analytical research and chromatography.

** The Term of office - 09.01.2021.*

MAJOR SHAREHOLDERS

The shareholders as at 31 October 2017 and 31 October 2016 were as follows (*Nasdaq CSD* data):

	Percentage (%) 31.10.2017	Percentage (%) 31.10.2016
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)	-	9.66
Other shareholders (less 5% ownership interest)	27.40	17.74
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 2017 was 132.4 million euro and has increased by 27 million euro or 26% in comparison to 2016. In 2017, the Group’s net profit, attributable to shareholders of the parent company, was 10.3 million euro and has increased by 0.8 million euro or 8% compared to 2016. Gross profit margin in 2017 was 57%, while net profit margin was 8%. In 2017, the Group’s production was exported to 77 countries worldwide, a total of 122.4 million euro which is by 27.2 million euro or 28% more than in 2016.

At the end of the reporting period the amount of accounts receivable (debtors) was 63.7 million euro, which is by 22.4 million euro more than accounts payable (liabilities) that were 41.3 million euro. The amount of current assets at the end of reporting period was 92.2 million euro, which is by 67.1 million euro more than amount of current liabilities which was 25.1 million euro.

Sales of final dosage forms and active pharmaceutical ingredients

Sales volume of the final dosage forms of “Grindeks” in 2017 was 124.2 million euro and has increased by 27.2 million euro or 28% in comparison to 2016. In 2017, the sales amount in Russia, the other CIS countries and Georgia reached 81.1 million euro, which is by 23 million euro or 39% more than in 2016. In comparison to 2016, the biggest increase in sales volume has been reached in Tajikistan (69%), Russia (53%), Ukraine (40%), Armenia (35%), Azerbaijan (34%) and Kirgizstan (34%).

In 2017, the sales volume in the Baltic States and other countries reached 43.1 million euro which is by 4.2 million euro or 11% more than in 2016. In 2017, the sales volume compared to 2016 in Slovakia has increased by 4.3 times, Australia by 3.6 times, Albania by 93%, France by 90%, Spain by 63%, Sweden by 60%. In 2017, the sales volume in Latvia reached 7.4 million euro and has increased by 0.1 million euro or 2% in comparison to 2016. Increase in sales has been reached also in the other Baltic States – in Lithuania by 13% and Estonia by 6%.

In 2017, sales of the active pharmaceutical ingredients reached 6.9 million euro, which is by 0.6 million euro or 9% more than in 2016. During the reporting period the majority of “Grindeks” active pharmaceutical ingredients were exported to the EU countries, Canada, Australia and Japan. The most required active pharmaceutical ingredients of “Grindeks” in 2017 were zopiclone, oxytocin, pimobendan, medetomidin, ftorafur (tegapur) and xylazine.

Investment program

In 2017, “Grindeks” continued its most important research and development projects. In cooperation with Latvian and foreign scientists “Grindeks” continued development 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

In 2017, to comply with “Good manufacturing practice” standard requirements a list of events were successfully held at “Grindeks”:

- 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 2017, 22 successful audits of compliance with “Good manufacturing practice” standard requirements by international clients were held.

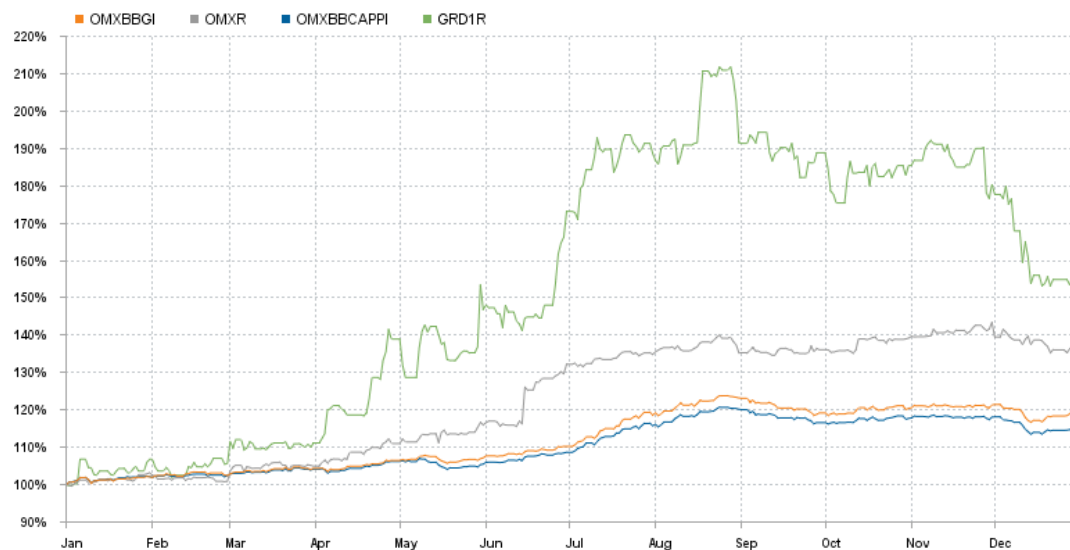
“Grindeks” share price development in 2017 (data of “Nasdaq Riga”)

Since 2 January 2006 shares of “Grindeks” are listed in the official list of “Nasdaq Riga”. JSC “Grindeks” share price on “Nasdaq Riga” in 2017 ranged from 4.33 to 9.88 euro. In 2017 the average price of JSC “Grindeks” shares on “Nasdaq Riga” was 6.74 euro. The total of “Nasdaq Riga” traded shares in 2017 was 1 030 035 shares, reaching 7.13 million euro turnover. At the end of 2017, market capitalization of “Grindeks” shares was 65.18 million euro.

In 2017, the Group’s earnings per share (EPS factor) was 1.07 euro in comparison to 0.99 euro in 2016.



“Grindeks” share price development in 2017 in comparison with Baltic market indexes (data of “Nasdaq Riga”)



Index/Equity	01.01.2017 ?	31.12.2017 ?	+/-%
— OMX Baltic Benchmark GI	788.17	944.09	19.78 ↑
— OMX Riga	733.77	996.13	35.76 ↑
— OMX Baltic Benchmark Cap PI	397.37	458.75	15.45 ↑
— GRD1R	4.39 EUR	6.8 EUR	54.9 ↑

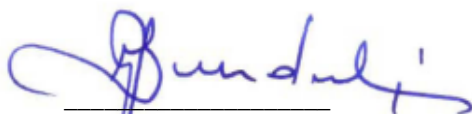
Future prospects

In 2018, “Grindeks” will strategically focus on complex solutions to meet the needs of patients, and it will continue to focus on the new markets and diversification of business activities, thus reducing risks. Also in 2018 “Grindeks” will continue to expand its product portfolio.

- Strategic markets of business development – European Union and South East Asia countries
- Strengthening positions in Russia and the other CIS countries
- Business expansion of JSC “Kalceks”
- Expected increase in turnover of the Group by more than 10% in 2018
- Investments in 2018 – 7 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.

One behalf of the Group’s Management:



Juris Bundulis
Chairman of the Board

27 February 2018

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 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 2017 and the results of its operations and cash flows for the period of twelve months ended 31 December 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 February 2018

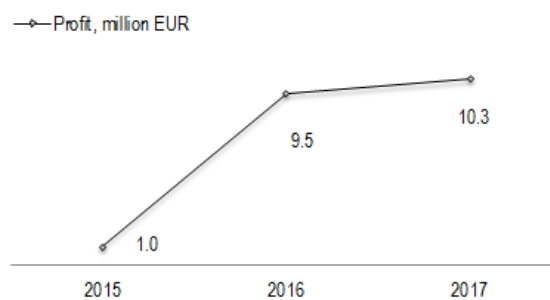
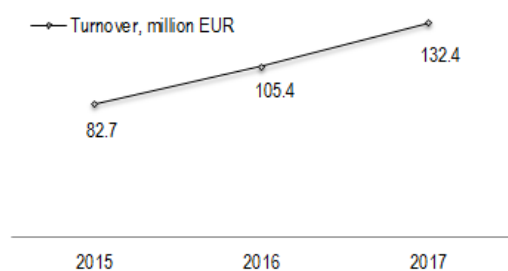
STATEMENT OF FINANCIAL POSITION

	31.12.2017 EUR	31.12.2016 EUR
ASSETS		
Non-current assets		
Intangible assets		
Software, patents, licenses, trademarks and other rights	1,111,501	607,888
Advance payments for intangible assets	618,398	332,814
Total intangible assets	1,729,899	940,702
Goodwill	5,044,761	5,044,761
Tangible fixed assets		
Land, buildings and constructions	31,314,494	31,568,017
Equipment and machinery	22,571,639	21,668,491
Other fixed assets	1,015,570	970,714
Construction in progress	1,102,278	3,521,400
Advance payments for fixed assets	1,022,170	1,472,056
Total tangible fixed assets	57,026,151	59,200,678
Investment property	8,455,000	8,108,000
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	2,629,183	2,468,728
Total long term financial investments	4,928,203	4,767,748
Total non-current financial assets	77,184,014	78,061,889
Current assets		
Inventories		
Raw materials	6,683,317	5,123,790
Unfinished goods	9,813,102	8,950,935
Finished goods and goods for resale	5,688,334	6,361,231
Advance payments for inventories	1,504,485	496,863
Total inventory	23,689,238	20,935,819
Debtors		
Trade receivables	47,046,563	55,631,800
Other debtors	5,495,100	3,957,382
Loans provided to the Company's/the Group's management and shareholders	26,837	160,455
Other loans	519,843	2,283,062
Deferred expenses	10,639,293	12,167,634
Total debtors	63,727,636	74,200,333
Cash and cash equivalents	4,800,470	1,715,312
Total current assets	92,217,344	96,851,464
TOTAL ASSETS	169,401,358	174,913,353

	31.12.2017	31.12.2016
	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	245,968	438,884
Retained profit		
a) retained profit	80,845,698	72,770,154
b) current year (loss)/ profit	10,269,319	9,513,294
Equity attributable to equity holders of the Parent entity	127,982,368	119,343,715
Non-controlling interest	105,769	92,807
Total equity	128,088,137	119,436,522
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	11,045,250	9,901,568
Finance lease liabilities	68,980	109,877
Deferred income tax liabilities	945,892	4,849,449
Deferred income	4,177,293	4,211,834
Total non-current liabilities	16,237,415	19,072,728
Current liabilities		
Loans from credit institutions	9,135,105	16,038,018
Finance lease liabilities	82,177	85,197
Advances from customers	417,362	227,935
Trade accounts payable	7,592,450	12,554,995
Taxes and social security contributions	2,429,986	2,766,344
Other payables	4,119,426	2,002,528
Accrued liabilities	738,228	2,208,550
Deferred income	561,072	520,536
Unpaid dividends	-	-
Total current liabilities	25,075,806	36,404,103
Total liabilities	41,313,221	55,476,831
TOTAL EQUITY AND LIABILITIES	169,401,358	174,913,353

STATEMENT OF COMPREHENSIVE INCOME

	2017 January-December EUR	2016 January-December EUR
Net sales	132,410,851	105,366,545
Cost of goods sold	(56,456,691)	(47,784,279)
Gross profit	75,954,160	57,582,266
Selling expenses	(28,579,135)	(21,326,829)
Administrative expenses	(25,092,119)	(19,216,872)
Other operating income	7,065,846	8,057,234
Other operating expenses	(15,732,048)	(11,845,166)
Changes in fair value	347,000	(882,219)
Interest income and similar income	152,266	189,581
Interest expenses and similar expenses	(314,073)	(418,732)
Real estate tax	-	-
Profit /loss before taxation	13,801,897	12,139,263
Corporate income tax	(3,519,616)	(2,636,431)
PROFIT/LOSS FOR THE PERIOD	10,282,281	9,502,832
Other comprehensive income /loss		
Foreign currency revaluation	(192,916)	554,079
Total other comprehensive income /loss	(192,916)	554,079
Total comprehensive income /loss	10,089,365	10,056,911
Attributable to:		
Equity holders of the Parent entity	10,269,319	9,513,294
Non-controlling interest	12,962	(10,462)
TOTAL	10,282,281	9,502,832
Comprehensive (loss)/ income attributable to:		
Equity holders of the Parent entity	10,076,403	10,067,373
Non-controlling interest	12,962	(10,462)
TOTAL	10,089,365	10,056,911
Earnings per share attributable to the equity holders of the Parent entity (EUR per share)		
– Earnings per share	1.07	0.99



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)	-	(1,437,750)
Profit for the period	-	-	-	-	10,269,319	10,269,319	12,962	10,282,281
Foreign currency re-valuation	-	-	-	(192,916)	-	(192,916)	-	(192,916)
31.12. 2017	13,419,000	22,321,657	880,726	245,968	91,115,017	127,982,368	105,769	128,088,137

STATEMENT OF CASH FLOWS

	2017 January-December EUR	2016 January-December EUR
OPERATING ACTIVITIES		
Net (loss)/ profit before taxation	13,801,897	12,139,263
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	5,504,434	5,617,505
(Gain)/loss on disposal of fixed assets and intangible assets	(1,210,081)	402,812
Changes in fair value and impairment loss	(347,000)	2,020,078
Revenue from the EU funds	(453,627)	(987,094)
Interest income	(333,985)	(36,918)
Interest expense	290,509	275,549
<i>Changes in operating assets and liabilities:</i>		
Inventory	(2,702,237)	(1,157,077)
Debtors	11,056,963	(17,942,075)
Creditors	(6,965,629)	3,979,659
Gross cash provided by operating activities	18,641,244	4,311,702
Corporate income tax paid	(2,017,570)	(1,196,846)
Net cash provided by operating activities	16,623,674	3,114,856
INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(6,435,659)	(5,376,339)
Purchase of long term financial investments	-	-
Net cash used in investing activities	(6,435,659)	(5,376,339)
FINANCING ACTIVITIES		
Received loans from credit institutions	5,065,440	10,383,977
Repaid loans to credit institutions and leasing payments	(10,546,369)	(6,878,873)
Dividends paid	(1,437,750)	-
Revenue from the EU funds	58,309	22,742
Interest paid	(242,487)	(275,549)
Net cash (used in) /provided by financing activities	(7,102,857)	3,252,297
Net increase/decrease in cash and cash equivalents	3,085,158	990,814
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	4,800,470	1,715,312

NOTES

OTHER DEBTORS

	31.12.2017 EUR	31.12.2016 EUR
Tax receivables	2,632,854	1,377,136
Other	2,862,246	2,580,246
Total	5,495,100	3,957,382

CASH AND CASH EQUIVALENTS

	31.12.2017 EUR	31.12.2016 EUR
Cash in bank	4,790,050	1,704,856
Cash on hand	10,420	10,456
Total	4,800,470	1,715,312

LOANS FROM CREDIT INSTITUTIONS

	31.12.2017 EUR	31.12.2016 EUR
Credit line from Luminor Bank AS	5,161,331	6,667,542
Credit line from JSC "SEB banka", Latvia	2,780,162	4,997,057
Credit line from Tatrabank JSC, Slovakia	193,611	1,851,119
Luminor Bank AS	1,000,001	1,000,000
Tatrabank JSC, Slovakia	-	232,800
Tatrabank JSC, Slovakia	-	210,000
Tatrabank JSC, Slovakia	-	672,000
Current loans from credit institutions	9,135,105	16,038,018
Luminor Bank AS	6,583,333	7,583,335
Tatrabank JSC, Slovakia	4,461,917	815,000
Tatrabank JSC, Slovakia	-	475,400
Tatrabank JSC, Slovakia	-	193,316
Tatrabank JSC, Slovakia	-	834,517
Non-current loans from credit institutions	11,045,250	9,901,568
Total	20,180,355	25,939,586

TAXES AND SOCIAL SECURITY CONTRIBUTIONS

	31.12.2017	31.12.2016
	EUR	EUR
Social security contributions	637,436	558,061
Personal income tax	410,187	313,364
Corporate income tax	1,312,919	1,885,515
Value added tax	57,002	1,197
Other	12,442	8,207
Total	2,429,986	2,766,344

NET SALES

	2017	2016
	January- December	January- December
	EUR	EUR
Other CIS countries	35,152,643	31,214,509
Other countries	33,395,741	30,140,128
Russia	50,117,586	32,152,864
Latvia	9,135,157	9,195,332
Lithuania	5,233,990	4,597,414
Estonia	2,468,715	2,460,425
Other sales	1,092,047	909,675
Gross sales	136,595,879	110,670,347
Less discounts		
Other CIS countries	(3,808,892)	(4,766,730)
Russia	(5,175)	(3,778)
Latvia	(253,801)	(402,136)
Lithuania	(80,911)	(44,730)
Estonia	(20,085)	(60,896)
Other countries	(16,164)	(25,532)
Discounts total	(4,185,028)	(5,303,802)
Total, net	132,410,851	105,366,545

COST OF GOODS SOLD

	2017 January- December EUR	2016 January- December EUR
Raw materials and packaging	34,934,935	27,515,627
Direct labor and social security contributions	15,972,852	14,152,429
Depreciation of fixed assets and amortization of intangible assets	4,582,881	4,689,260
Electricity expenses	2,146,090	2,074,213
Goods purchased for resale and contract manufacturing costs	4,581,795	2,742,404
Research costs	1,195,439	759,044
Machinery, buildings and equipment repairs	1,445,217	1,206,077
Household expenses	198,647	272,035
Transport costs	181,041	186,740
Rent of work clothing	174,930	142,687
Waste disposal	189,662	136,788
Other expenses	3,769,924	2,194,972
Internal turnover of self-manufactured raw materials	(12,916,722)	(8,287,997)
Total	56,456,691	47,784,279

SELLING AND DISTRIBUTION COSTS

	2017 January- December EUR	2016 January- December EUR
Advertising expenses	11,906,340	8,138,130
Expenses of representative offices	3,858,041	3,683,415
Salaries and social security contributions	5,140,997	2,905,203
Distribution costs	1,258,772	1,042,350
Commissions	1,299,718	1,127,028
Depreciation of fixed assets and amortization of intangible assets	378,788	354,955
Registration costs for medicine	454,623	721,047
Freight insurance expenses	14,246	17,277
Other expenses	4,267,610	3,337,424
Total	28,579,135	21,326,829

ADMINISTRATIVE EXPENSES

	2017 January- December EUR	2016 January- December EUR
Salaries and social security contributions	12,415,291	8,769,879
Professional and consultancy services	1,130,656	992,802
Depreciation of fixed assets and amortization of intangible assets	566,312	535,349
Computer maintenance and repair	548,560	378,049
Security costs	463,721	409,498
Bank charges	177,226	176,022
Electricity costs	282,054	257,729
Employee insurance expenses	223,655	214,016
Transport costs	179,135	183,681
Property and liability insurance	111,453	126,559
Business trip expenses	113,300	102,192
Communication expenses	61,888	65,398
Personnel training and hiring expenses	71,275	28,513
Provisions	3,077,606	3,263,621
Impairment recognition	-	1,300,000
Other expenses	5,669,987	2,413,564
Total	25,092,119	19,216,872

JSC "Grindex" hereby informs that there were no changes made in its accounting policy in January-December 2017. In non-audited financial accounts for the period January- December 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 February 2018