

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 June, 2018 and
ended 30 June, 2017*

CONTENTS

ANCILLARY INFORMATION	3
THE SUPERVISORY COUNCIL AND THE BOARD	4-5
MAJOR SHAREHOLDERS	6
MANAGEMENT REPORT	7-9
STATEMENT OF BOARD'S RESPONSIBILITIES	10
FINANCIAL STATEMENTS:	
Statements of financial position	11-12
Statements of comprehensive income	13
Statement of changes in equity	14
Statement of cash flows	15
NOTES	16-19

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 street, Riga, LV - 1057, Latvia “HBM Pharma” Ltd. Sklabinska 30, 036 80, Martin, Slovakia “Namu apsaimniekošanas projekti” Ltd. 53 Krustpils street, Riga, LV - 1057, Latvia “Grindeks Rus” Ltd. 74/3 Warshaw road, 117556, Moscow, Russia
Reporting period	January 1, 2018 – June 30, 2018
Previous reporting period	January 1, 2017 – June 30, 2017

THE SUPERVISORY COUNCIL AND THE BOARD

Supervisory Council of the Company

(in compliance with the election/dismissal dates)

From 12 January 2016 to the date of issue of these financial statements

<u>Name, Surname</u>	<u>Position</u>	<u>Ownership interest (%)*</u>
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
Arkady Vertkin	Member of the Supervisory Council	0.00

* *Nasdaq CSD data as of June 18, 2018*

** *The term of Office of Supervisory Council members till June 7, 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 a degree as an Engineer-Economist. K. Lipmans is also the largest shareholder 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 Employers’ Confederation of Latvia, the President of Latvian Auto Federation and Board member of the Association of Hotels and Restaurants of Latvia and Board member of the Latvian Sports Association, also member of other enterprises and institutions. J. Naglis has graduated from Riga Polytechnic institute with qualification Engineer-Mechanic.

- **Arkady 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.

The Board of the Company

(in compliance with the election/dismissal dates)

From January 12, 2016 to March 1, 2017:

<u>Name, Surmane</u>	<u>Position</u>	<u>Ownership interest (%)*</u>
Juris Bundulis	Chairman of the Board	0.00
Janis Romanovskis	Board member	0.00
Ibraims Muhtsi	Board member	0.00

** Latvian Central Depository data as of October 31, 2016*

From March 1, 2017 to January 8, 2018:

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

** Latvian Central Depository data as of October 31, 2017*

From January 9, 2018 to the date of issuing the financial statement:

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

** Nasdaq CSD data as of June 18, 2018*

• 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 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 - 08.01.2019.*

• 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 the 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 Head of the Financial Management Unit of JSC „Dati”.

** The Term of office - 11.01.2019.*

• Juris Hmelņickis- Member of the Board

Born in 1980. Juris Hmelņickis is also the Chairman of the Board of JSC „Kalceks”, which is a subsidiary entity of JSC “Grindeks”. Hmelņickis 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. From 2010 to 2018 Juris Hmelņickis was Quality Director/Qualified Person of JSC Grindeks, as well he is Chairman of the Board of JSC Kalceks since 2014. Juris Hmelņickis 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, Hmelņickis 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 Hmelņickis finished Master studies in the programme Strategic Management and Leadership at Faculty of Business, Management and Economics of University of Latvia. Ph.D. Juris Hmelņickis 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 June 18, 2018 and December 31, 2017 were as follows (according to Nasdaq CSD data):

	Percentage of investment (%) 18.06.2018	Percentage of investment (%) 31.12.2017
Kirovs Lipmans	33.29	33.29
JSC AMBERSTONE GROUP	22.66	22.66
Anna Lipmane	16.65	16.65
Other shareholders (less 5% ownership interest)	27.40	27.40
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 six months of 2018 was 71.5 million euro and has increased by 3.3 million euro or 5% in comparison to the first six months of 2017. In the first six months of 2018, the Group’s net profit, attributable to shareholders of the parent company, was 6.7 million euro and has increased by 0.25 million euro or 4% compared to the first six months of 2017. Gross profit margin in the first six months of 2018 was 58%, while net profit margin was 9%. In the first six months of 2018, the Group’s production was exported to 75 countries worldwide, a total of 65.7 million euro which is by 4.5 million euro or 7% more than in the first six months of 2017.

At the end of the reporting period, the amount of accounts receivable was 55.7 million euro, which is by 16.9 million euro more than accounts payable that were 38.8 million euro. The amount of current assets at the end of reporting period was 86.5 million euro, which is by 62.8 million euro more than amount of current liabilities that was 23.8 million euro.

Sales of final dosage forms and active pharmaceutical ingredients

Sales volume of the final dosage forms in the first six months of 2018 was 65.6 million euro and has increased by 3.9 million euro or 6% in comparison to the first six months of 2017. In the first six months of 2018, the sales amount in Russia, the other CIS countries and Georgia reached 43.1 million euro, which is by 1.4 million euro or 3% more than in the first six months of 2017. In comparison to the first six months of 2017, in the first half-year of 2018 the biggest increase in sales volume has been reached in Uzbekistan (35%), Kirgizstan (28%), Kazakhstan (21%), Armenia and Belarus (15%) and Ukraine (12%).

Sales volume of the final dosage forms in the EU countries in the first six months of 2018 reached 21.3 million euro which is by 2.5 million euro or 13% more than in the first six months of 2017. Sales volume in the first six months of 2018, compared with the first six months of 2017, has increased by 4 times in Poland, by 2.3 times in Czech Republic, by 89% in Finland, by 68% in Denmark, by 64% in the Netherlands and by 34% in Slovakia.

In the first six months of 2018, sales of the active pharmaceutical ingredients reached 4.3 million euro, which is by 0.52 million euro or 14% more than in the first six months of 2017. During this reporting period “Grindeks” mostly exported its active pharmaceutical ingredients to the EU countries, Japan, Australia and the U.S. The most required active pharmaceutical ingredients of “Grindeks” in the first six months of 2018 were dexmedetomidine, zopiclone, pimobendan, tegafur (ftorafur), oxytocin, medetomidine, detomidine, atipamezole.

Investment program

In 2018, “Grindeks” manages 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.

Quality and environmental protection

In the first half-year of 2018 for the renewal of Good manufacturing practice certificate standard the State Agency of Medicines made a successful inspection on manufacturing and quality assurance for six active pharmaceutical ingredients, and six audits on compliance with Good manufacturing practice standard requirements by the clients were held. A total quality management system was re-audited by the Russian state inspection and the conformity to the Russian ГОСТ (GOST) certificate ISO 9001-2015 was approved.

“Grindeks” share price development in the first six months of 2018 (data of “Nasdaq Riga”)

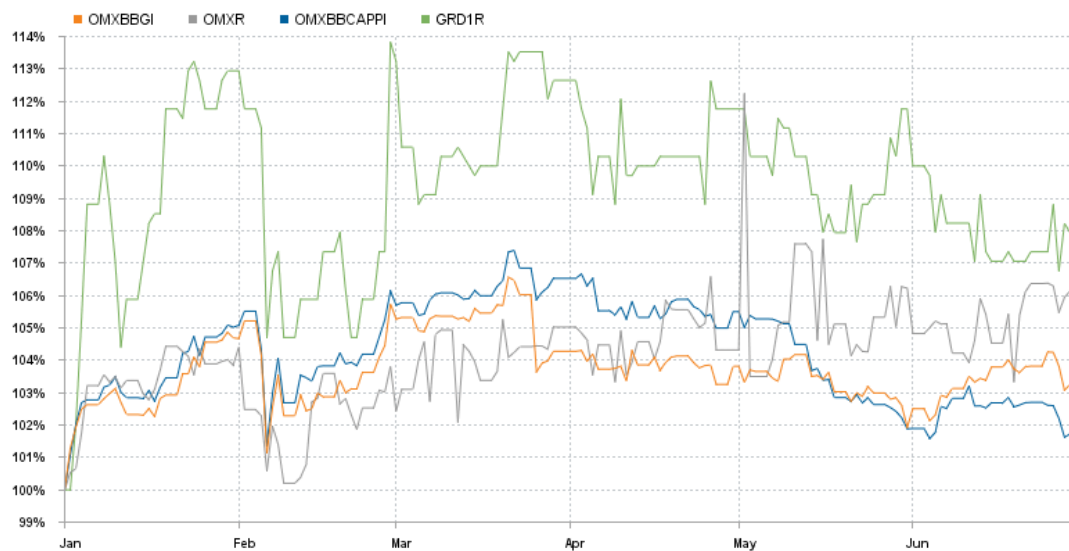
Since 2 January 2006 shares of “Grindeks” are listed in the official list of “Nasdaq Riga”. JSC “Grindeks” share price on “Nasdaq Riga” in the first half-year of 2018 ranged from 6.72 to 7.84 euro.

In the first half-year of 2018 the average price of JSC “Grindex” shares on “Nasdaq Riga” was 7.43 euro. The total of “Nasdaq Riga” traded shares in the first six months of 2018 was 159 784 shares, reaching 1.19 million euro turnover. At the end of the first six months of 2018, market capitalization of “Grindex” shares was 70.4 million euro.

In the first six months of 2018, the Group’s earnings per share (EPS factor) was 0.7 euro in comparison to 0.68 euro in the first half-year of 2017.



“Grindex” share price development in the first six months of 2018 in comparison with Baltic market indexes (data of “Nasdaq Riga”)



Index/Equity	01.01.2018 ?	30.06.2018 ?	+/- %
— OMX Baltic Benchmark GI	944.09	974.87	3.26 ↑
— OMX Riga	996.13	1,057.31	6.14 ↑
— OMX Baltic Benchmark Cap PI	458.75	466.67	1.73 ↑
— GRD1R	6.8 EUR	7.34 EUR	7.94 ↑

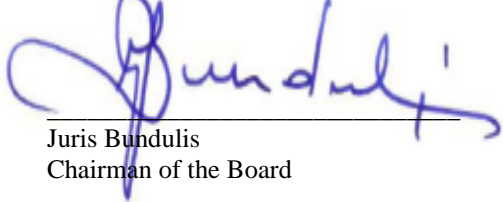
Future prospects for 2018

In 2018, “Grindex” will strategically focus on complex solutions to meet the needs of patients, will continue focusing on the new markets and it will diversify its operations thereby reducing business risks. Also in 2018, “Grindex” will continue expanding its product range.

- 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 at least 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.

On behalf of the Group’s Management:



Juris Bundulis
Chairman of the Board

August 30, 2018

STATEMENT OF BOARD'S RESPONSIBILITIES

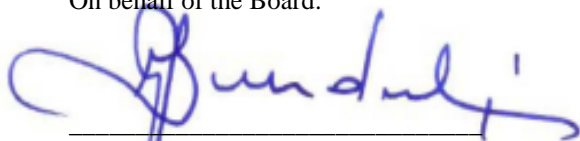
The Board of JSC "Grindex" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter - the Group). The interim financial statements of the Group are not audited.

The consolidated interim financial statements, enclosed from the page 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 June 2018 and the results of its operations and cash flows for the period of six months ended 30 June 2018.

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 30, 2018

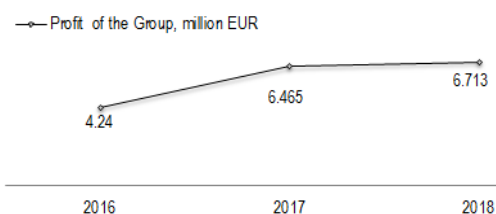
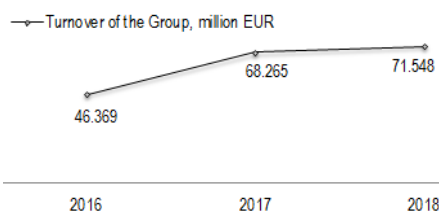
STATEMENT OF FINANCIAL POSITION

	30.06.2018. EUR	30.06.2017. EUR
ASSETS		
Non-current assets		
Intangible assets		
Software, patents, licenses, trademarks and other rights	1,102,298	689,187
Advance payments for intangible assets	2,780,790	449,726
Total intangible assets	3,883,088	1,138,913
Goodwill	5,044,761	5,044,761
Tangible fixed assets		
Land, buildings and constructions	30,376,084	31,288,834
Equipment and machinery	21,913,343	22,297,310
Other fixed assets	1,078,246	1,094,779
Construction in progress	1,346,950	1,483,273
Advance payments for fixed assets	1,531,277	836,467
Total tangible fixed assets	56,245,900	57,000,663
Investment property	8,056,000	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	78,157,952	76,060,085
Current assets		
Inventories		
Raw materials	8,808,273	6,911,410
Unfinished goods	10,785,511	8,885,355
Finished goods and goods for resale	7,066,730	6,212,028
Advance payments for inventories	109,167	982,849
Total inventory	26,769,681	22,991,642
Debtors		
Trade receivables	46,785,617	49,693,843
Other debtors	5,486,495	3,558,679
Loans provided to the Company's/the Group's management and shareholders	24,918	160,455
Other loans	555,426	1,579,843
Deferred expenses	2,815,598	12,574,603
Total debtors	55,668,054	67,567,423
Cash and cash equivalents	4,081,187	4,463,935
Total current assets	86,518,922	95,023,000
TOTAL ASSETS	164,676,874	171,083,085

	30.06.2018.	30.06.2017.
	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	142,790	304,629
Retained profit		
a) retained profit	82,313,268	80,845,698
b) current year (loss)/ profit	6,724,371	6,477,097
Equity attributable to equity holders of the Parent entity	125,801,812	124,248,806
Non-controlling interest	92,275	81,186
Total equity	125,894,087	124,329,991
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	9,283,530	11,007,061
Finance lease liabilities	41,311	104,935
Deferred income tax liabilities	1,237,672	4,849,449
Deferred income	4,463,691	4,211,834
Total non-current liabilities	15,026,204	20,173,279
Current liabilities		
Loans from credit institutions	7,233,578	6,838,275
Finance lease liabilities	75,333	91,502
Advances from customers	375,767	187,951
Trade accounts payable	9,030,284	9,710,102
Taxes and social security contributions	1,741,583	4,741,727
Other payables	2,252,731	2,303,430
Accrued liabilities	954,589	696,220
Deferred income	654,968	572,858
Unpaid dividends	1,437,750	1,437,750
Total current liabilities	23,756,583	26,579,815
Total liabilities	38,782,787	46,753,094
TOTAL EQUITY AND LIABILITIES	164,676,874	171,083,085

STATEMENT OF COMPREHENSIVE INCOME

	2018 January-June EUR	2017 January-June EUR
Net sales	71,548,785	68,265,331
Cost of goods sold	(30,241,662)	(28,574,380)
Gross profit	41,307,123	39,690,951
Selling expenses	(15,835,705)	(13,935,565)
Administrative expenses	(14,109,915)	(10,522,318)
Other operating income	2,724,355	1,683,182
Other operating expenses	(6,750,980)	(8,183,694)
Changes in fair value	-	-
Interest income and similar income	72,635	76,962
Interest expenses and similar expenses	(136,518)	(165,746)
Real estate tax	-	(42,437)
Profit/loss before taxation	7,270,995	8,601,335
Corporate income tax	(557,404)	(2,135,859)
PROFIT/LOSS FOR THE PERIOD	6,713,592	6,465,475
Other comprehensive income /loss		
Foreign currency revaluation	(103,153)	(134,256)
Total other comprehensive income /loss	(103,153)	(134,256)
Total comprehensive income /loss	6,610,439	6,331,219
Attributable to:		
Equity holders of the Parent entity	6,724,371	6,477,097
Non-controlling interest	(10,780)	(11,621)
TOTAL	6,713,592	6,465,475
Comprehensive (loss)/ income attributable to:		
Equity holders of the Parent entity	6,621,218	6,342,841
Non-controlling interest	(10,780)	(11,621)
TOTAL	6,610,439	6,331,219
Earnings per share attributable to the equity holders of the Parent entity (EUR per share)		
– Earnings per share	0.70	0.68



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. 2017.	13,419,000	22,321,657	880,726	245,942	83,751,018	120,618,343	103,055	120,721,398
Dividends	-	-	-	-	(1,437,750)	(1,437,750)	-	(1,437,750)
Profit for the period	-	-	-	-	6,724,371	6,724,371	(10,780)	6,713,592
Foreign currency revaluation	-	-	-	(103,153)	-	(103,153)	-	(103,153)
30.06. 2018.	13,419,000	22,321,657	880,726	142,790	89,037,639	125,801,811	92,275	125,894,087

STATEMENT OF CASH FLOWS

	2018	2017
	January-June	January-June
	EUR	EUR
OPERATING ACTIVITIES		
Net (loss)/ profit before taxation	7,270,995	8,601,335
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	2,822,868	2,822,492
(Gain)/loss on disposal of fixed assets and intangible assets	(97,830)	79,504
Changes in fair value and impairment loss	-	-
Revenue from the EU funds	(376,264)	(221,644)
Interest income	(126,560)	(161,202)
Interest expense	82,015	151,682
<i>Changes in operating assets and liabilities:</i>		
Inventory	(4,257,954)	(2,055,823)
Debtors	(667,106)	6,632,910
Creditors	1,405,527	(1,791,498)
Gross cash provided by operating activities	6,055,691	14,057,756
Corporate income tax paid	(1,003,627)	(274,765)
Net cash provided by operating activities	5,052,064	13,782,991
INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(2,315,974)	(3,514,758)
Purchase of long term financial investments	-	-
Proceeds from sales of fixed assets	8,789	-
Net cash used in investing activities	(2,307,185)	(3,514,758)
FINANCING ACTIVITIES		
Received loans from credit institutions	978,227	1,605,283
Repaid loans to credit institutions and leasing payments	(4,675,987)	(9,031,520)
Dividends paid	-	-
Revenue from the EU funds	315,617	58,309
Interest paid	(82,015)	(151,682)
Net cash (used in) /provided by financing activities	(3,464,158)	(7,519,610)
Net increase/decrease in cash and cash equivalents	(719,279)	2,748,623
Cash and cash equivalents at the beginning of the year	4,800,466	1,715,312
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4,081,187	4,463,935

NOTES

OTHER DEBTORS

	30.06.2018.	30.06.2017.
	EUR	EUR
Tax receivables	2,521,871	1,790,551
Other	2,964,624	1,768,128
Total	5,486,495	3,558,679

CASH AND CASH EQUIVALENTS

	30.06.2018.	30.06.2017.
	EUR	EUR
Cash in bank	4,070,598	4,451,414
Cash on hand	10,589	12,521
Total	4,081,187	4,463,935

LOANS FROM CREDIT INSTITUTIONS

	30.06.2018.	30.06.2017.
	EUR	EUR
Credit line from Luminor Bank AS	1,906,476	2,961,757
Credit line from JSC "SEB banka", Latvia	2,774,403	1,184,072
Credit line from Tatrabank JSC, Slovakia	1,171,838	1,183,106
Luminor Bank AS	500,001	499,995
Tatrabank JSC, Slovakia	880,860	203,754
Tatrabank JSC, Slovakia	-	105,000
Tatrabank JSC, Slovakia	-	116,400
Tatrabank JSC, Slovakia	-	584,191
Current loans from credit institutions	7,233,578	6,838,275
Luminor Bank AS	6,583,333	7,583,335
Tatrabank JSC, Slovakia	2,700,197	815,000
Tatrabank JSC, Slovakia	-	475,400
Tatrabank JSC, Slovakia	-	193,316
Tatrabank JSC, Slovakia	-	1,940,010
Non-current loans from credit institutions	9,283,530	11,007,061
Total	16,517,108	17,845,336

TAXES AND SOCIAL SECURITY CONTRIBUTIONS

	30.06.2018.	30.06.2017.
	EUR	EUR
Social security contributions	931,191	742,106
Personal income tax	439,301	398,044
Corporate income tax	304,096	3,555,197
Value added tax	61,820	-
Other	5,175	46,380
Total	1,741,583	4,741,727

NET SALES

	2018	2017
	January-June	January-June
	EUR	EUR
Other CIS countries	18,477,593	17,739,013
Other countries	18,335,015	15,605,889
Russia	26,390,470	26,106,490
Latvia	5,714,932	6,601,565
Lithuania	3,029,058	2,616,656
Estonia	1,205,642	1,182,833
Other sales	386,394	555,042
Gross sales	73,539,104	70,407,488
Less discounts		
Other CIS countries	(1,669,427)	(1,947,768)
Russia	(905)	(4,709)
Latvia	(260,929)	(126,050)
Lithuania	(47,178)	(31,082)
Estonia	(5,648)	(19,446)
Other countries	(6,232)	(13,102)
Discounts total	(1,990,319)	(2,142,157)
Total, net	71,548,785	68,265,331

COST OF GOODS SOLD

	2018 January-June EUR	2017 January-June EUR
Raw materials and packaging	19,068,456	19,875,833
Direct labor and social security contributions	9,193,658	7,726,399
Depreciation of fixed assets and amortization of intangible assets	2,347,123	2,305,085
Electricity expenses	1,221,720	1,141,117
Goods purchased for resale and contract manufacturing costs	1,246,363	3,146,970
Research costs	780,756	457,943
Machinery, buildings and equipment repairs	713,169	539,458
Household expenses	113,231	110,584
Transport costs	91,450	91,133
Rent of work clothing	94,049	85,554
Waste disposal	86,181	88,724
Other expenses	2,249,997	2,002,082
Internal turnover of self-manufactured raw materials	(6,964,491)	(8,996,502)
Total	30,241,662	28,574,380

SELLING AND DISTRIBUTION COSTS

	2018 January-June EUR	2017 January-June EUR
Advertising expenses	6,366,112	5,338,763
Expenses of representative offices	2,126,291	1,935,948
Salaries and social security contributions	3,205,363	2,874,032
Distribution costs	705,222	558,210
Commissions	693,437	506,254
Depreciation of fixed assets and amortization of intangible assets	164,625	197,788
Registration costs for medicine	389,265	317,842
Freight insurance expenses	8,203	9,715
Other expenses	2,177,187	2,197,013
Total	15,835,705	13,935,565

ADMINISTRATIVE EXPENSES

	2018	2017
	January-June	January-June
	EUR	EUR
Salaries and social security contributions	8,394,585	5,296,968
Professional and consultancy services	451,013	473,713
Depreciation of fixed assets and amortization of intangible assets	324,673	271,894
Computer maintenance and repair	286,573	229,480
Security costs	239,513	224,105
Bank charges	105,082	80,610
Electricity costs	141,211	146,083
Employee insurance expenses	113,163	102,997
Transport costs	120,879	87,619
Property and liability insurance	47,444	57,435
Business trip expenses	58,243	55,735
Communication expenses	30,020	31,960
Personnel training and hiring expenses	80,125	44,443
Provisions	1,707,000	1,990,831
Other expenses	2,010,391	1,428,443
Total	14,109,915	10,522,318

JSC "Grindex" hereby informs that there were no changes made in its accounting policy in January-June 2018. In non-audited financial accounts for the period January - June 2018 the Group has employed the same Accounting and Consolidation Principles as in the audited consolidated financial accounts for the year 2017, released on May 7, 2018.

Chairman of the Board

August 30, 2018

Juris Bundulis