



JOINT STOCK COMPANY OLAINFARM

(UNIFIED REGISTRATION NUMBER 40003007246)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2017**

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY EU**

Olaine, 2018

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General information

Name of the Parent Company	OLAINFARM
Legal status of the Parent Company	JOINT STOCK COMPANY
Unified registration number, place and date of registration of the Parent Company	40003007246 Riga, 10 June 1991 (re-registered on 27 March 1997)
Registered office of the Parent Company	Rūpnīcu iela 5 Olaine, Latvia, LV-2114
Major shareholders of the Parent Company	SIA Olmafarm (42.56%) Heirs of Valērijs Maligins (26.92%) Swedbank AS Clients account (7.34%)
Major subsidiaries	SIA Latvijas Aptieka – 100% equity share SIA Tonus Elast – 100% equity share SIA Silvanols – 100% equity share (until 06.12.2017 – 96.69%)
Audit Committee	Chairperson of the Auditing Committee - Viesturs Gurtlavs Members of the Auditing Committee: Deputy Chairperson of the Council Valentīna Andrējeva Member of the Council Gunta Veismane
Financial year	1 January – 31 December 2017
Interim reporting period	1 January – 31 December 2017

Board

The Supervisory Council elects the Management Board of JSC Olainfarm for five years. When selecting the members of the Management Board, the Council assesses experience of candidates in team management, in particular area of responsibility of a candidate and in the pharmaceutical sector in general.

Valērijs Maligins (Chairman of the Management Board until 09.12.2017)

Mr. Valērijs Maligins, main shareholder and Chairman of the Board of JSC Olainfarm passed away on December 9, 2017. Valērijs Maligins became Chairman of Olainfarm's Management Board after the privatization of the company in 1997.

According to the Testament of Valērijs Maligins, shares of JSC Olainfarm and shares of SIA Olmafarm shall be inherited by all children of Mr. Maligins in equal parts, with the condition that they are not allowed to sell, present or otherwise

alienate them during the five-year period after the inheritance is received. All heirs, creditors and other entities having claims on the inheritance may submit them before April 13, 2018.

Number of shares of JSC Olainfarm owned by his heirs:

- directly: 3 791 810
 - indirectly (through SIA Olmafarm): 5 994 054
- total: 9 785 864

Positions held in other companies (as of December 9, 2017):

SIA Olmafarm, Chairman of the Board
Hunting Club Vitkupe, Board Member
SIA Ozols JDR, Board Member
SIA Egotrashcinema, Board Member

Inheritance of Mr. Maligins as participation in other companies:

SIA Lano Serviss (25%)
SIA Vega MS (59.99%)
SIA Briz (9.02%)
SIA Olfa Press (47.5%)
SIA Aroma (100%) until 18.05.2017
SIA Olmafarm (100%)
SIA Escargot (33.5%)
SIA Olalex (50%)
SIA Energo Capital (50%)
SIA Egotrashcinema (40%)
SIA HB19 (19.79%)

Oļegs Grigorjevs (Chairman of the Management Board from 18.12.2017)

Oļegs Grigorjevs is a member of the Parent Company's Management Board from 25.02.2016. Starting from 18.12.2017 O.Grigorjevs is the chairman of the Management Board of JSC Olainfarm. He has more than 20 years of experience in chemical and pharmaceutical sector. O.Grigorjevs joined JSC Olainfarm in 2001. His previous career included sales units of SIA Aroma (1996 – 2000) and SIA Grif (2000 – 2001). Oļegs Grigorjevs has a degree in Economics from Moscow Institute of Communications and Informatics.

Positions held in other companies:

SIA Latvijas Aptieka, Chairman of the Board

SIA Aroma, Board Member (until 09.01.2018)

SIA Kiwi Cosmetics, Board Member

SIA Ozols JDR, Board Member (from 08.02.2018)

Number of shares of JSC Olainfarm owned (as of December 31, 2017): 1 000

Participation in other companies: none

Salvis Lapiņš

Salvis Lapiņš is a member of the Parent Company's Management Board and Director of Investor Relations. He has been studying business in RSEBAA and law at the University of Latvia. He has been actively working in financial and pharmaceutical sectors since 1995.

Positions held in other companies:

SIA Baltic Team-Up, procuration holder

SIA Longgo, procuration holder (from 13.12.2017)

SIA Silvanols, procuration holder (from 13.12.2017)

Number of shares of JSC Olainfarm owned (as of December 31, 2017): 25 916

Participation in other companies:

SIA Baltic Team-Up (50%)

Veronika Dubicka

Veronika Dubicka (Veranika Dubitskaya) is a member of the Parent Company's Management Board and Director of Marketing Department. Previously has worked in the Parent company's representative office in Belarus since 2005. From 2005 till 2006 V.Dubicka held a post of the medical representative, since 2006 till July, 2009 a post of the products' manager, and since July, 2009 till May, 2011 was the principal of the representative office in Belarus.

Positions held in other companies:

SIA Olalex, Board Member

Number of shares of JSC Olainfarm owned (as of December 31, 2017): 1 000

Participation in other companies: none

Mihails Raizbergs

Mihails Raizbergs is a member of the Parent Company's Management Board and Director of the Department of Information Technologies, having more than 17 years of experience in the field of information and communication technologies. M.Raizbergs joined JSC Olainfarm in 2006 after leaving AS Rīgas Vagonbūves rūpnīca. Mihails Raizbergs obtained a master's degree in engineering sciences at the Transport and Telecommunication Institute, as well as graduated from the English Open University with a professional diploma in management.

Positions held in other companies:

SIA Digital Partner, Board Member

SIA Digital Era, Board Member

Number of shares of JSC Olainfarm owned (as of December 31, 2017): 200

Participation in other companies:

SIA Digital Partner (100%)

SIA Digital Era (100%)

Mārtiņš Tambaks

Mārtiņš Tambaks is a member of the Parent Company's Management Board and Director of the Financial Department with more than 20 years of experience in the field of finance and accounting. M. Tambaks joined JSC Olainfarm in 2013, when he left SIA Ernst&Young Baltic, where he held the position of the Director of Outsourced Accounting Services. In 2006, Mārtiņš Tambaks became a member of the Association of Chartered Certified Accountants (ACCA) of the United Kingdom. Has obtained a

master's degree at the Riga Technical University, and a qualification of an economist-accountant at the University of Latvia.

Positions held in other companies: none

Number of shares of JSC Olainfarm owned (as of December 31, 2017): 0

Participation in other companies: none

Vladimirs Krušinskis (Board member from 12.06.2017)

Vladimirs Krušinskis is a member of the Parent Company's Management Board and Director of the Technical Department of JSC Olainfarm with more than 15 years of experience in industrial companies. V. Krušinskis joined JSC Olainfarm in 2012 when he left the position of Director of the Technical Department and Board member of JSC Rigas Farmaceutiskā Fabrika. Vladimirs Krušinskis obtained a bachelor's degree in engineering sciences at the Transport and Telecommunication Institute.

Positions held in other companies: none

Number of shares of JSC Olainfarm owned (as of

December 31, 2017): 0

Participation in other companies: none

Raimonds Terentjevs (Board member from 18.12.2017)

Raimonds Terentjevs is a member of the Parent Company's Management Board and Director of the Quality Management Department of JSC Olainfarm. R. Terentjevs has more than 20 years of experience in the field of chemistry and pharmacy. R. Terentjevs joined JSC Olainfarm in 2011 from the Latvian Institute of Organic Synthesis, where he was performing the duties of a researcher. R. Terentjevs graduated from the Faculty of Chemistry of the University of Latvia with a natural sciences bachelor and master's degree in chemistry.

Positions held in other companies: none

Number of shares of JSC Olainfarm owned (as of December 31, 2017): 0

Participation in other companies: none

Jeļena Borcova (Board member until 17.05.2017)

Jeļena Borcova was a member of the Parent Company's Management Board and a qualified person until 17.05.2017.

Positions held in other companies (as of May 17, 2017): none

Number of shares of JSC Olainfarm owned (as of May 17, 2017): 1 450

Participation in other companies (as of May 17, 2017): none

Council

The Supervisory Council of JSC Olainfarm is elected by the General Meeting of Shareholders for 5 years. The Supervisory Council is a supervising institution, representing interests of the shareholders between the meetings of shareholders. Main tasks of the Supervisory Council include supervising the Management Board, and these are the main requirements that are taken into account when shareholders propose new members of the Council.

The Supervisory Council sets the remuneration for the members of the Management Board, while the remuneration of the Council itself is set by the General Meeting of Shareholders.

Ivars Godmanis, Chairperson of the Council

In 1974 Ivars Godmanis has graduated Faculty of Physics and Mathematics and in 1992 he obtained doctor's degree in physics (Dr.Physics) at the University of Latvia. I.Godmanis is an associate professor at the Riga International School of Economics and Business Administration (RISEBA) and a lecturer at the University of Latvia and the business college Turība.

Positions held in other companies: none

Number of shares of JSC Olainfarm owned (as of December 31, 2017): 0

Participation in other companies: none

Valentīna Andrējeva, Deputy Chairperson of the Council

Valentīna Andrējeva, the Doctor of Economics of the Riga Technical University (Dr.oec.) - 2006, and has also degree of Master of Economic Sciences in management of the enterprise activity, received at the Riga Technical University in 2011, a speciality of the engineer-economist which she received in 1976 at the Riga Polytechnical Institute.

Positions held in other companies:

JSC Riga Shipyard, Council Member

Number of shares of JSC Olainfarm owned (as of December 31, 2017): 0

Participation in other companies: none

Aleksandrs Raicis

Aleksandrs Raicis is a Pharmaceutical Director of SIA Briz. A.Raicis has a degree in Pharmacy from the Riga Medical Institute (1984).

Positions held in other companies:

SIA Briz, Board Member

SIA Format A3, Board Member (from 09.01.2018)

Number of shares of JSC Olainfarm owned (as of December 31, 2017): 0

Participation in other companies:

SIA VIP Pharma (50%)

SIA Reclusus (30%)

SIA Briz (7.92%)

SIA Format A3 (33.33%)

Gunta Veismane

Gunta Veismane in 1975 graduated from the University of Latvia, Faculty of Economics, in 1993 year - Harvard University, HBS Management, Strategic management and organisational Psychology course;1996 - MBA, University of Latvia.

Positions held in other companies: none

Number of shares of JSC Olainfarm owned (as of December 31, 2017): 0

Participation in other companies: none

Andis Krūmiņš (Council Member from 02.06.2017)

Andis Krūmiņš graduated from the Medical Faculty of the Academy of Medicine of Latvia and obtained a doctor's degree. Andis Krūmiņš is continuing his studies at the Riga Stradins University, Faculty of Continuing Education, majoring in psychiatry.

Positions held in other companies:

SIA AO Solutions, Board Member

SIA Multitrial, Chairman of the Board

Number of shares of JSC Olainfarm owned (as of December 31, 2017): 0

Participation in other companies:

SIA AO Solutions, (100%)

SIA Multitrial, (100%)

Geliia Gildeeva (until 11.05.2017)

Geliia Gildeeva has graduated I.M.Sechenov First Moscow State Medical University (in 1989 she has obtained Pharmacist qualification and in 1992 she has completed the post-graduate programme and obtained the degree of a candidate of science in biology). G.Gildeeva is an associate professor at the I.M.Sechenov First Moscow State Medical University department Organisation and management in circulation of medicinal products.

Positions held in other companies (as of May 11, 2017):

Russian union National Pharmaceutical Chamber, Council Member

OOO Lekar (Moscow, Russia), Executive Director

OOO Medical Development Agency (Moscow, Russia), Leading Partner

Number of shares of JSC Olainfarm owned (as of May 11, 2017): 65 916

Participation in other companies (as of May 11, 2017):

OOO Lekar (Moscow, Russia)

OOO Medical Development Agency (Moscow, Russia)

Changes in the Board

Member of the Board Jeļena Borcova submitted a notification about her resignation starting from 18.05.2017. According to the Decision of the Council from June 12, 2017 Vladimirs Krušinskis was appointed as a Board Member.

The Chairman of the Management Board Valērijs Maligins passed away on 09.12.2017. According to the Decision of the Council from December 18, 2017 Oļegs Grigorjevs was appointed as a Chairman of the Management Board and Raimonds Terentjevs as a Board Member.

Changes in the Council

Council Member Geliia Gildeeva submitted a notification about her resignation starting from 12.05.2017. The General Meeting of Shareholders on June 1, 2017 made a decision to appoint new Council of JSC Olainfarm effective from 2 June, 2017: Ivars Godmanis, Valentīna Andrējeva, Gunta Veismane, Aleksandrs Raicis, Andis Krūmiņš. According to the Decision of the Council from June 2, 2017 Ivars Godmanis was appointed as a Chairperson of the Council and Valentīna Andrējeva as a Deputy Chairperson of the Council.

Major shareholders

	Share holding
Swedbank AS Clients account	7.34%
SIA Olmafarm	42.56%
Heirs of V. Maligins	26.92%
Other shareholders	<u>23.18%</u>
Total	100.00%

Management report

General information

The Group is one of the biggest pharmaceutical companies in Latvia with 45 years of experience in production of medication and chemical and pharmaceutical products. A basic principle of Group's operations is to produce reliable and effective top quality products for Latvia and the rest of the world. Products made by the Group are being exported to about 50 countries worldwide, including the Baltics, Russia, other CIS, Europe, Asia, North America and Australia

The main companies in the group are parent company AS Olainfarm, its daughter companies SIA Latvijas Aptieka, SIA Kiwi Cosmetics, a leading Latvian food supplement company SIA Silvanols and a Latvian producer of elastic and compression products SIA Tonus Elast, since fourth quarter of 2016 the Group also includes SIA Klinika Diamed and Belarussian company NPK Biotest but since middle of 2017 also SIA Olaines Veselibas Centrs.

Corporate mission and vision

Corporate mission:

JSC Olainfarm is one of the biggest manufacturers of finished drug forms chemical products in the Baltics. The keystone of our work is manufacturing of reliable and effective high quality products to the whole world. We are about fair and effective cooperation with our customers – patients, doctors, pharmacists and other partners. In achievement of our goals, we are creating a team of highly qualified, socially secured and well-motivated employees. Our priority is organizing an environmentally friendly manufacturing and constant increase of the Company's shareholders value.

Corporate vision:

We are aiming to become the leading manufacturer of finished drug forms and chemical-pharmaceutical products in the Baltics and to make our products known and available worldwide.

Company's Corporate Governance Report is available at www.olainfarm.lv.

Operational environment

During the reporting period the operational environment in a large part of markets important for the company, has remained rather volatile and rather unpredictable. During the 1st quarter of 2017 sales of the Group to Russia increased significantly, however, during the second quarter they dropped significantly, along with devaluation of Russian Rouble. Although sales to Russia increased again significantly in third quarter, devaluation of Russian rouble also continued, which in third quarter alone caused loss of about 0.5 million euros. Throughout 2017 Company's foreign exchange loss totalled approx. 1.5 million euros.

Significant increase in sales of PASA to WHO left an important positive impact on sales volumes of the Group, however, part of that are volumes of PASA intended for Ukraine and shipped to Ukraine directly according to last year's programme. This is one of the reasons for significant sales drop to Ukraine this year, compared to 2016. Another important reason for that drop is deterioration of overall economic situation in Ukraine accompanied by weakened purchasing power of Ukrainian population.

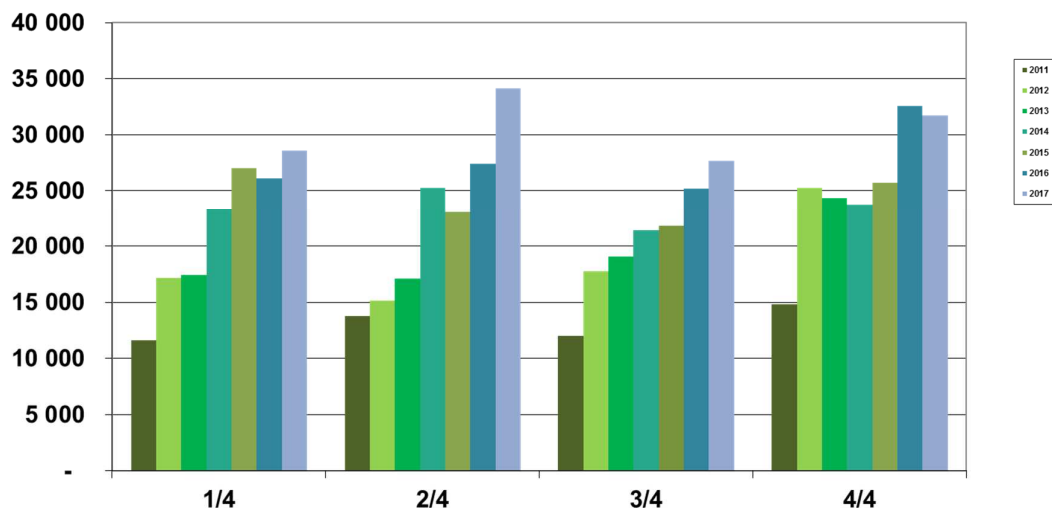
Although a certain improvement could be observed during the third quarter, the group still demonstrates increase in sales costs that is disproportionately large compared to increase in sales. This could be partially explained with the fact that relatively large number on new representative offices and daughter companies being open in several markets that are new to the group and therefore their contribution to overall sales is not yet very material.

The last quarter of the reporting period showed that the Company has been very careful when deciding about provisions for different receivables. As the payment discipline has improved, the provisions for doubtful receivables have been reduced by 0.6 million euros.

Financial results

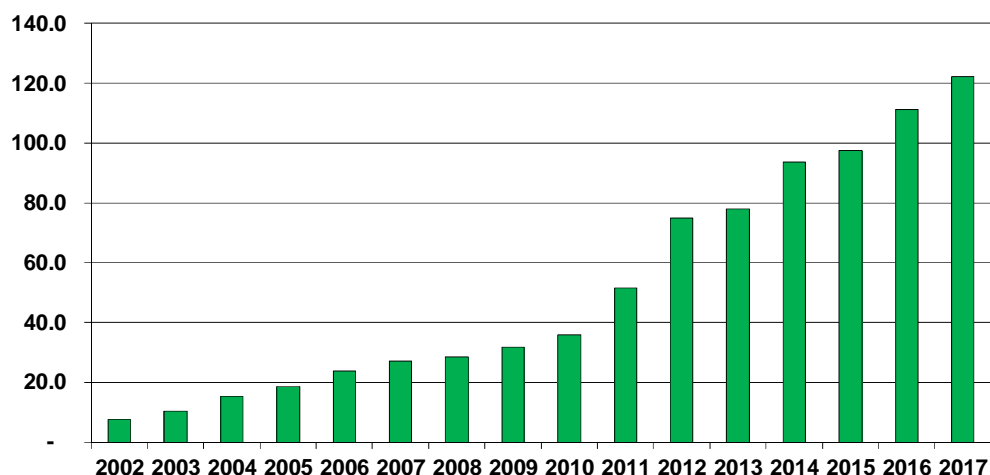
During the fourth quarter of 2017, sales volumes have decreased by 1% compared to similar period of 2016 and reached 31.7 million euro, which makes this one of the best quarters overall in corporate history in terms of sales so far. Large shipments to the WHO and considerable sales increase in Russia, Germany and Belarus are important contributors to this growth.

Sales by Quarters, Thsnd. EUR

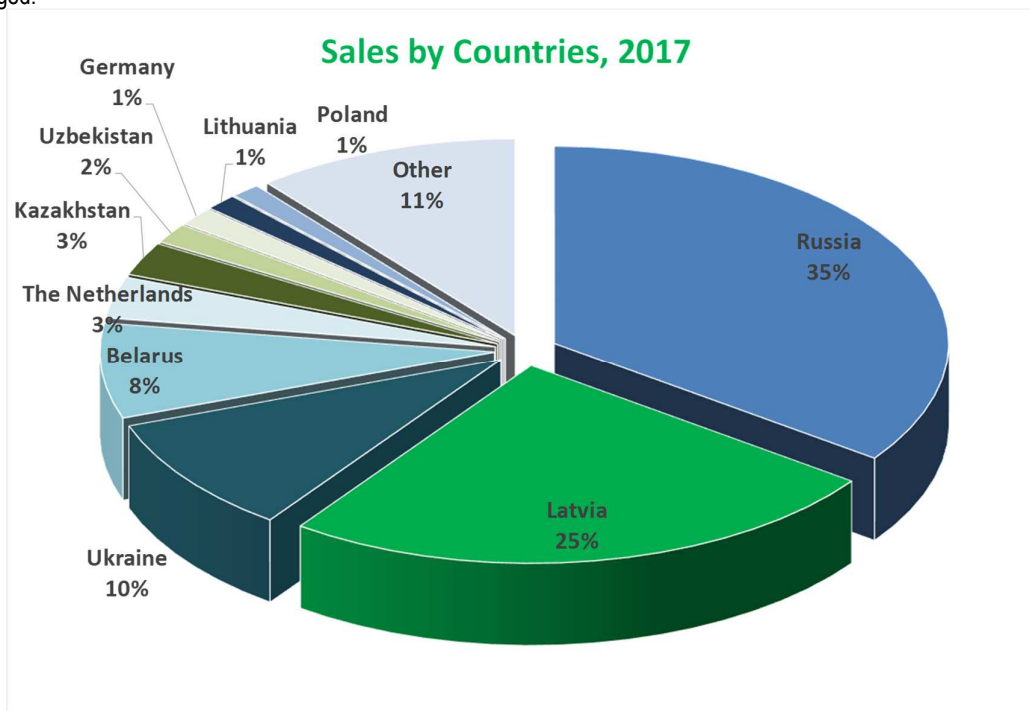


During the entire 2017, sales grew by 10% compared to 2016 and reached 122 million euros, which in terms of sales makes this the best year in corporate history. From all the major sales markets of the Group, only Uzbekistan, Poland and Ukraine experienced some sales reduction, while Germany demonstrated 103% growth, The Netherlands demonstrated 57% growth and Belarus demonstrated 21% growth.

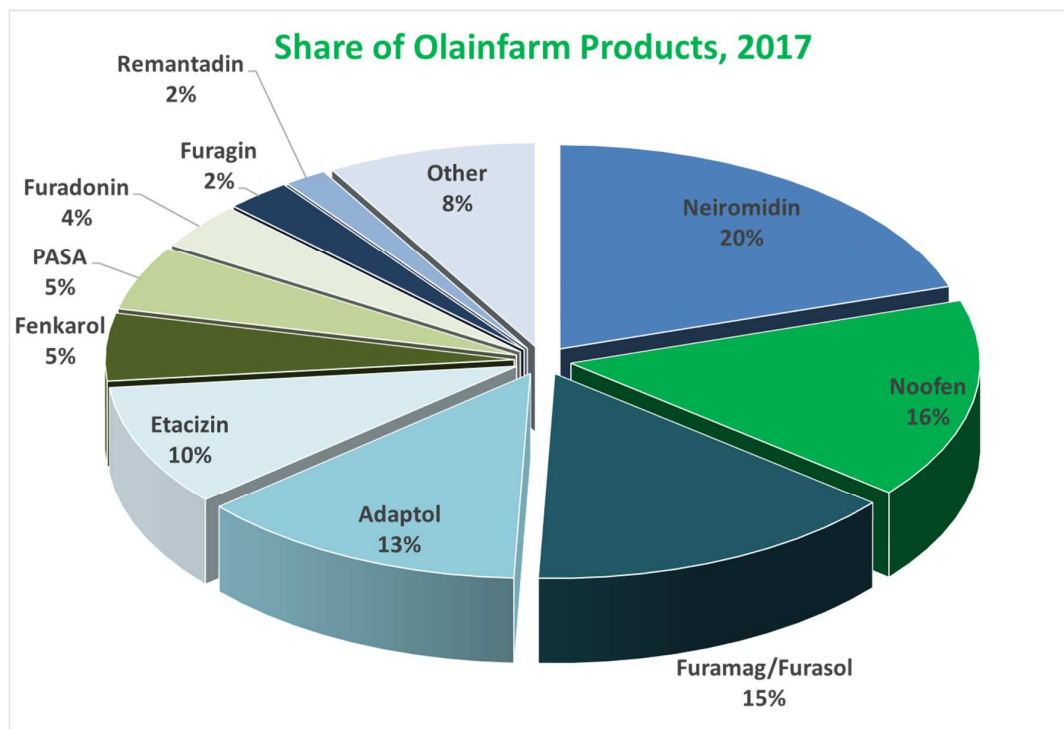
Consolidated Sales, Mln. EUR



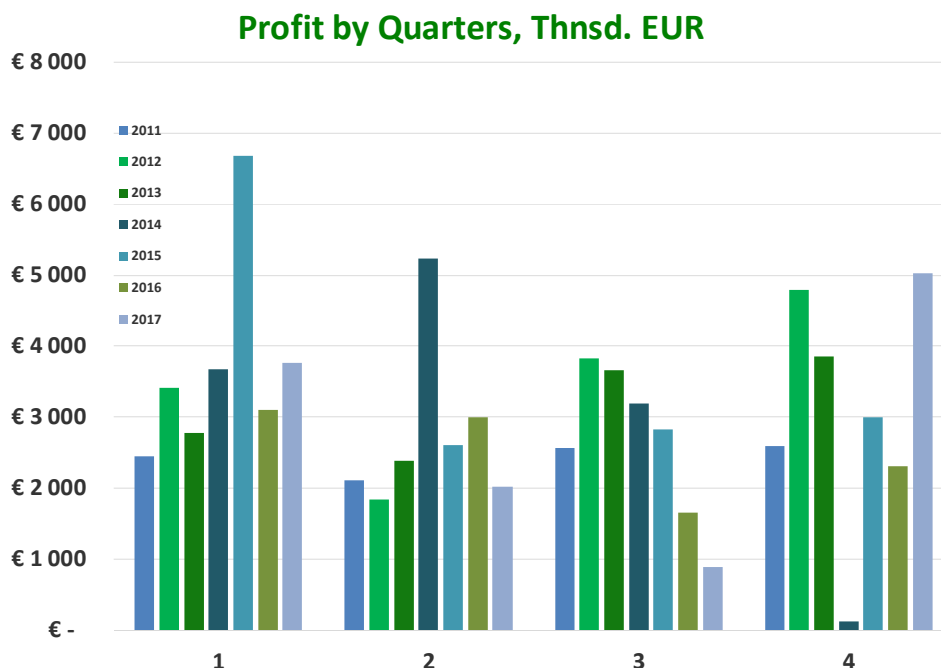
During the entire 2017 compared to 9 months of it share of Russia in total sales increased from 33% to 35%. This demonstrates significant sales improvement to Russia during the last quarter of the year. Shares of all the other key markets remained almost unchanged.



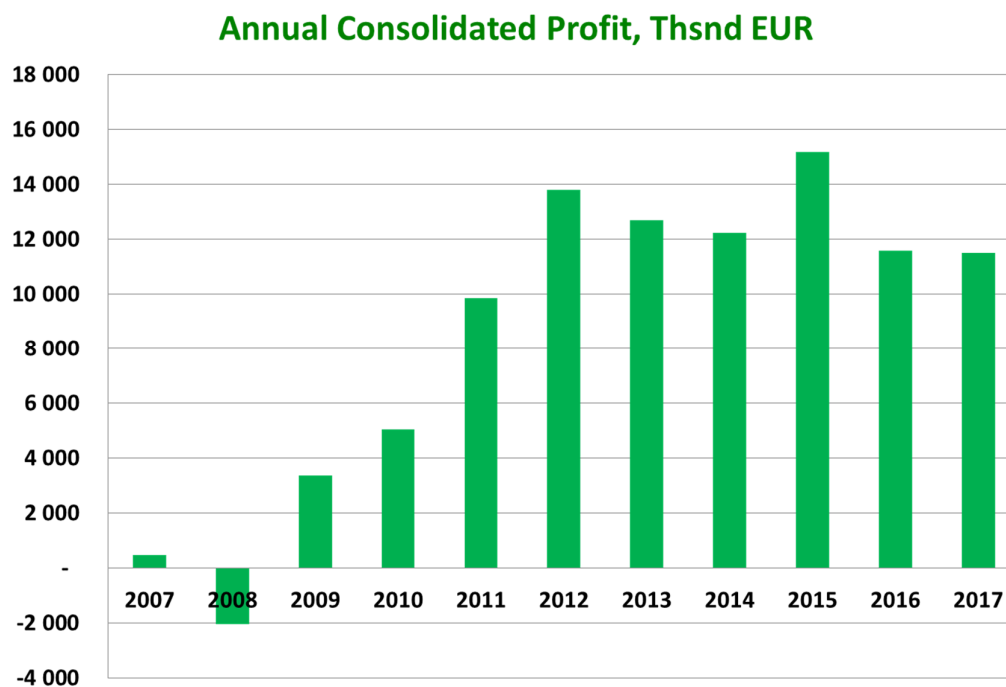
During the last quarter, only some minor changes have occurred to the sales structure of bestselling products of Olainfarm. Neiromidin's share has increased from 18% to 20%, while share of soluble furaginum products increased from 14% to 15%. Shares of PASA and Fenkarol have shrunk a little.



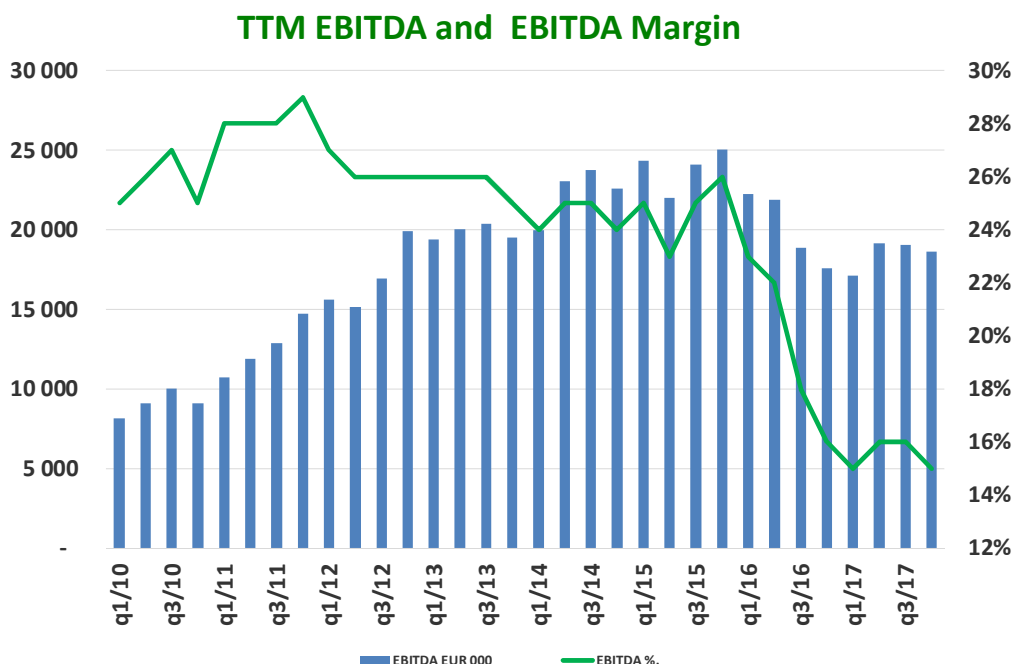
This past fourth quarter was outstanding in terms of both, sales and profitability. During the fourth quarter of 2017 the Group made a net profit of 5 million euros, which makes it one of the best quarters in corporate history. Compared to the fourth profit of 2016, the net profit has increased by 32%.



Although the new sales record has been set during in 2017, the net profit has remained at the levels of 2016 as it reached 11.63 million euros. Factors impacting profitability adversely include foreign exchange, increase in several expenses and impairment of investments, while positive factors include sales increases, reversal of deferred tax liability as well as reduction of provisions for previously doubtful receivables.



Since part of the factors that positively influence the net profit of the Group do not impact EBITDA, its margin has slightly deteriorated during the fourth quarter. The EBITDA itself, compared to 2016, has increased by 6% to 18.6 million euros.



This is how other indicators have changed during the reporting period:

Financial indicator for period	2017	2016	% to previous period
Sales, EUR '000	122 078	110 693	110%
Net profit, EUR '000	11 631	11 579	100%
EBITDA, EUR '000	18 572	17 557	106%
EBIT, EUR '000	12 123	11 747	103%
Gross margin	61.3%	63.1%	
EBITDA margin	15.2%	15.9%	
EBIT margin	9.9%	10.6%	
Net margin	9.5%	10.5%	
ROA	7.9%	8.0%	
ROE	11.8%	12.0%	
Current ratio	2.0	2.7	
EPS, EUR	0.83	0.82	100%
Share price at period end, EUR	8.05	8.51	95%
P/E	9.7	10.4	
Market capitalisation at period end, EUR '000	113 385	119 864	95%
P/B	1.1	1.2	

Annual meeting of shareholders of A/s "Olainfarm" convened on June 1, 2017 approved operating plan of the Group for 2017. According to it, sales of the Group in 2017 are planned to be 127 million euros, but the net profit will reach 15.5 million euros. Because of poor profitability after the third quarter the management reviewed its profit guidance to either 9 million euros or ten million euros, subject to the possibility to reverse the deferred tax liability. According to this report, annual sales target has been attained by 96%, while net profit guidance has been exceeded by 15%.

Dividends

Basing upon this unaudited report and upon the plans of the Group for 2018, the management suggests to the shareholders approve a dividend payment in 2018 of 3 million euros, or approximately 0.21 EUR per share, subject to audited Annual report not having significant deviations from the unaudited report.

Shares and stock market

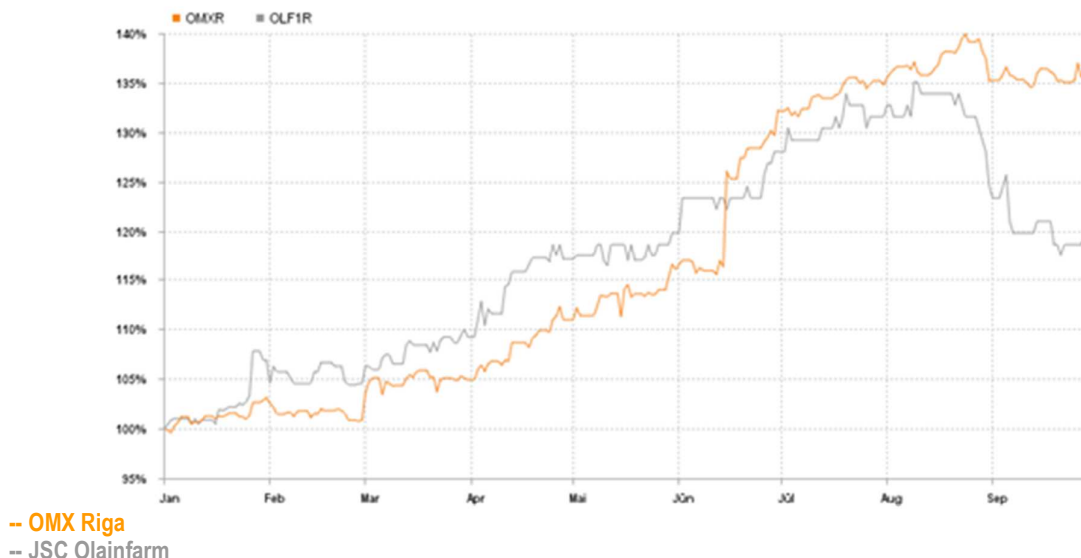
During 2017, share price mainly fluctuated between 7.9 and 11.5 euros. Share price reached its lowest level in early December, soon after Company's Chairman of the Board and the main shareholder, Mr. Valerijs Maligins passed away. The highest share price was achieved in early August. During the reporting period, 2711 transactions were made with shares of AS Olainfarm. As this report is being produced it fluctuates around 8.6 EUR per share.

**Development of Price of Share of JSC Olainfarm,
Three Years to the End of Reporting Period**



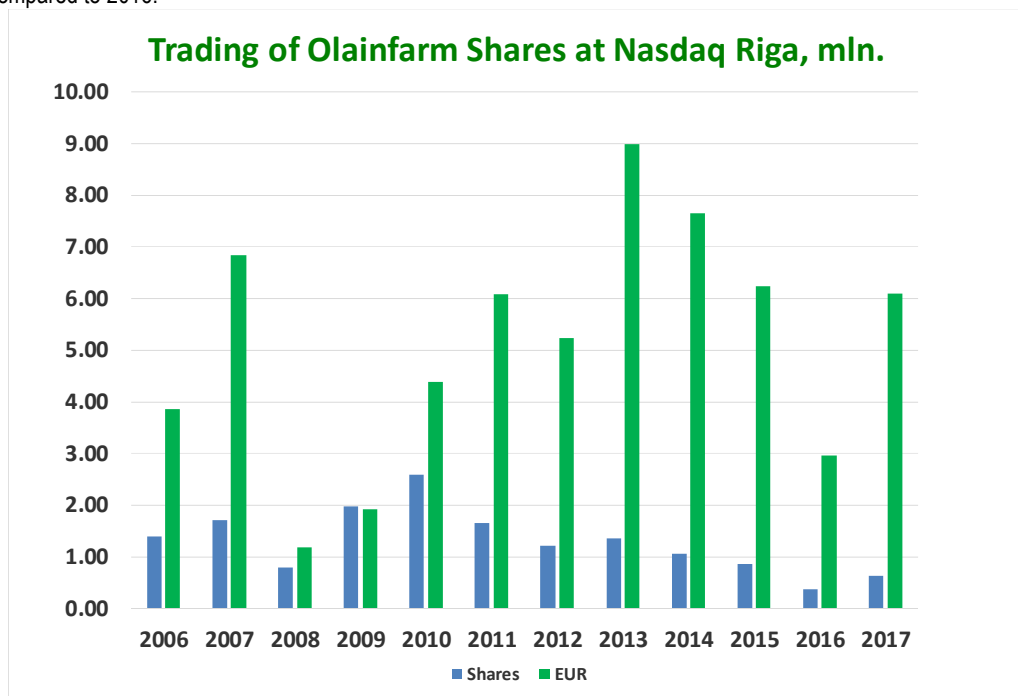
During 2017, price of share of AS Olainfarm fell by 5.41% while value of OMX Riga index increased by 35.75%

**Rebased price of Olainfarm share vs. rebased OMX Riga index
(Reporting period)**



-- OMX Riga
-- JSC Olainfarm

During 2017, more than 626 thousand shares of AS "Olainfarm" worth more than 6 million million euros were traded on Nasdaq Riga. After three years of falling volumes and turnovers, in 2017 number of traded shares increased by 67%, while turnover increased by 107%, compared to 2016.



Development

During 2017, new registration processes were completed in Latvia, Kyrgyzstan, Moldova Armenia and Azerbaijan. Registration of several medicines produced by NPK Biotest continue in Belarus has also been completed. Registration processes are still ongoing in Nepal, Armenia, Turkey, Myanmar, Cameroon and Vietnam.. Registration of new product Jogurt Actio has started in several markets. New synthesis schemes have been developed for synthesis of anticancer and anti-tuberculosis medicines.

Future Outlook

Successful operations of the Company in future will largely depend on its ability to diversify its sales markets and products and to preserve its current position in its key markets. In this respect, the Company continues taking all steps necessary to obtain the market authorisations in Turkey, where the first approvals are expected by middle of 2018. The Company may continue acquiring daughter companies in several areas related to pharmaceutical sector, possibly with different sales markets. An important precondition for more efficient operations would be an ability to integrate already acquired companies and optimize the joint administrative, logistics and marketing structure.

Environment

During the reporting period AS Olainfarm has transformed from ISO 14001:2005 standard to ISO 14001:2015 standard, which is confirmed by the updated certificate. Registration of company's products and intermediated has started in accordance with REACH regulation. Eight compounds have already been assigned a REACH registration numbers.

Modernizing of autoclaves had been completed, reducing risk of industrial failures, documentation for new cooling station is developed. Thermal insulation has been replaced throughout company's heating and cooling pipelines, allowing to further improve company's energy efficiency. Automation of water purification unit has been started

Social Responsibility

Demonstrating that health care and healthy life style is high among company's values, AS "Olainfarm" participated in organizing Annual Medical Awards, supported amateur ice hockey tournament in the town of Olaine, sponsored young local basketball, tennis and football players and a local public running competition. With the support of Olainfarm Latvian national In-Line Hockey team participated in World Championships in Slovakia.

Olainfarm continued to be the main sponsor of Dailes Theatre of Riga, allowing everyone to visit the Knowledge Hours organized by it. The Company also supported international jazz festival "Riga Jazz Stage" and celebrations of 50th anniversary of the town of Olaine.

JSC Olainfarm also provided support for a whole range of charity organisations.

Events after the reporting period

In February 2018, AS ABLV Bank announced that it would start the process of dissolution. At the time of producing this report, there is an outstanding long-term obligation towards this bank for 12 million euros. During the preparation of this report, the management is engaged in negotiations with several credit institutions about refinancing of the said loan, and is strongly convinced that, if necessary, the loan from ABLV Bank could be refinanced in a very short period of time on similar conditions.

Financial reports have been approved by the Board of the Parent company and on its behalf they are signed by:

(signature)

Oļegs Grigorjevs
Chairman of the Management Board

February 28, 2018

Statement of responsibility of the management

The Management Board of JSC Olainfarm prepares interim condensed consolidated financial statements for each quarter which give a true and fair view of the JSC Olainfarm group's (hereinafter - the Group) assets, liabilities and financial position as of the end of the respective interim period, and the financial results of the Group for that respective period. Interim condensed consolidated financial statements are prepared based on International Financial Reporting Standards as adopted by the EU in respect of interim financial statements. In preparing those financial statements, management:

- ♦ selects suitable accounting policies and then apply them consistently;
- ♦ makes judgments and estimates that are reasonable and prudent;
- ♦ prepares the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Management Board of JSC Olainfarm is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flows of the Parent Company and the Group and enable them to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by the EU.

For the Board of JSC Olainfarm:

(signature)

Oļegs Grigorjevs
Chairman of the Management Board

February 28, 2018

INTERIM CONSOLIDATED FINANCIAL STATEMENTS**Interim consolidated statement of comprehensive income**

	Note	01.10.2017 -	01.10.2016 -	01.01.2017 -	01.01.2016 -
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
		EUR '000	EUR '000	EUR '000	EUR '000
Net revenue		31 694	32 018	122 078	110 693
Cost of goods sold		(12 389)	(10 850)	(47 240)	(40 855)
Gross profit		19 305	21 168	74 838	69 838
Selling expense		(11 220)	(10 393)	(38 228)	(31 733)
Administrative expense		(6 653)	(6 156)	(23 525)	(19 735)
Other operating income		848	1 157	2 601	3 080
Other operating expense		(217)	(3 115)	(3 677)	(9 766)
Share of profit of an associate		44	36	114	63
Financial income		22	2 125	237	3 479
Financial expense		(390)	(100)	(2 303)	(307)
Profit before tax		1 739	4 722	10 057	14 919
Corporate income tax	5	2	(252)	(1 804)	(2 883)
Deferred corporate income tax	5	3 293	(657)	3 379	(450)
Profit for the reporting period		5 034	3 813	11 632	11 586
Other comprehensive income for the reporting period					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		(119)	-	(119)	-
Other comprehensive income/(loss) for the reporting period, net of tax		(119)	-	(119)	-
Total comprehensive income for the reporting period		4 915	3 813	11 513	11 586
Profit attributable to:					
The equity holders of the Parent company		5 034	3 815	11 631	11 579
Non-controlling interests		-	(2)	1	7
		5 034	3 813	11 632	11 586
Total comprehensive income attributable to:					
The equity holders of the Parent company		4 915	3 815	11 512	11 579
Non-controlling interests		-	(2)	1	7
		4 915	3 813	11 513	11 586
Basic and diluted earnings per share, EUR		0.36	0.27	0.83	0.82

The accompanying notes form an integral part of these financial statements.

For the Board of JSC Olainfarm:

(signature)

Oļegs Grigorjevs
Chairman of the Management Board

February 28, 2018

Interim consolidated statement of financial position

ASSETS	Note	31.12.2017	31.12.2016
NON-CURRENT ASSETS		EUR '000	EUR '000
Intangible assets			
Goodwill		20 985	17 251
Patents		143	137
Pharmacy licenses and lease contracts		11 953	10 404
Other intangible assets		3 500	3 432
Intangible assets under development		424	471
Prepayments for intangible assets		37	165
TOTAL		37 042	31 860
Property, plant and equipment			
Land, buildings and constructions		21 185	19 207
Equipment and machinery		13 115	13 715
Other tangible assets		3 427	3 027
Leasehold investments		426	481
Construction in progress		3 819	4 043
Prepayments for property, plant and equipment		590	470
TOTAL	6	42 562	40 943
Investment properties			
		2 731	1 963
Financial assets			
Loans to related and associated companies		-	51
Loans to management, employees and shareholders		1 735	5 694
Investments in associated companies		658	544
Prepayments and prepaid expense		202	146
Other non-current financial assets		93	79
Deferred corporate income tax assets		16	-
TOTAL		2 704	6 514
TOTAL NON-CURRENT ASSETS		85 039	81 280
CURRENT ASSETS			
Inventories			
Raw materials		4 137	3 504
Work in progress		8 784	9 841
Finished goods and goods for resale		11 432	10 246
Prepayments for goods		357	420
TOTAL		24 710	24 011
Receivables			
Trade receivables and receivables from associated and other related companies		30 335	33 213
Prepayments and prepaid expense		1 076	1 042
Other receivables		1 107	1 159
Corporate income tax		1 727	346
Loans to management, employees and shareholders		35	319
Loans to related and associated companies		-	45
TOTAL		34 280	36 124
Cash		3 158	3 165
TOTAL CURRENT ASSETS		62 148	63 300
TOTAL ASSETS		147 187	144 580

The accompanying notes form an integral part of these financial statements.

For the Board of JSC Olainfarm:

(signature)

Oļegs Grigorjevs
Chairman of the Management Board

February 28, 2018

Interim consolidated statement of financial position

EQUITY AND LIABILITIES		Note	31.12.2017	31.12.2016
			EUR '000	EUR '000
EQUITY				
Share capital			19 719	19 719
Share premium			2 504	2 504
Other components of equity			(79)	322
Retained earnings:				
brought forward			64 887	62 502
for the period			11 631	11 579
	TOTAL		98 662	96 626
Non-controlling interests			-	37
		TOTAL EQUITY	98 662	96 663
LIABILITIES				
Non-current liabilities				
Loans from credit institutions			15 347	18 237
Deferred corporate income tax liabilities			-	3 025
Deferred income			2 347	2 810
Finance lease liabilities			321	449
Other non-current financial liabilities			138	114
	TOTAL		18 153	24 635
Current liabilities				
Loans from credit institutions		7	13 544	6 826
Finance lease liabilities			151	194
Other loans			195	-
Prepayments received from customers			906	50
Trade payables and payables to associated and other related companies			10 861	10 257
Taxes payable			1 149	1 071
Deferred income			475	493
Accrued liabilities			3 091	4 391
	TOTAL		30 372	23 282
		TOTAL LIABILITIES	48 525	47 917
TOTAL EQUITY AND LIABILITIES			147 187	144 580

The accompanying notes form an integral part of these financial statements.

For the Board of JSC Olainfarm:

(signature)

Oļegs Grigorjevs
Chairman of the Management Board

February 28, 2018

Interim consolidated statement of cash flow

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
	EUR '000	EUR '000
Cash flows to/from operating activities		
Profit before taxes	10 057	14 919
Adjustments for:		
Amortization and depreciation	6 449	5 810
Loss/ (profit) on sale/ disposal of non-current assets	(12)	(89)
Impairment of tangible, intangible assets and investment property	1 778	237
Increase/ (decrease) in allowances	(2 253)	7 923
Share of profit of an associate	(114)	(63)
Interest expenses	440	307
Interest income	(235)	(275)
Income from EU projects' funds	(796)	(1 099)
Unrealised loss/ (profit) from fluctuations of currency exchange rates	(511)	(1 488)
Operating cash flows before working capital changes	14 803	26 182
Decrease/ (increase) in inventories	489	1 528
Decrease/ (increase) in receivables and prepaid expense	4 189	(9 868)
(Decrease)/ increase in payables and prepayments received	3 273	799
Cash generated from operations	22 754	18 641
Corporate income tax paid	(3 157)	(3 074)
Net cash flows to/ from operating activities	19 597	15 567
Cash flows to/from investing activities		
Purchase of intangible assets and property, plant and equipment	(7 400)	(6 929)
Purchase of investment properties	(1 288)	(2 200)
Receipt of EU grants	306	641
Acquisition of subsidiaries	(6 786)	(19 576)
Proceeds from sale of intangible assets and property, plant and equipment	338	314
Proceeds from sales of investments	-	172
Repayment of loans	4 220	1 116
Interest received	609	144
Loans granted	(603)	(630)
Net cash flows to/from investing activities	(10 604)	(26 948)
Cash flows to/from financing activities		
Dividends paid	(9 304)	(2 549)
Borrowings repaid	(5 822)	(4 831)
Interest paid	(440)	(307)
Proceeds from borrowings	6 126	16 600
Net cash flows to/from financing activities	(9 440)	8 913
Change in cash	(447)	(2 468)
Net foreign exchange difference	440	59
Cash at the beginning of the year	3 165	5 574
Cash at the end of the reporting period	3 158	3 165

The accompanying notes form an integral part of these financial statements.

Interim consolidated statement of changes in equity

	Equity attributable to the equity holders of the Parent company							Non-controlling interests	Total
	Share capital	Share premium	Reserves	Foreign currency translation reserve	Retained earnings	Total			
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000		
Balance as at 31 December 2015	19 719	2 504	322	-	65 773	88 318	30	88 348	
Profit for the reporting period	-	-	-	-	11 579	11 579	7	11 586	
Other comprehensive income	-	-	-	-	-	-	-	-	
Total comprehensive income	-	-	-	-	11 579	11 579	7	11 586	
Business combination	-	-	-	-	-	-	392	392	
Acquisition of non-controlling interest	-	-	-	-	(722)	(722)	(392)	(1 114)	
Dividends	-	-	-	-	(2 549)	(2 549)	-	(2 549)	
Balance as at 31 December 2016	19 719	2 504	322	-	74 081	96 626	37	96 663	
Profit for the reporting period	-	-	-	-	11 631	11 631	1	11 632	
Other comprehensive income	-	-	-	(119)	-	(119)	-	(119)	
Total comprehensive income	-	-	-	(119)	11 631	11 512	1	11 513	
Acquisition of non-controlling interest	-	-	-	-	(180)	(180)	(30)	(210)	
Dividends	-	-	(282)	-	(9 014)	(9 296)	(8)	(9 304)	
Balance as at 31 December 2017	19 719	2 504	40	(119)	76 518	98 662	-	98 662	

The accompanying notes form an integral part of these financial statements.

Notes to the interim condensed consolidated financial statements

1. Corporate information

The principal activities of Olainfarm Group (hereinafter, the Group) are manufacturing and distribution of chemical and pharmaceutical products. The Parent Company of the Group, JSC Olainfarm (hereinafter, the Parent Company) was registered with the Republic of Latvia Enterprise Register on 10 June 1991 (re-registered on 27 March 1997) and with the Republic of Latvia Commercial Register on 4 August 2004. The shares of the Parent Company are listed on Riga Stock Exchange, Latvia.

These unaudited interim condensed consolidated financial statements (hereinafter – the interim financial statements) were approved by the Management Board on 28 February 2018.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The interim condensed consolidated financial statements for twelve months ended 31 December 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

The interim financial statements are presented in euro (EUR), the monetary unit of the Republic of Latvia, and rounded to the nearest thousand (EUR '000 or thsd. EUR).

The interim financial statements comprise the financial statements of the Parent Company and all its subsidiaries as at 31 December 2017.

Changes in accounting policy and disclosures

The accounting policies are consistent with those followed in the preparation of the Group's annual financial statement for the previous periods. The Group has evaluated new and amended IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2017. No impact on the interim financial statements of the Group was identified.

The Group has not applied and has not evaluated the impact of the application of the IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective. The Group plans to adopt these standards and interpretations on their effectiveness dates provided they are endorsed by the EU.

3. Business combination and reorganization**Acquired subsidiaries**

During the reporting period, the Group acquired several unlisted companies registered in Latvia as described below. Companies were acquired to diversified business activity, to expand the Group product portfolio, to increase retail coverage. The Group has used a multiple earnings method in the valuation of intangible assets. The main assumptions used – expected profitability and revenue growth. At the date of authorizing for issue the interim financial statements the Group has not yet finalized the identification process for intangible assets from the business combinations - therefore the net assets and goodwill recognized in the interim financial statements are provisional. The interim financial statements include the results of acquired companies from acquisition date till the end of reporting period.

Acquisition of Pharmacies

The provisional fair value of the identifiable assets and liabilities of the companies as at the date of acquisition were:

Acquired entity	<i>Pārventas aptieka</i>	<i>Veselība</i>	<i>Rēzeknes ērgļa aptieka</i>	TOTAL EUR '000
	28.02.2017	25.05.2017	19.06.2017	
Percentage of voting equity interest acquired	100%	100%	100%	
Acquisition date	28.02.2017	25.05.2017	19.06.2017	
	Fair value recognized on acquisition			TOTAL
	EUR '000	EUR '000	EUR '000	EUR '000
Assets				
Premises lease agreement and licences	400	910	310	1 620
Property, plant and equipment	46	139	-	185
Cash and cash equivalents	47	30	57	134
Other receivables	17	9	1	27
Trade receivables	-	28	11	39
Inventories	63	177	80	320
	573	1 293	459	2 325
Liabilities				
Trade payables	(106)	(152)	(117)	(375)
Other current liabilities	(9)	(60)	(14)	(83)
Deferred tax liabilities	(66)	(157)	(48)	(271)
	(181)	(369)	(179)	(729)
Total identifiable net assets at fair value	392	924	280	1 596
Goodwill arising on acquisition	908	2 076	1 420	4 404
Purchase consideration transferred	1 300	3 000	1 700	6 000
Goodwill comprises:				
- an increase in deferred tax from acquired net asset fair value and book value difference	66	157	48	271
- expected synergies and assembled workforce not recognised separately	842	1 919	1 372	4 133
Analysis of cash flows on acquisition:				
Net cash acquired with the subsidiary	47	30	57	134
Cash paid	(1 300)	(3 000)	(1 700)	(6 000)
Net cash outflow	(1 253)	(2 970)	(1 643)	(5 866)
Effect of acquisition to the Group				
Revenue contributed	102	856	311	1 269
Profit/ (loss) before tax generated	(5)	32	(6)	21
Estimated effect of acquisition if acquisition date had been as of the beginning of the year:				
Estimated revenue for whole period	240	1 670	777	2 687
Estimated profit/ (loss) before tax for whole period	9	31	(3)	37

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the subsidiary with those of the Group and increase of deferred tax liability from the business combination.

The acquired pharmacies goodwill is allocated entirely to the pharmacy retail segment.

3. Business combination and reorganization (cont'd)**Acquisition of Wholesale and Health care companies**

The provisional fair value of the identifiable assets and liabilities of the companies as at the date of acquisition were:

Acquired entity	<i>Global Lux</i>	<i>Aroma</i>	<i>Olaines veselības centrs</i>	
	22.03.2017	19.05.2017	21.06.2017	
Percentage of voting equity interest acquired	100%	100%	100%	
Acquisition date	22.03.2017	19.05.2017	21.06.2017	
	Fair value recognized on acquisition			TOTAL
	EUR '000	EUR '000	EUR '000	EUR '000
Assets				
Intangible assets	66	-	-	66
Property, plant and equipment	-	134	129	263
Cash and cash equivalents	15	6	75	96
Other receivables	5	2	1	8
Trade receivables	28	224	17	269
Inventories	52	659	5	716
	166	1 025	227	1 418
Liabilities				
Trade payables	(19)	(108)	(4)	(131)
Other current liabilities	(2)	(218)	(69)	(289)
Other long term liabilities	-	(134)	-	(134)
Deferred tax liabilities	(13)	(44)	(8)	(65)
	(34)	(504)	(81)	(619)
Total identifiable net assets at fair value	132	521	146	799
Goodwill arising on acquisition	4	79	504	587
Purchase consideration transferred	136	600	650	1 386
Purchase consideration:				
- Cash paid during reporting period	88	68	650	806
- Settlement against loan	-	250	-	250
- Loan and trade receivable balance at acquisition date	50	282	-	332
Purchase consideration	138	600	650	1 388
Goodwill comprises:				
- an increase in deferred tax from acquired net asset fair value and book value difference	13	44	8	65
- expected synergies and assembled workforce not recognised separately	(9)	35	496	522
Analysis of cash flows on acquisition:				
Net cash acquired with the subsidiary	15	6	75	96
Cash paid	(88)	(68)	(650)	(806)
Net cash outflow	(73)	(62)	(575)	(710)
Effect of acquisition to the Group				
Revenue contributed	156	695	269	1 120
Profit/ (loss) before tax generated	(21)	(307)	(60)	(388)
Estimated effect of acquisition if acquisition date had been as of the beginning of the year:				
Estimated revenue for whole period	194	977	530	1 701
Estimated profit/ (loss) before tax for whole period	(13)	(307)	(75)	(395)

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the subsidiary with those of the Group and increase of deferred tax liability from the business combination.

The goodwill is allocated separately for each business segment.

Goodwill arising on acquisition of SIA Olaines veselības centrs has been partially written-off at the moment of recognition in amount of 440 thsd. EUR. After acquisition Olaines Veselības Centrs is renamed to OlainMed

3. Business combination and reorganization (cont'd)

Merging of pharmacies

During the reporting period reorganization - merging process was performed in the course of which five of JSC Olainfarm owned pharmacies (acquiree) were merged into SIA Latvijas Aptieka (acquirer). On 11 August 2017 the companies SIA FB1, SIA Gostiņu Aptieka, SIA Nikafarm, SIA Rūpes Farm Aptieka and SIA Stefānijas aptieka were merged into SIA Latvijas Aptieka.

During the reporting period reorganization of SIA Aroma has been initiated with intent to merge it into SIA Latvijas Aptieka. On 09 January 2018 the company SIA Aroma is merged into SIA Latvijas Aptieka.

All the rights and obligations of the acquirees were transferred to the acquirer. Assets and liabilities of the acquired companies were reflected in the financial statements of SIA Latvijas Aptieka at their carrying value as at the date of the merging, excluding intercompany mutual balances and the difference recognizing in prior year retained earnings. Due to the fact that all merged companies till the date of the reorganization were part of the same Group, the performed reorganization did not affect the financial results of the interim consolidated financial statements.

4. Impairments

Goodwill acquired through business combinations has been allocated to the following cash generating units (CGU): Pharmacy (all pharmacy retail entities), Silvanols, Tonus Elast (Tonus Elast and Elast Medical), Biotest, Diamed and Other. Premises lease agreements, licenses and other intangible assets with indefinite or definite lives identified through business combinations are fully related to respective CGU.

The recoverable amount of each CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by the management of the Group. Value of CGUs is tested for impairment annually at the year end and when circumstances indicate the carrying value may be impaired. Management has not identified circumstances that indicate the carrying value of CGUs related goodwill, premises lease agreements, licenses and other intangible assets acquired through business combinations may be materially impaired at the date of these interim financial statements, except for Kivvi Cosmetics, NPK Biotest and OlainMed. Based on actual post acquisition performance and adjustments of future forecasts the impairment of goodwill in these companies is recognized in total on 1 258 thsd. EUR during this reporting period.

5. Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax in the interim condensed income statement are corporate income tax 1 804 thsd. EUR (12M 2016: 2 883 thsd. EUR).

Government of the Republic of Latvia carried out tax policy reform and introduced amendments in tax laws effective from 1 January 2018. The tax reform significantly changes calculation principles of corporate income tax that will influence recognition of deferred income tax in the financial statements. As a result, deferred tax is derecognized at the end of reporting period on total amount of 3 371 thsd. EUR that represent 100% net deferred income tax liability of Latvia domicile entities.

6. Property, plant and equipment

During the reporting period the investments of 1 384 thsd. EUR are provided under the EU co-financed project Implementation of Experimental Technology for Production of New Products of JSC Olainfarm. Total Parent company's investments in the project is estimated on 6.3 million EUR to be completed by the end of year 2019.

Additional development costs of investment property acquired at the end of year 2016 during the reporting year is 1 271 thsd. EUR. Management estimate the impairment of the additional investment in the property on amount of 520 thsd. EUR subject to property's post-completion valuation.

7. Loans from credit institutions

During the reporting year JSC Olainfarm has increased credit amount of the existing credit contract by 5 770 thsd. EUR to finance acquisition of pharmacies. The due date according to the existing contract is December 28, 2018, and it is expected that at the due date the outstanding amount would be 4 079 thsd. EUR which is therefore recognized as short term liability in these financial statements. Management does not expect any obstacles to prolong the credit repayment term.

8. Related party disclosures

Related party	Type of services		Goods and services	Goods and	Amounts	Amounts
			delivered to/ Loans issued to related parties	services received from related parties	owed by related parties (gross)	owed to related parties (gross)
			EUR '000	EUR '000	EUR '000	EUR '000
1. Associated entities						
SIA Olainfarm enerģija (AS Olainfarm share 50%)	Loan, services, energy production	31.12.2016 31.12.2017	56 50	386 398	56 4	35 -
SIA Pharma and Chemistry Competence Centre of Latvia (AS Olainfarm share 11%, SIA Silvanols share 19%)	Financing and project management services	31.12.2016 31.12.2017	- -	18 -	8 -	- -
TOTAL: 31.12.2016			56	404	64	35
TOTAL: 31.12.2017			50	398	4	-
2. Key management personnel						
V. Maligins (shareholder)	Loan and travelling services	31.12.2016 31.12.2017	1 352 1 230	48 321	5 611 1 929	48 105
Other management personnel	Loan	31.12.2016 31.12.2017	60 3	- -	56 29	- -
Other management personnel	Loan	31.12.2016 31.12.2017	83 5	- -	106 99	- -
TOTAL: 31.12.2016			1 495	48	5 773	48
TOTAL: 31.12.2017			1 238	321	2 057	105
3. Entity with significant influence						
SIA Olmafarm (shareholder)	Loan and finished goods sale	31.12.2016 31.12.2017	59 2	- -	51 -	- -
TOTAL: 31.12.2016			59	-	51	-
TOTAL: 31.12.2017			2	-	-	-
4. Other Related companies						
SIA Vega MS (V.Maligins share 59.99%)	Security services, manufacture of windows	31.12.2016 31.12.2017	- -	573 557	- -	4 -
SIA Lano Serviss (V.Maligins share 25%)	Drycleaner's services	31.12.2016 31.12.2017	13 11	33 34	1 1	3 3
SIA Olfa Press (V.Maligins share 47.5%)	Printing services	31.12.2016 31.12.2017	51 27	1 469 1 459	25 4	230 170
SIA Olalex (V.Maligins share 50%)	Finished goods sale and other services	31.12.2016 31.12.2017	15 36	31 76	- -	- -
SIA VIP Pharma (A.Raicis share 50%)	Product registration services	31.12.2016 31.12.2017	- -	5 24	- -	- -
Olainfarm Health Care Private Ltd (I.Maligina share 50%)	Product registration services	31.12.2016 31.12.2017	- -	- 33	- -	- -
SIA Egotrashcinema (V.Maligins share 40%)	Travelling and other services	31.12.2016 31.12.2017	6 22	- -	6 29	- -
TOTAL: 31.12.2016			85	2 111	32	237
TOTAL: 31.12.2017			96	2 183	34	173

Due to the changes in the Council of JSC Olainfarm, starting from May 12, 2017 OOO Medical Development Agency is no more related party to JSC Olainfarm and intercompany transactions between JSC Olainfarm and OOO Medical Development Agency are not included in the table above. During the period from the beginning of the year 2017 till May 12, 2017 there were no transactions between the companies. Amount due from OOO Medical Development Agency as at the end of the reporting period is 24 thsd. EUR.

During the reporting period, the Group acquired 100% equity shares of SIA Aroma (previously owned by V. Maligins). Thus, starting from 19 May, 2017 SIA Aroma is considered as subsidiary of JSC Olainfarm and is fully consolidated in these Financial Statements.

9. Segment information

	Medicine Production	Wholesale	Retail	Compression Materials	Other segments	Total segments	Unallocated and eliminated	Consolidated
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Assets								
31.12.2017	81 629	6 612	17 766	16 386	10 998	133 391	13 796	147 187
31.12.2016	82 464	5 106	11 971	15 536	10 795	125 872	18 708	144 580
Liabilities								
31.12.2017	12 305	2 631	4 644	3 980	3 343	26 903	21 622	48 525
31.12.2016	14 052	2 000	4 442	3 611	2 954	27 059	20 858	47 917
Revenue								
External customers								
2017	75 295	6 140	21 819	10 057	8 767	122 078	-	122 078
2016	79 504	2 786	18 819	4 927	4 657	110 693	-	110 693
Inter-segment								
2017	435	9 985	523	3 412	1 175	15 530	(15 530)	-
2016	396	8 494	384	988	700	10 962	(10 962)	-
Total revenue								
2017	75 730	16 125	22 342	13 469	9 942	137 608	(15 530)	122 078
2016	79 900	11 280	19 203	5 915	5 357	121 655	(10 962)	110 693
Segment profit								
2017	11 159	1 416	864	1 404	(546)	14 297	(4 240)	10 057
2016	9 087	592	761	1 064	206	11 710	3 209	14 919

Reconciliation of profit

	2017	2016
	EUR '000	EUR '000
Segment profit	14 297	11 710
Unallocated financial income	299	3 348
Unallocated financial expenses	(1 963)	(288)
Other unallocated income and expense	(1 222)	266
Inter-segment elimination	(1 354)	(117)
Profit before tax	10 057	14 919

Reconciliation of assets

	31.12.2017	31.12.2016
	EUR '000	EUR '000
Segment operating assets	133 391	125 872
Unallocated long term assets and eliminations	17 345	19 021
Unallocated short term assets and eliminations	(5 652)	(2 541)
Cash managed on group level	2 103	2 228
Total assets	147 187	144 580

Reconciliation of Liabilities

	31.12.2017	31.12.2016
	EUR '000	EUR '000
Segment operating liabilities	26 903	27 059
Deferred tax liability	-	851
Interest bearing loans and borrowings	27 628	23 492
Current tax liabilities	38	15
Other unallocated liabilities and eliminations	(6 044)	(3 500)
Total liabilities	48 525	47 917

10. Dividends paid and proposed

Latest shareholder meeting of JSC Olainfarm has made a decision that the dividends of 0.66 EUR per share are paid from Parent company's profit of 2016 and reserves. Dividends payout is arranged in three equal instalments at the ends of second, third and fourth quarters of 2017 respectively. The first stage of dividends payout in amount of 3 099 thsd. EUR was accomplished on 20 June, 2017. The second dividends payout in the same amount of 3 099 thsd. EUR was processed on 12 September, 2017. The third stage of dividends payout in amount of 2 817 thsd. EUR was accomplished on 12 December, 2017. Additionally, on 20 December, 2017 reserves payout in amount of 282 thsd. EUR was processed.

11. Events after the reporting period

On 09 January 2018 the company SIA Aroma is merged into SIA Latvijas Aptieka.

During the post-reporting period reorganization of SIA Longgo has been initiated with intent to merge it into SIA Silvanols.

There are no other events after the reporting period end that might be material in the context of these interim financial statements.