



ANNUAL REPORT

2008

Grindex

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Report by the Chairman of the Council and Chairman of the Board of “Grindeks”



Kirovs Lipmans
JSC „Grindeks” Chairman of the Council



Jānis Romanovskis
JSC „Grindeks” Chairman of the Board

The results of 2008 highlight the fact that “Grindeks” business strategy and priorities hit their mark i. e. the business operated successfully last year. The net profit in 2008 stood at 9 million lats, besting 2007 by 1.9 million lats or 26.8%. Turnover of the business stood at 62.1 million lats in 2008, surpassing 2007 by 10.5 million lats or 21.5%.

The credit for these results goes to the “Grindeks” workforce, in field research and manufacturing as well as sales in all the markets important for us. The constructive dialogue between the shareholders and management of the company has facilitated the effective multiform organization of the pharmaceutical company and reduced potential risks.

Last year will be remembered in history as the beginning of the global credit crunch, therefore the achievement of “Grindeks” strategic goal – to maintain growth rates and maintain the previous increase in turnover and profit – was a particular challenge for the company.

The development of “Grindeks” is characterized by another important achievement. Regardless of the external financial and economic conditions, the business steadfastly continued to implement its investment programme in 2008. In January 2009, the new final dosage forms plant was opened. This is the largest investment project in the history of the company, with 9.1 million lats invested over two years, including 6.4 million lats in construction and 2.7 million lats in technological devices and equipment. Due to the new final dosage forms plant, manufacturing productivity and capacity will be substantially increased to 1.5 billion tablets and 500 million capsules per year.

An important precondition of the development of the company is research and development of drugs. We are confident that clinical research into new combinations of the brandname Mildronate® will soon be successful, however the precise dates when the clinical research will be completed are still not known.

The most substantial increase in profits in 2008 came through increasing sales volumes of “Grindeks” final dosage medications by 19.5%. In total final dosage medications worth 56.7 million lats were sold, surpassing 2007 by 9.3 million lats. The largest volume of medications was sold in the main export markets: Russia, Ukraine, Kazakhstan and Belarus.

Good results were provided by a cooperation agreement concluded at the beginning of last year with one of the biggest pharmaceutical companies in Russia, “Pharmstandard”, for the sale of Mildronate® in Russia. In 2008 this medication continued to be the company’s flagship product. However, aware of having all its eggs in one basket, “Grindeks” is constantly working on broadening its product range and introduces four new generic medications every year.



2008 – The Year of Important Investments and Good Results

“Grindeks” profit and turnover indicators were also positively influenced thanks to exports of active pharmaceutical ingredients (API) reaching 5.1 million lats in 2008, surpassing 2007 by 1.2 million lats or 30.8%. The main API export markets for “Grindeks” are Europe, Japan, USA, Australia, Pakistan and India, while the most popular products are Ftorafur (Tegafur), Zopiclone, Oxytocin, Rilmenidine and the new veterinary products Detomidine, Medetomidine and Atipamezole. We are satisfied that “Grindeks” holds 35% of the world market for exports of Zopiclone and Oxytocin, while exports of the new veterinary products in the European Union (EU) member states already amount to 36% of the EU market.

One of the advantages of “Grindeks” is the high quality of its products. In 2008, quality audits by the pharmaceutical institutions of Latvia, the USA, Japan, Russia and other foreign cooperation partners as well as inspections of environmental control institutions and ISO were conducted in the company. Last year specialists of the business performed more than 30 audits in the production units of raw material manufacturers.

Quality requirements in the field of pharmacy and Good Manufacturing Practice (GMP) increase every year. Since 2000, manufacturing of “Grindeks” final dosage forms has carried a GMP certificate, while last year the GMP certificate was also awarded to the API production unit.

Establishing an overall risk reduction system for the workplace, “Grindeks” has made substantial improvements in the field of health and safety in 2008.

In 2008, the business passed inspection by auditors for the Integrated Management System.

As an export-oriented company, “Grindeks” continued to acquire new markets and increase the sale of medications in existing markets in 2008. In order to expand operation in the CIS countries, a new representative office was opened in Uzbekistan. Last year, registration of medications was completed in Finland and in the beginning of 2009, the medication Risipaxol® was registered in Turkey. Intensive work is taking place in order to register Mildronate® in China, the registration of Mildronate® has been started also in Vietnam. We are sure that entering new, promising markets will also be justified in future.

We were honoured to receive several awards last year. “Grindeks” was acknowledged as the most export-capable Latvian company among large and medium-sized companies, and we also received

the Baltic Corporate Excellence Award as the best Latvian company listed on the Baltic stock exchange. Our Internet homepage was evaluated as the best homepage in the field of investor relations. The assessment of "Grindeks" reputation has been a source of pride for us, as we were placed first in the sector in Latvia and received the experts' opinion as the company with the best reputation. That has been stimulated by "Grindeks" seeking out international markets, as well as by our products, corporate communications and corporate social responsibility.

In addition to our business achievements, we take our social responsibility seriously by investing in education and science and supporting events in the sector. With the aid of the "Grindeks" Foundation "For the Support of Science and Education" established in 2006, last year scholarships were awarded to students, teachers, scientists and educational institutions, while specialists and physicians in the sector were brought together in medical conferences and congresses.

2009 will be a year of challenge for companies, especially manufacturers, in terms of operation optimisation and cost reduction. We are aware that the operating results of "Grindeks" will be determined by our own ability to expand our range of products and acquire new markets, and by the economic and financial situation in world markets. Taking into account that major competition exists in pharmaceuticals, the ability of "Grindeks" to flexibly respond to changes in export markets and rationalise costs will be of great importance in the near future.

This year will not be easy, but "Grindeks" is optimistic and ambitious regarding the future. We are sure that we will be able to use the potential, knowledge and experience of "Grindeks" in complicated conditions. We express gratitude to the workforce and cooperation partners of "Grindeks" for their contribution to the successful development of our business.



Kirovs Lipmans
Chairman of the Council



Jānis Romanovskis
Chairman of the Board



About the Company

“Grindeks” is the leading pharmaceutical company in the Baltic States, with extensive experience in the research, development, manufacture and sale of both brand and generic medications as well as active pharmaceutical ingredients in more than 40 countries. Its activities are vertically integrated and the company has all the necessary resources to perform the complete development cycle of a product using its own resources, from research and development of medications to registration and sales.

The geographical location of “Grindeks” in Latvia is a great advantage. We are a bridge between Europe and the East, which allows us to save on logistics costs by delivering products in both directions – to the European Union and CIS countries.

The business philosophy of the company is closely related to the values facilitating the development of “Grindeks”, promoting competitiveness and establishing the internal culture of the company.

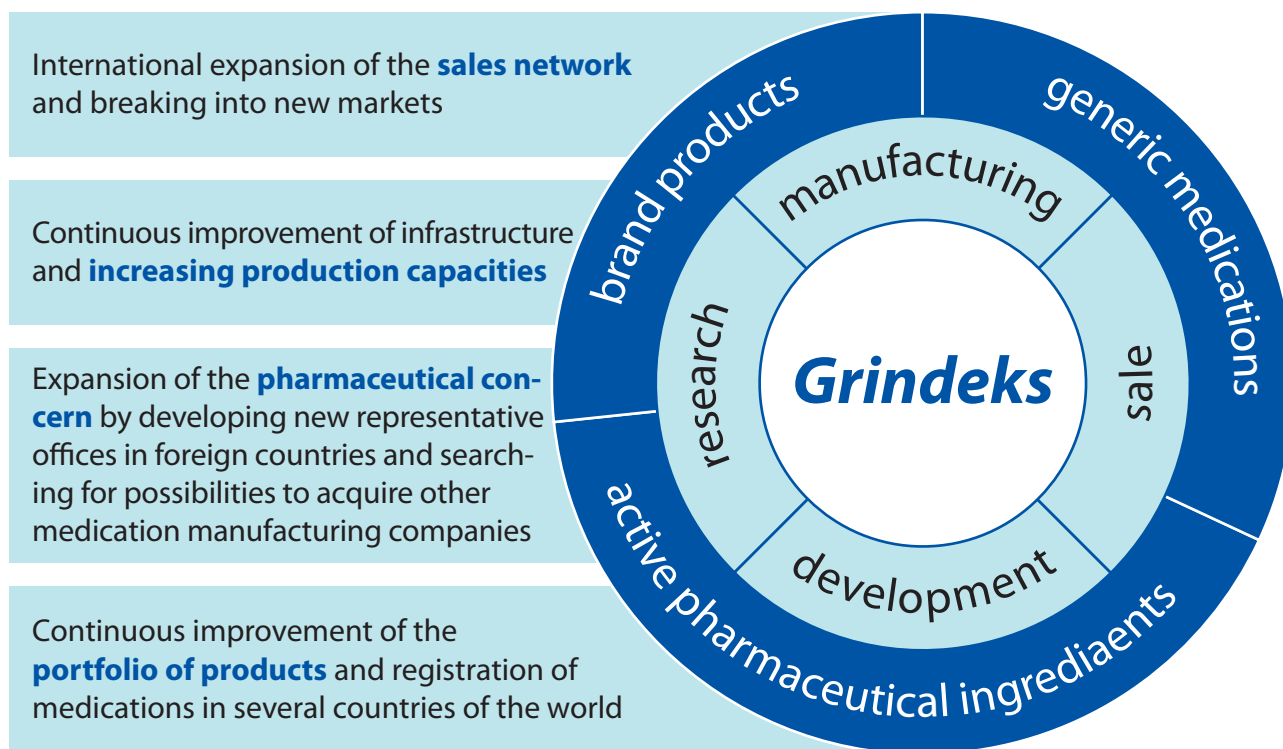
“Grindeks” performance is characterized by:

- **Vertical integration of operational processes** to ensure complete development of the product
- **Technological supply** – with regard to technologically advanced equipment, “Grindeks” rates among TOP international companies
- **Brand products** – “Grindeks” manufactures qualitative brand products by using mid-range services and raw materials
- **Scientific links** – close cooperation with Latvian scientists, as well as traditional ties with Russian scientists and scientists in other CIS countries, whose high level of knowledge is beyond question
- **Broad specialization, know-how, practical experience and flexibility**

Factors facilitating development of “Grindeks”

- Meeting high international standards
- Extensive know-how and experience over the entire life cycle of the product
- Highly qualified personnel
- New and modern technologies
- Quality assurance in accordance with international requirements (GMP, GLP, GDP, FDA, TGA, APIC etc.)
- Traditions of close cooperation with scientists and manufacturers in Latvia, Russia and other CIS countries
- A network of representative offices in the Baltic States and CIS countries, and cooperation partners in Europe and elsewhere in the world

Strategy



Mission

We care about human health as well as our employees and shareholders.
We are an innovation based and environmentally friendly company.

Vision

We aim to become a significant European pharmaceutical company.

Values

- **Employees** We are professionals using our knowledge and skills to achieve the determined goals.
- **Quality** We are responsible for the production of safe and effective medicine, ecologically clean environment and work place safety.
- **Innovation** We are steering development of science and research, as well as implementing latest technologies.
- **Stability** We are reliable partners, socially responsible and honouring traditions.



Corporate governance

JSC "Grindeks" maintains high standards for corporate management in its activities and carries out governance of the company in accordance with the Corporate Governance Principles adopted by "NASDAQ OMX Riga" in 2005. Along with the audited consolidated annual report of "Grindeks", for the last two years a Corporate Governance Report has been submitted to "NASDAQ OMX Riga". It is available on both the "Grindeks" and "NASDAQ OMX Riga" websites.

"Grindeks" is managed by the General Meeting of Shareholders, the Supervisory Council and the Management Board.

General Meeting of Shareholders

The General Meeting of Shareholders of "Grindeks" was held twice during the accounting period: on February 22, 2008, and April 24, 2008. On February 22, 2008, an extraordinary general meeting of shareholders was held, at which the election of members of the Council took place. On April 24, 2008, the annual general meeting of shareholders was held to approve the annual report of the joint-stock company and direct the profits for the preceding period to developing the company and raising its competitiveness.

Supervisory Council



Kirovs Lipmans
Chairman of the Council



Vitālijs Gavrilovs
Deputy Chairman of the Council



Uldis Osis
Member of the Council



Jānis Naglis
Member of the Council



Anna Lipmane
Member of the Council

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

Kirovs Lipmans has served as Chairman of the Council at JSC "Grindeks" since 2003. From 1996 to 2002 he was Chairman of the Council at JSC "Liepājas Eļļas rūpnīca" and JSC "Liepājas Metalurgs". Mr. Lipmans is also President of the Latvian Hockey Federation. He is a graduate of the Leningrad Institute of Railway and Transport Engineering and the Faculty of Economics at the University of Latvia, earning a degree as an Engineer-Economist. Mr. Lipmans is also the largest shareholder of "Grindeks".

- **Vitālijs Gavrilovs, Deputy Chairman of the Council**

Vitālijs Gavrilovs has served on the Council of JSC "Grindeks" since 2003. From 1985 to 2004 Mr. Gavrilovs was President and Chairman of the Board of JSC "Aldaris". He is also currently President of the Employers' Confederation of Latvia. He is a graduate of Riga Technical University (Engineer-Technician and Engineer-Economist). Mr. Gavrilovs is one the largest shareholders of "Grindeks".

- **Uldis Osis, Member of the Council**

Uldis Osis has served on the Council of JSC "Grindeks" since 2002. Mr. Osis is also President of SIA "Konsorts". He studied Political Economy at the Leningrad State University Faculty of Economics, as well as completing a post graduate course at the USSR Building Economics Research Institute of the Building Committee, obtaining a diploma as a Science Candidate of Economics.

- **Jānis Naglis, Member of the Council**

Jānis Naglis has been Member of the JSC "Grindeks" Council since 2002. In addition to his responsibilities at "Grindeks", Mr. Naglis is also General Manager of "Hotel Islande" Ltd. and President of the Association of Hotels and Restaurants of Latvia. Mr. Naglis graduated from Riga Polytechnic Institute with the qualification of Engineer-Mechanic.

- **Anna Lipmane, Member of the Council**

Anna Lipmane was elected to the Council in 2008. Mrs. Lipmane is a certified neurologist and since 2003 has served as Advisor to the Chairman of the Management Board of JSC "Grindeks". Mrs. Lipmane is one of the largest shareholders of JSC "Grindeks".

Management Board

Organization of the day-to-day running and implementation of the strategic decisions of "Grindeks" is carried out by the Board, consisting of managers representing the most important business spheres of the company.



Jānis Romanovskis
Chairman of the Board



Lipmans Zeligmans
Member of the Board,
Director of Final Dosage
Forms Manufacturing



Vadims Rabša
Member of the Board,
Finance and Administrative Director

- **Jānis Romanovskis, Chairman of the Board**

Born in 1960. Graduated from the Faculty of Economics of the University of Latvia. Has been working at JSC "Grindeks" since 2003. Previously served as Finance and Administrative Director and Member of the Board. Before that he worked as Financial Director of "Komerccentrs Dati grupa" Ltd.

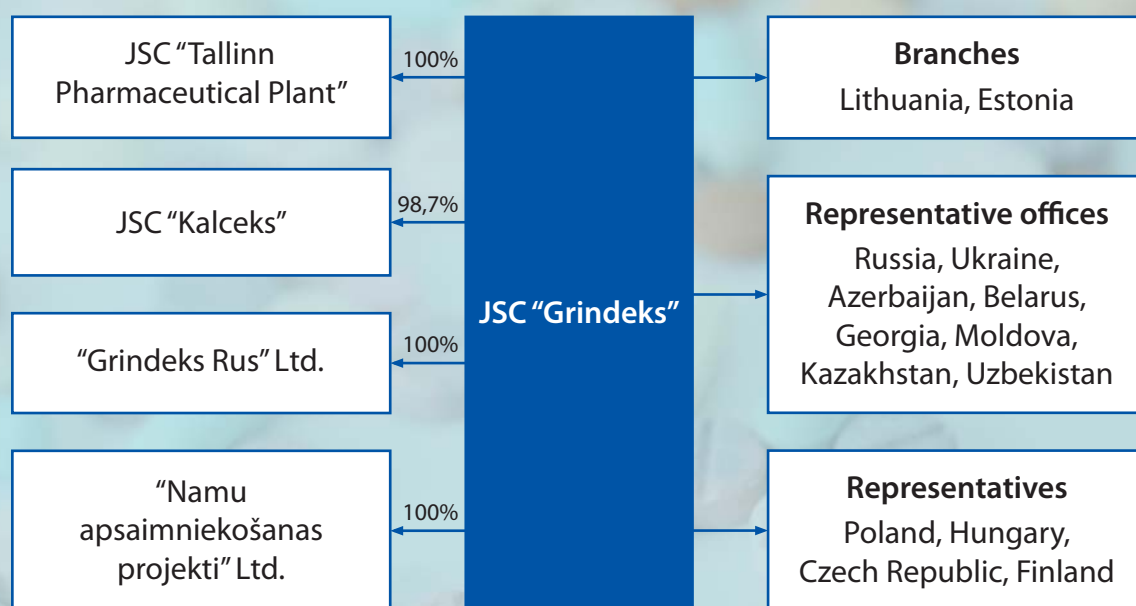
- **Lipmans Zeligmans, Member of the Board, Director of Final Dosage Forms Manufacturing**

Born in 1947. Graduated from the Faculty of Chemistry of the Riga Polytechnic Institute. Has been working at JSC "Grindeks" since 1992. Previously worked in the experimental factory of the Institute of Organic Synthesis of the Latvian Academy of Sciences.

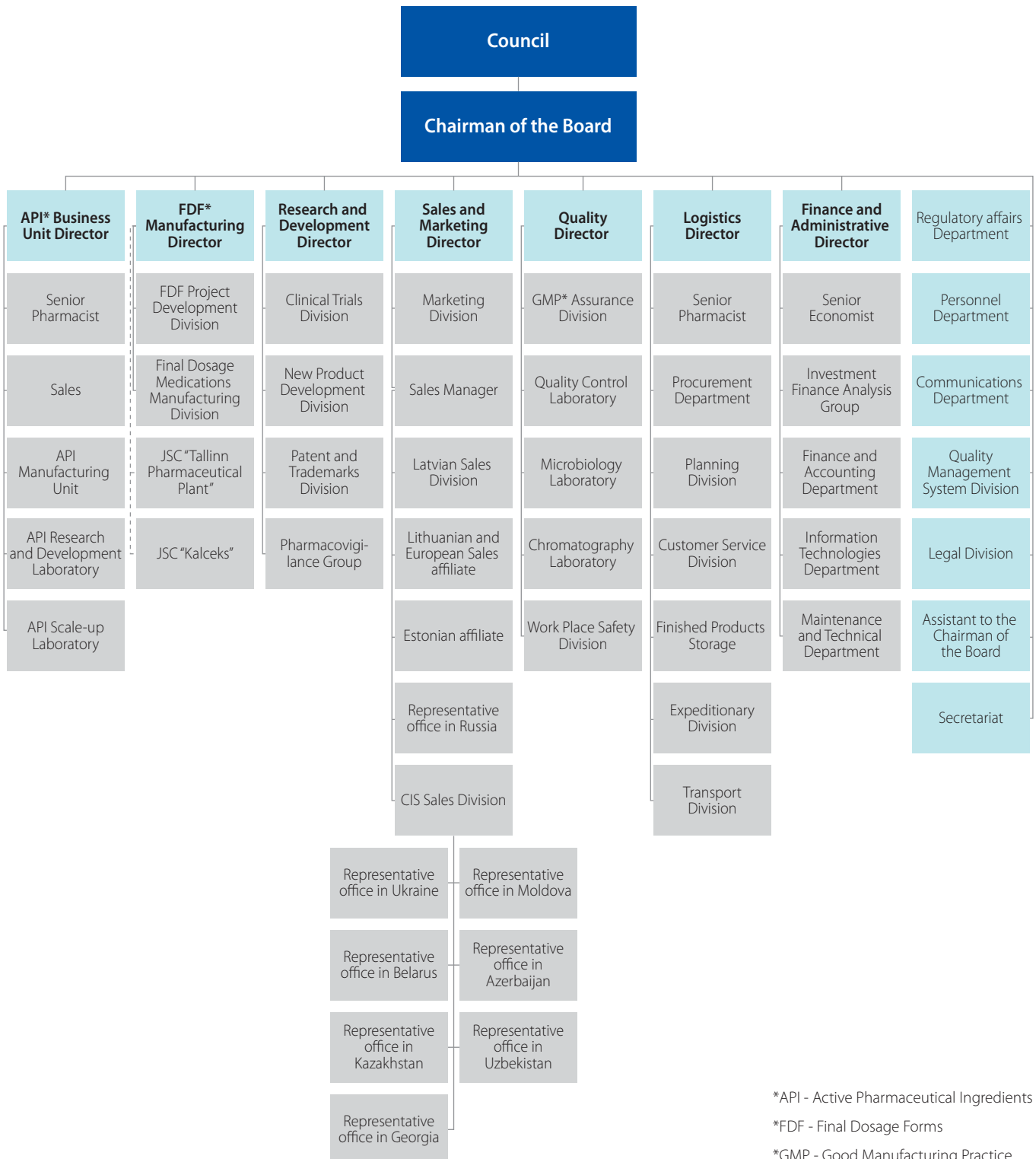
- **Vadims Rabša, Member of the Board, Finance and Administrative Director**

Born in 1976. Graduated from the Stockholm School of Economics in Riga where he studied Economics and Business. Has been working at JSC "Grindeks" since 2007. Previously was employed at "Exigen Services" Ltd., holding the post of Chief Finance Officer, as well as the position of Deputy Chairman of the Board at JSC "DATI Exigen Group". V.Rabša also worked at JSC "Latvijas Balzāms" as Chief Finance Officer.

Structure of the concern



Organisational Structure



*API - Active Pharmaceutical Ingredients

*FDF - Final Dosage Forms

*GMP - Good Manufacturing Practice

Shares

Since January 2, 2006, "Grindeks" shares have been quoted on the "NASDAQ OMX Riga" Official List.

The dynamics of the "Grindeks" share price in the accounting period (Data from "NASDAQ OMX Riga")



"Grindeks" share price fluctuated from 2.81 lats to 6.78 lats on the "NASDAQ OMX Riga" in 2008. The total quantity of "Grindeks" shares, traded in the last year, was 749,9 thousand shares, with annual turnover totalling 3.84 million lats.

On December 31, 2008, the stock market capitalization of "Grindeks" was 30.96 million lats. Its earnings per share (EPS ratio) amounted to 0.94 lats in 2008, compared with 0.74 lats in 2007.

Shareholders

Shareholder	Number of shares* %
Kirovs Lipmans	33,29
Anna Lipmane	16,69
Vitālijs Gavrilovs	11,30
„Hansapank" AS Clients Account (nominal shareholder)	9,40
„Skandinaviska Enskilda Banken"	8,48
"State Social Insurance Agency"	2,29
Other shareholders	18,55
Total:	100,00

* Data – LCD, February 1, 2009

INDEPENDENT AUDITOR'S REPORT

To shareholder of JSC "Grindeks"

Report on the financial statement

We have performed the audit of JSC "Grindeks" (hereinafter - Company) financial statements for the year 2008 and the consolidated financial statement of JSC "Grindeks" and its subsidiaries (hereinafter - Group) for the year 2008 incorporated in the consolidated annual report of Company for the year 2008, which is presented on pages from 8 to 39. The audited financial statements comprise the balance sheet as of 31 December 2008, the profit or loss account for the year 2008, the report on the changes in equity and the cash flow statement for the year ended December 31, 2008, as well as a summary on the relevant accounting principles, as well as other explanatory information presented in the Appendix.

Management responsibility on the presentation of the financial statement

The management of JSC "Grindeks" is responsible for drawing up of the financial statements and accuracy of the information contained in the said report presented pursuant to the International Financial Reporting Standards as adopted by the European Union. This responsibility implies establishment, implementation and maintenance of such internal control that is to ensure the drawing up and true and fair presentation of the financial report that is free from material misstatement resulting from fraudulent activity or errors, selection and use of an appropriate accounting policy, as well as preparation of accounting estimates suitable in the particular conditions.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We performed the audit in accordance with the International Standards on Audit recognized in Latvia. These standards stipulate ethical norms to be observed by the auditor and require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

The audit includes procedures undertaken to obtain audit evidence on the amounts presented in the financial statements and the information disclosed. The procedures are selected based on the auditor's professional judgement, including assessment of risk of fraudulent misrepresentation or material discrepancies in the financial statement. When performing risk assessment, the auditor takes into account internal control established to ensure the drawing up of the financial statements and accurate presentation of information in the reports aimed at determining the most appropriate procedures in the particular situation, rather than expressing an opinion on the efficiency of control. The audit also includes general evaluation of whether the applied accounting principles and relevant management assumptions, as well as the information presented in the financial statements are reasonably justified.

We believe that the disclosures made in the course of our audit are sufficient and adequate to express our auditor's opinion.

Opinion

In our opinion, the financial statements referred to above in all material aspects present a true and fair view of the financial position of the Company and the Group as of December 31, 2008, and of the results of its financial performance and cash flows for the year 2008 in accordance with the International Financial Reporting Standards as adopted by the European Union.


Report on the conformity of the management report

We have familiarised ourselves with the management report for the year 2008, which is presented on pages from 5 to 6, and have not disclosed any material discrepancies between the financial information presented in the management report and the financial statements for the year 2008.

BDO Invest Riga" JSC
Certified auditors Commercial Company
Licence No. 112


D. Tunsts
International Liaison Partner




A. Putniņš
The responsible certified auditor
Certificate No.123

Riga, Latvia
April 24, 2009

Balance Sheet

as of 31 December 2008

ASSETS	Group 31.12.2008 LVL	Group 31.12.2007 LVL
Non-current assets		
Intangible assets		
Software, patents, licenses, trademarks and other rights	369,105	432,823
Advance payments for intangible assets	61,495	32,247
Total intangible assets	430,600	465,070
Tangible fixed assets		
Land, buildings and constructions	7,139,276	6,342,630
Equipment and machinery	8,910,574	7,228,788
Other fixed assets	804,418	619,520
Construction in progress	13,144,030	5,135,383
Advance payments for fixed assets	685,242	2,760,379
Total tangible fixed assets	30,683,540	22,086,700
Investment property	4,763,966	4,667,600
Non current financial investments		
Investments in subsidiaries	-	-
Investments in associates	22,000	22,000
Other investments	84,118	105,421
Total long-term financial investments	106,118	127,421
Total non-current assets	35,984,224	27,346,791
Current assets		
Inventories		
Raw materials	1,830,040	2,025,302
Unfinished goods	1,993,927	2,102,781
Finished goods and goods for resale	3,332,771	2,911,070
Advance payments for goods	450	3,825
Total inventories	7,157,188	7,042,978
Debtors		
Trade receivables	18,026,541	16,786,265
Due from related parties	-	-
Other debtors	1,394,270	1,091,364
Deferred expenses	152,124	186,409
Total debtors	19,572,935	18,064,038
Cash and cash equivalents	868,796	1,804,050
Total current assets	27,598,919	26,911,066
TOTAL ASSETS	63,583,143	54,257,857

Balance Sheet as of 31 December 2008

EQUITY AND LIABILITIES	Group 31.12.2008 LVL	Group 31.12.2008 LVL
EQUITY		
Share capital	9,585,000	9,585,000
Share premium	15,687,750	15,687,750
Other reserves	464,905	464,905
Foreign currency revaluation reserve	(40,036)	(6)
Retained profit/(accumulated loss)		
a) retained profit/(loss)	12,984,900	5,864,453
b) current year profit	9,027,172	7,120,447
Equity attributable to equity holders of the parent	47,709,691	38,722,549
Minority interest	54,110	52,483
Total equity	47,763,801	38,775,032
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	4,471,843	2,635,076
Finance lease liabilities	1,102,339	551,109
Deferred income	1,209,953	1,333,986
Deferred tax liabilities	1,509,328	1,425,297
Total non-current liabilities	8,293,463	5,945,468
Current liabilities		
Loans from credit institutions	2,123,016	3,940,757
Finance lease liabilities	228,949	26,635
Advances from customers	72,416	23,145
Trade accounts payable	3,811,221	4,589,020
Taxes and social security liabilities	367,012	288,486
Other payables	308,385	267,355
Accrued liabilities	490,574	277,037
Deferred income	124,306	124,922
Total current liabilities	7,525,879	9,537,357
Total liabilities	15,819,342	15,482,825
TOTAL EQUITY AND LIABILITIES	63,583,143	54,257,857



Chairman of the Board
Janis Romanovskis

Statement of Profit and Loss for the Year Ended 31 December 2008

	Group 31.12.2008 LVL	Group 31.12.2008 LVL
Net sales	62,107,484	51,471,152
Cost of goods sold	(27,655,298)	(23,984,596)
Gross profit	34,452,186	27,486,556
Selling expenses	(14,016,038)	(12,099,268)
Administrative expenses	(7,765,585)	(6,582,813)
Other operating income	575,460	436,780
Other operating expenses	(2,403,464)	(400,443)
Changes in fair value of investment property	112,200	210,000
Interest income and similar income	14,011	47,580
Interest expense and similar expense	(232,141)	(361,324)
Real estate tax	(86,917)	(113,038)
Profit before taxation	10,649,712	8,624,030
Corporate income tax	(1,620,913)	(1,501,249)
NET PROFIT FOR THE YEAR	9,028,799	7,122,781
Attributable to:		
Equity holders of the parent	9,027,172	7,120,447
Minority interest	1,627	2,334
TOTAL	9,028,799	7,122,781
Earnings per share attributable equity holders of the parent (LVL per share)		
Basic earnings per share	0,94	0,74
Diluted earnings per share	0,94	0,74



Chairman of the Board
Janis Romanovskis



Products

“Grindeks” product portfolio consists of the thriving brand products Mildronate® and Ftorafur®, as well as generic medications. “Grindeks” specializes in the cardiovascular, psychotropic and oncological therapeutic groups of medications.

Brand Products

Mildronate®

The brand product Mildronate® is the most popular medication of “Grindeks” cardiovascular group of agents. Its unique property means this medication can be used for the treatment of different cardiovascular diseases such as heart failure, infarction, stenocardia and thrombocytopenia, as well as for prophylactic purposes in cases of physical and mental strain and during rehabilitation periods. The medication is available in capsules and injections.



The highest demand for Mildronate® is in Russia and other CIS countries, while in Latvia it has been acknowledged as the most exportable product in the non-food product group for 5 years in a row.

At present, “Grindeks” is continuing international multicenter clinical research on Mildronate® and making big investments in establishing a new Mildronate® generation.

Ftorafur®

Another popular “Grindeks” brand product, Ftorafur® is an oncological medication used for the treatment of gastric and colorectal diseases. For over 30 years, Ftorafur has been successfully exported to Japan, and promotional activities are being developed in the European markets, Russia and other CIS countries.



Ftorafur® plays an important role in the total sales volume of “Grindeks” products as one of the most important export medications. Its sales volumes doubled in 2008 because of dynamic work in all relevant markets on the new formula or perception of Ftorafur®.

The research and development activities of “Grindeks” have also been aimed at the improvement of this product by developing possible combinations with other medications.

Generic Medications



In addition to Mildronate®, “Grindeks” also offers medications needed by patients and physicians such as Karvidil®, Simvalimit®, Lisinopril-Grindeks and Warfarin-Grindeks for treatment of cardiovascular diseases.

In 2008, several registration processes of medications were continued in order to expand the supply of “Grindeks” oncological group products, and the registration of the medication Axastrol® was completed. Axastrol® is a new generation medication for the treatment of progressive breast cancer in post-menopausal women.

The most important medications among the psychotropic group agents are the sleep medications Somnols®, Alprazolam-Grindeks, Betamaks® and Venlaxor®. As of 2008, “Grindeks” can offer a qualitative new generation product for the treatment of schizophrenia – Rispaxol® - which is a bioequivalent of the brandname Risperidonum.

The group of over-the-counter products is focused on development of ointments and analgesic/anti-inflammatory agents. Highly popular products include the ointments Capsicam® and Viprosal B®, as well as the natural health tonic Apilak-Grindeks. In 2008, two new products in the over-the-counter group were registered – the fungicide agent Terbital® cream and the analgesic Begsan® gel.

Active Pharmaceutical Ingredients (APIs)

APIs are an integral element of “Grindeks” products. They are manufactured for both further manufacturing of final dosage forms within the company and for sale to other pharmaceutical companies around the world, mainly in Western countries.

The company offers complicated, multi-stage synthesis of APIs, diversifying and making the portfolio of APIs products more attractive year by year. At present, “Grindeks” manufactures 16 types of active substances. The most popular products are Ftorafur (Tegafur), Zopiclone, Oxytocin, Rilmenidine and the new veterinary products Detomidine, Medetomidine and Atipamezole.

Registration of APIs Zopiclone and Oxytocin in accordance with the requirements of European Pharmacopoeia provides export opportunities to the European Union (EU) member states. Both of these substances manufactured by "Grindeks" have been registered in the European Directorate for the Quality of Medicines (EDQM).

The high quality of "Grindeks" APIs is confirmed by the Good Manufacturing Practice (GMP) certificate issued by the State Agency of Medicines of Latvia and the opinion of the U.S. Food and Drug Administration on conformity of the standard for the API production unit, as well as the opinion of the API Committee (APIC) of the European Federation for Medicinal Chemistry on conformity of "Grindeks" production unit with the EU guidelines (ICH Q7A).

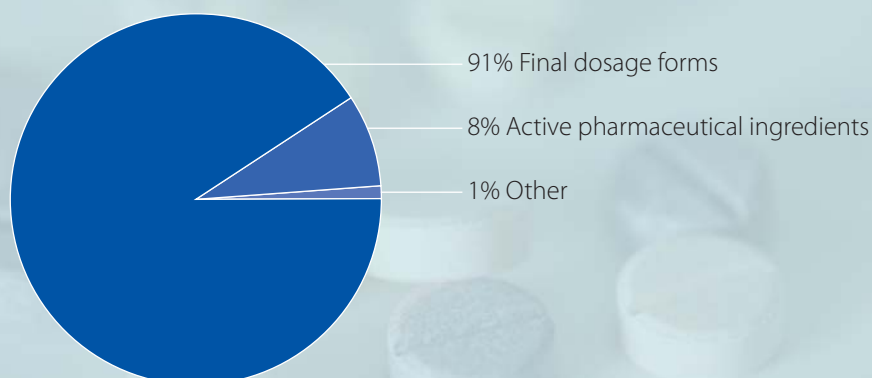
The opinion of the Therapeutic Goods Administration (TGA) is of great importance for the opportunity to export the active pharmaceutical ingredient Zopiclone to Australia.

Since 2007, the API analytical scaling laboratory has carried a certificate showing that its standards are in keeping with Good Laboratory Practice (GLP).





Production



Final Dosage Forms

Production of “Grindeks” final dosage forms – tablets, capsules, injections, ointments and syrups – takes place both in Latvia and abroad. Tablets, capsules and syrups are produced by “Grindeks” in Latvia, while “Grindeks” subsidiary company in Estonia, the “Tallinn Pharmaceutical Plant”, has specialized in ointments and currently produces six types.

In January 2009, “Grindeks” opened a new final dosage forms plant. It was built next to the previous plant and completely integrated with the existing plant. Enlargement and modernization of the plant was carried out over two years, with 9.1 million lats invested in total.

Thanks to this ambitious project, productivity and production capacity will be substantially increased. It will be possible to turn out 1.5 billion tablets and 500 million capsules in the new plant.

The total area of the new “Grindeks” final dosage forms plant is 5,500 m². The production processes meet Good Manufacturing Practice and ISO quality standards, which guarantee the overall safety and quality of the produced medications. A modern automatic monitoring system has been mounted in the new plant to check the microclimate in the premises, operation of the engineering systems, and for monitoring other production processes. It also provides significant savings on utilities, while the modern and high-powered technological equipment ensures convenient, safe, efficient and environmentally friendly production.

In accordance with concluded agreements injections are produced in “Sanitas” (Lithuania), “Jelfa SA” (Poland) and “Biotika” (Slovenia).

“Grindeks” is planning further expansion of production in the future by acquiring new medication production companies in other countries and organising production of particular products closer to the locations of strategically important markets.

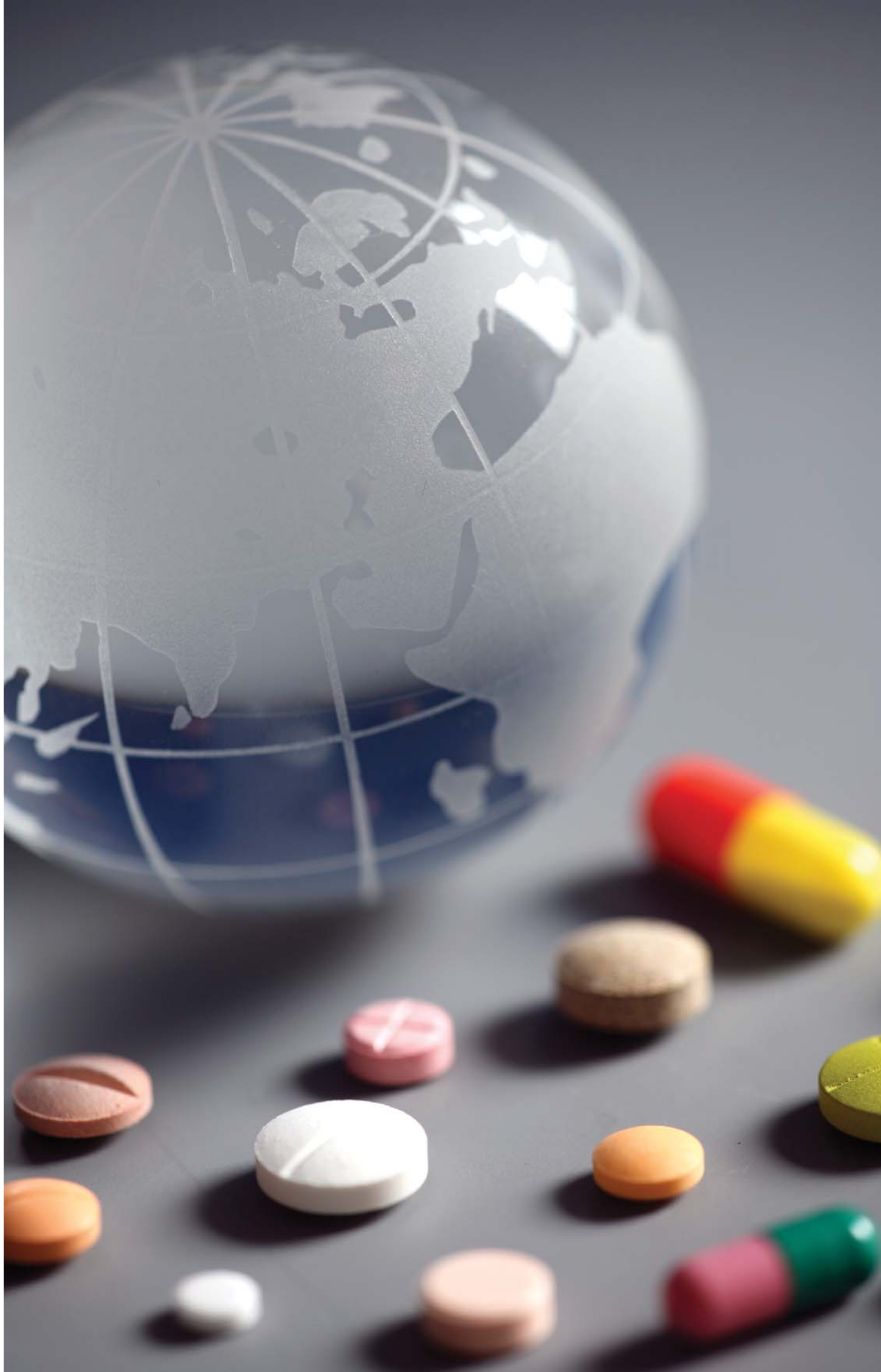
Active Pharmaceutical Ingredients (APIs)

The “Grindeks” APIs plant covers an area of approximately 10 000 m². High-quality APIs are produced in reactors of various volumes (from 100 to 4,000 litres) for both the “Grindeks” final dosage forms plant and for export to clients abroad.

Due to targeted investments, over the last four years the volume of production has doubled. The current maximum capacity of the production of APIs is 130 tons a year.

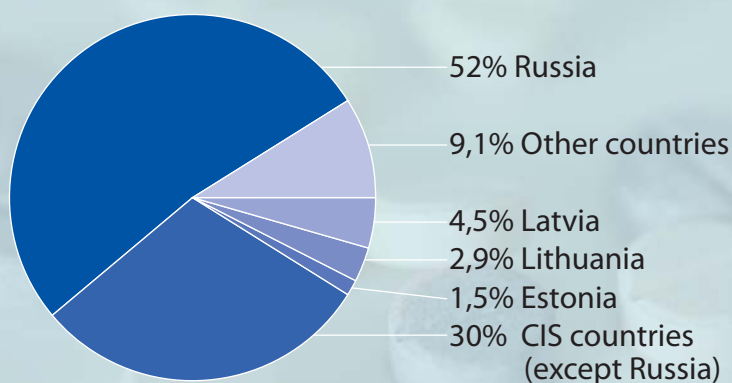
In 2008, supplies to the “Grindeks” final dosage forms plant exceeded 97 tons of APIs, while four tons of substances were manufactured for export.

“Grindeks” has all the necessary resources to provide contract research and contract production services for APIs. The modern analytical scaling laboratory completed in 2007 provides new opportunities not only for research of new products, but also production of special niche products in small batches.



Markets

The international operations of "Grindeks" are developing in both manufacturing and sales, and currently 96% of total turnover is exported. Representative offices and representatives of the company operate in 14 countries and "Grindeks" products are exported to more than 40 countries.



Markets for Final Dosage Forms

The sales volume of "Grindeks" final dosage medications amounted to 56.7 million lats in 2008, surpassing 2007 by 9.3 million lats or 19.5%.

The most strategic markets for final dosage medications are Russia and other CIS countries. The largest sales volume for final dosage medications in 2008 was in Russia, Ukraine, Kazakhstan and Belarus. In comparison with 2007, the sales volume of final dosage medications in Russia grew by 22.1%, 22.6% in Ukraine, 6% in Kazakhstan and 20.6% in Belarus.

In order to increase sales of "Grindeks" medications, the company has developed a network of representative offices. The main tasks of the representative offices are to cooperate with state institutions responsible for medications as well as wholesalers and retailers of pharmaceutical and medical products, and ensuring the registration of medications and marketing and sale of medications.

Representatives and representative offices of "Grindeks" operate in 14 countries. Subsidiaries and representative offices are located in Lithuania, Estonia, Russia, Kazakhstan, Ukraine, Belarus, Moldova, Georgia and Azerbaijan, while representatives work in Poland, the Czech Republic, Hungary and Finland. In 2008, a new representative office of "Grindeks" was opened in Uzbekistan.

Markets for Active Pharmaceutical Ingredients

The main export markets of "Grindeks" APIs are Europe, Japan, USA, Australia, Pakistan, India. In 2008, exports of API stood at 5.1 million lats, which surpassed 2007 by 1.2 million lats or 30.8%.

"Grindeks" maintains a stable position with 35% of the world markets for exports of Zopiclone and Oxytocin, while exports of new veterinary substances to the EU member states already comprise 36% of the total EU market.

The main cooperation partners are "Taiho Pharmaceutical" (Japan), "GDL International" (USA), "Mylan" (France), "Eurovet Animal Health" (Netherlands), "PolyPeptide" (Denmark) and Meda (Germany).

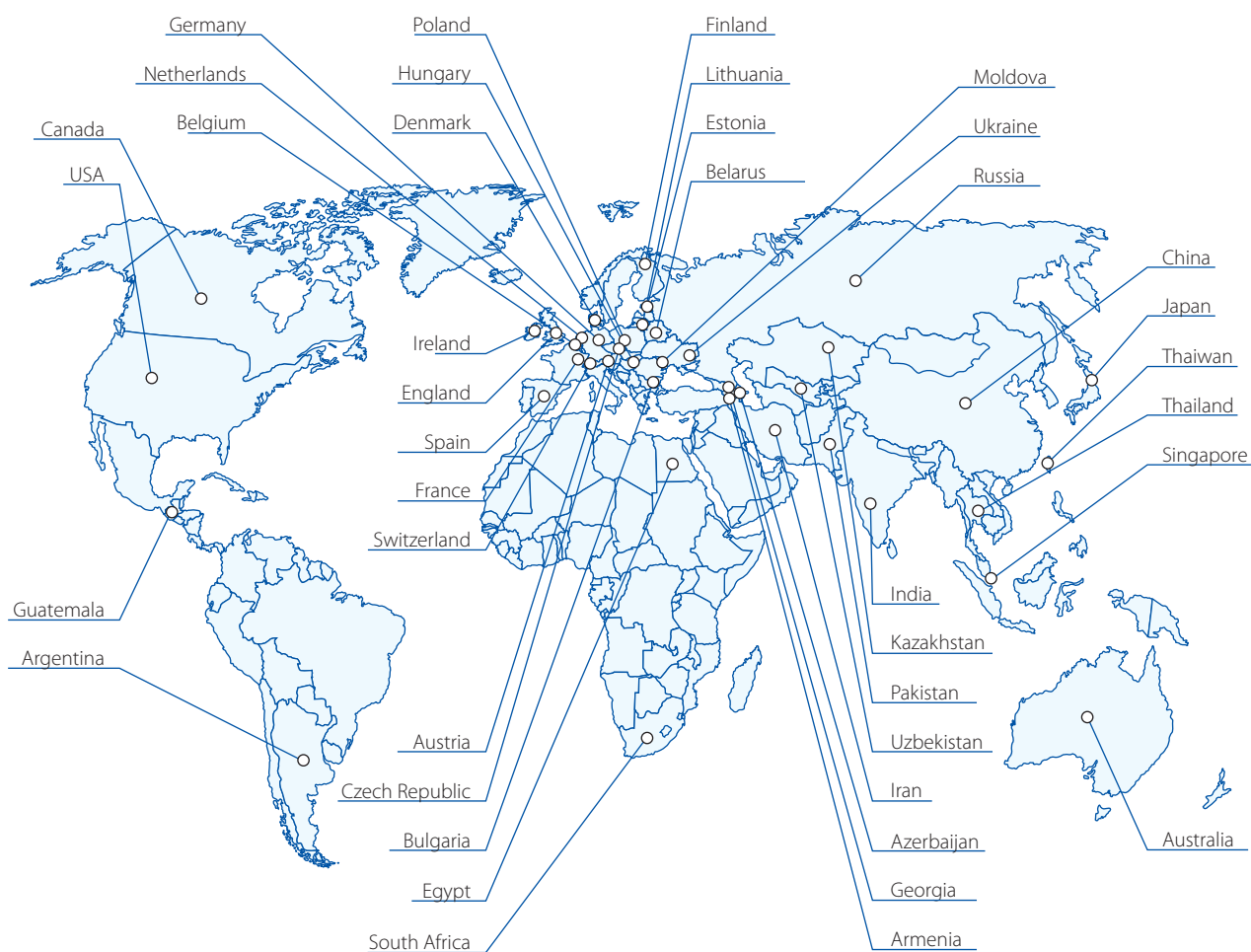
New Export Markets

The marketing strategy of “Grindeks” has hit its mark, and the company will concentrate on both retaining existing markets and entering promising new markets such as China and Turkey and smaller South East Asian markets like Vietnam. In 2008, registration of Mildronate® was continued in China and registration of it was started in Vietnam.

At the beginning of 2009, the medication Risipaxol® was registered in Turkey, and it is planned to register the brand products Mildronate® and Ftorafur® by the end of the year.

“Grindeks” is expanding its activities not only towards the east, but also to European markets. For example, last year the registration of several medications was completed in Finland.

Important export markets of “Grindeks”





Investment program

The Council and Board of JSC “Grindeks” consider that substantial investment in development is at the heart of the company’s growth. Therefore, the company continued to implement its investment program last year in spite of the credit crunch.

Investment in Production Infrastructure and Technologies

Manufacturing is one of the company’s strategic priorities. Therefore, to ensure high production efficiency, “Grindeks” continuously improves its manufacturing infrastructure and integrates the latest technologies.

The New Final Dosage Forms Plant

In January 2009, “Grindeks” opened a new final dosage forms plant, the biggest investment project in the history of the company.



The expansion and modernisation of the final dosage forms plant was completed within two years. 9.1 million lats were invested, including 6.4 million lats in construction and 2.7 million lats in technological devices and equipment. The plant was financed from a share issue in 2005, as well as raising 2.5 million lats from a bank.

These huge investments in modernising infrastructure and technological equipment were made in order to increase productivity and production capacities. It will be possible to produce 1.5 billion tablets and 500 million capsules per year in the new final dosage forms plant.

Mildronate Substance Crystallization Unit

In order to increase the production capacity for Mildronate substance, construction of a Mildronate substance crystallization unit was completed in 2008. Totally 2.3 million lats were invested in the new facility.

Construction of Sewage Treatment Plant

To ensure adequate environmental protection, it is planned to complete construction of a new industrial sewage purification plant at the start of summer 2009.

This is a considerable investment by the company in environmental protection. The project employs the principle of biological purification, and the latest technologies which have already been tested in other pharmaceutical companies in Sweden and Britain. Construction of the new, closed purification plant will not only guarantee liquidation of pollution in sewage, but also prevent environmental nuisance caused by smells, characteristic of similar plants.

Construction of purification plant was started at the end of 2007 with a total investment of 2.5 million lats.

Research and development

The strategy of "Grindeks" for developing new products is focused on creation of new brand products and new combinations of existing medications as well as acquisition of promising generic medications. Aware of the risk of having all its eggs in one basket, in 2008 the concern continued development of new as well as existing brand products and investigating their different combinations.



"Grindeks" currently holds significant patents all over the world, and the company is planning to register a number of new patents.

Two to four new products are developed each a year, and work takes place simultaneously on 20 research projects.

In 2008, "Grindeks" invested considerable resources in the research and development of medications, mainly in the sphere of cardiovascular, psychotropic and oncological indications.

Research and Development of Active Pharmaceutical Ingredients (APIs)

Research on APIs is carried out in compliance with Good Manufacturing Practice (GMP), Good Laboratory Practice (GLP) standards, ISO 9001, ISO 14001 and according to specific requests from clients.

Successful cooperation with Latvian scientists and scientific research institutes, as well as foreign pharmaceutical companies on implementation of various research projects facilitate research and development of new substances, which will be used in the production of innovative and efficient medications in the future.

Latvia is tailor-made for the development of generic active pharmaceutical ingredients. Therefore, every year the portfolio of APIs is expanded by at least two new products. In 2008, three new products were introduced.

Research and Development of Final Dosage Forms

Development of new final dosage forms and technologies is carried out by the “Grindeks” Final Dosage Forms Laboratory. Its main functions include research, development and analysis of formulations, as well as sourcing technology and introducing it into production. In accordance with quality specification requirements the laboratory continuously makes technological improvements of existing final dosage forms and participates in the search for new, progressive ideas.

In 2008, in the Final Dosage Forms Laboratory four new product technologies were developed, three introduced into production and three improved.

Preclinical trials

“Grindeks” preclinical trials make new and original solutions a priority for substances, final dosage forms, or obtaining combinations or indications, thereby ensuring the future rights of the company to new patents of brand products. Extended trials of the existing brand products Mildronate® and Ftorafur® are also being performed aimed at more detailed research on how they work, and they are also being promoted among professionals.

Mandatory safety trials of toxicology and irritation, as well as trials of pharmacokinetics (bioavailability and bioequivalence) are conducted in the development of new products. When necessary, additional trials are made for justification of clinical trials.

“Grindeks” successfully cooperates with research institutions in Latvia and foreign countries including Russia, Ukraine, Hungary, Germany, Austria, the Czech Republic and Finland.

In 2008, more than ten preclinical trial projects were implemented in the company. Some of them have been completed while the other trial projects will be continued in 2009.

Clinical Trials Program

A clinical trials program of brand products is being conducted on an international scale. In cooperation with experienced clinicians, scientific experts and foreign contract organisations, “Grindeks” is conducting I–IV phase clinical trials for its original products in compliance with Good Clinical Practice (ICH/GCP) and the requirements of European Union normative acts.

A major program of international trials is being conducted for Mildronate®, the results of which provide substantial future support for the registration of Mildronate® and new combinations of it.

Pharmacovigilance

Being responsible for its products and the health of consumers, “Grindeks” continues to develop pharmacovigilance system in all sales markets. In order to eliminate potential risks and health hazards, data on the effects of medications are summarised, investigated and evaluated and information about the side-effects and interactions of medications is gathered.

Analysis of the reports and their submission to the competent authorities is governed by the relevant guidelines and pharmaceutical company practices. “Grindeks” is involved in the electronic reporting system EudraVigilance which is also the main European Risk Management Strategy support between the EMEA (European Medicines Agency) and the competent national authorities.



Quality

The responsibilities of “Grindeks” include caring for the public’s health and providing safe and efficient medications. Therefore, the quality requirements in the field of pharmacy and Good Manufacturing Practice (GMP) increase every year. In order to meet these increasing quality requirements, in 2008 “Grindeks” made substantial improvements in its operations.

Quality Management System

The “Grindeks” integrated Quality Management System covers all stages of the product life cycle: research and development as well as production and sales. One of the priorities of the business process is to meet strict drug registration requirements in Latvia and other countries.

Thanks to the computerized document management system being implemented in the company’s most strategically important fields, the circulation of documents is now quicker and more effective – it is now possible to record documents and ensure they are traceable. For example, the new system allows to electronically trace registration documentation as part of their development and coordination. In 2008, implementation of the document management system was also started in quality assurance and control processes such as audit management and change control.

At the end of 2008, the particularly important Business Continuity Management Process was developed. It is aimed at ensuring a safe and flexible business environment capable of immediate and effective response in case of a major incident, facilitating fast business renewal process and protecting the resources and reputation of the company. The process includes a quick response plan, crisis management and communication plan and recovery strategies.

Technological supply

To ensure that quality standards are maintained, defunct, obsolete devices are constantly replaced by new, modern and more powerful equipment. Resources are also invested in new equipment, measurement tools and methods such as:

- A universal reactor in which it is possible to perform various derivation, purification and drying operations for active pharmaceutical ingredients;
- An auxiliary production process control and management systems for ready-made medications (ventilation, water treatment and others);
- A range of aids in order to perform qualification of premises and equipment after its installation;
- A chromatograph of ultra-efficient liquid and special detectors for control of products and processes.

Equipment such as quadrupole mass spectrometric, light scattering and refractometric detectors and capillary electrophoresis are rare in many countries. However, this equipment is used by “Grindeks” not only for trials but also for routine monitoring of Mildronate, holic acid and other products.



UPLC – Analitica 2004

Inspections, audits and quality certificates

After successfully undergoing standards and supervision audits “Grindeks” has been awarded ISO 9001 and ISO 14001 to mark its achievements in quality management and environmental protection.

Since 2000, the company’s production of final dosage medications has carried a GMP certificate, and in 2008 a GMP certificate was also awarded to the “Grindeks” Active Pharmaceutical Ingredients Plant.

A licence issued by the State Agency of Medicines of the Republic of Latvia has been valid since 2007, enabling production of medications for clinical trials as well as importing of medications. As of 2007, the “Grindeks” Active Pharmaceutical Ingredients Analytical Scaling Laboratory has been awarded a Good Laboratory Practice certificate due to its standards being of the highest order.

Prior to the opening of the new “Grindeks” Final Dosage Forms Plant in January 2009, inspections were conducted by the State Agency of Medicines of the Republic of Latvia. An inspection by the State Agency of Medicines of the Republic of Latvia on how well “Grindeks” implemented Good Distribution Practice was also completed with successful results, while the final dosage medications warehouse received a Drug Wholesaler licence.

Quality audits by Latvian, American, Japanese and Russian pharmaceutical institutions and other foreign cooperation partners and supervision audits by environmental protection institutions and ISO standards organisations were conducted in the company in 2008. In order to ensure the delivered raw materials were in line with GMP and quality requirements, last year specialists from the company performed more than 30 audits of the plants of raw material wholesalers.

In 2008, annual reports on the quality of each product were introduced. These reports contain summaries and assessment of data on production, supervision, registration, changes, deviations and complaints from 12 detailed databases.





Environmental protection

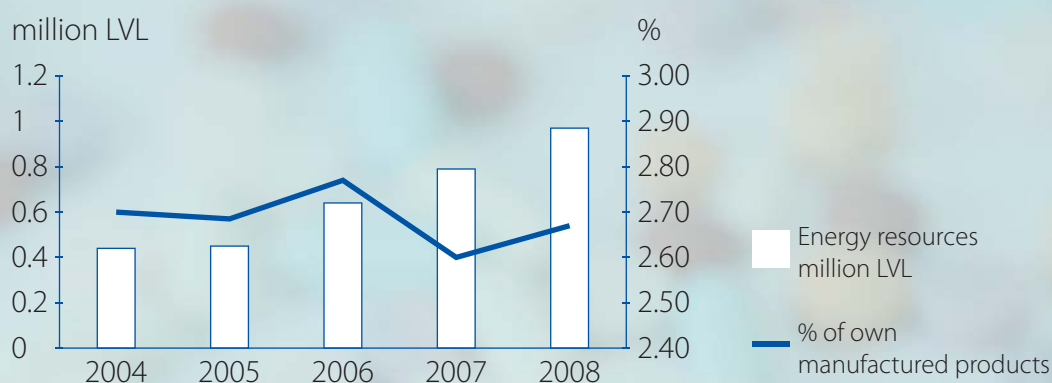
"Grindeks" has established an Environmental Management System to improve environmental measures and promote the efficient use of resources and workforce information in the company in areas covering research, development, production and sales.

Observance of national laws and regulations, the introduction of modern equipment in production processes, performance of complex measures to conserve natural resources, as well as cutting emissions are everyday practices at "Grindeks", intended to reduce the impact of chemical production on the environment and society.

The systemic approach to environmental management enables the company to set objectives in saving resources and cutting emissions. In order to implement the environmental action plan a number of short-term and temporary measures are being introduced in order to achieve the long-term goals set for 2009.

A vital environmental protection facility is the biological sewage treatment plant. Started in 2007 and scheduled for completion in 2009, it will cut emissions immediately and conserve future resources.

Resource consumption – energy costs of own manufactured products



The most substantial investments "Grindeks" made in environmental protection in 2008

In line with laws and regulations, measurements and assessment have been made, detailed action programmes worked out and projects have been developed:

- Amending the plan to cut air pollution;
- Updating "Grindeks" Civil Protection Plan.

The most important environmental protection measures:

- Revision of material balance sheets for technological processes and development of a program to manage solvents.

Further investments regarding the environment in 2009

- Putting sewage treatment plant into operation.
- Starting implementation of the circulating water system project.
- Reduction of the environmental impact of carcinogenic and other hazardous chemicals.



Staff Policy

The main factor in the company's success is its workforce, therefore "Grindeks" implements a staff policy featuring a progressive incentive scheme. The company is proud of the fact that the reputation of "Grindeks" as an employer improves every year, as confirmed by decreasing staff turnover, the increasing proportion of young, qualified employees, as well as high demand for internships at the company.

The company has successfully introduced a Staff Management System, including a staff welfare plan, Education, Structure and Absence modules, and notifications by e-mail of the hiring or dismissal of an employee, structural changes, changes of position, employees' birthdays etc., and a Competence Administration and Development module.

The staff policy of the company is implemented both in Latvia and in the representative offices by applying modern IT solutions. The strength of "Grindeks" workforce is 850.

In April and May 2008, as an employer "Grindeks" was placed 16th out of the 50 biggest Latvian companies among employees according to the study "The Image of Expectation of Employed Persons and the Biggest Employers in Latvia" conducted by "TNS Latvia". According to the same study among students "Grindeks" was placed 7th by them.

Satisfaction of Employees

In 2008, anonymous research of satisfaction of employees was conducted for the second time. A total of 364 respondents participated in the research and the results gained testify that employees are satisfied with their work and they are proud of the company. The average overall satisfaction rate is 3.92 out of a possible 5, whereas in 2007, the corresponding figure was 3.81.

Employee average indicators in 2008	"Grindeks" in Latvia	Subsidiary companies, affiliates, representative offices
Number of employees	660 employees	165 employees
Employees with higher education	52%	85%
Average age of employees	43 years	37 years
Employees service at the company	9 years	2,5 years

Employment Policy

The main principles of the employment policy are as follows:

- Working conditions in line with health and safety regulations and requirements of Good Manufacturing Practice;
- A well-organized work environment, technical supply required for the work (technologies, computer equipment, service cars, communications, etc.)
- Open information concerning development perspectives of the company, career and personal growth opportunities.

Production Relations Policy

The production relations policy also plays a major role in the company, including development of unified procedures and regular updates, optimisation of the work process and work assessment.

"Grindeks" provides a clean working environment meeting all health and safety and modern technical requirements, as well as enhancing career and personal growth opportunities for its employees in line with the development prospects of the company.



Performance of Work and Development Planning

The company performs professional assessment of employees on an annual basis, through assessing work competence in the preceding year and gathering information related to the needs of employee training.

In order to improve the existing work performance analysis and development planning inquiry forms, which are required for the competence assessment of particular work, in 2008 competence models were developed for all (230) positions in the company. In 2009, employees will be assessed according to the new competence model.

The competence model will be applied to:

- Selection of staff;
- Work performance management;
- Career planning;
- Determination of training needs and management of employee development;
- The wage system.

Raising Qualifications and Training Policy

Raising the professionalism of employees improves the competitiveness of the company. Close attention is paid to training and improvement of competence and qualifications. The further training and qualification of the workforce is planned in accordance with the strategic goals of the company by summarizing the training needs determined in the process of annual professional evaluation.

The number of training classes per employee stands at approximately 40 classes. Particular attention is paid to mastering new technologies, Good Manufacturing Practice issues, comprehensive quality leadership, as well as the principles of environmental protection. In parallel to the resources of the company, "Grindeks" actively uses EU Structural Funds for workforce training and raising professional skills.



Salary Policy

"Grindeks" offers salaries and a competitive bonus system as well as project bonuses meeting the requirements of the labour market and corresponding to the assessment of each employee.

In order to improve employees' knowledge of the criteria applied when calculating salaries and to allow fair comparison of salaries in different structural units, the company and the situation in the labour market are taken into account.

Since August 2006, when a survey of the heads of structural units and position mapping were conducted in cooperation with the "Hay Group", a position map has been established with data on employee salaries. This was included in research on salaries in Latvia. The research results allow company management to determine the alignment of employee salaries with conditions in the labour market.

Social Policy

Social policy for staff is of great importance for "Grindeks". It envisages social guarantees, benefits, employee health and accident insurance, as well as extras like subsidised meals and lunches in the company's canteen, transportation and compensation for travel expenses.

The company also has a sport complex where employees can play basketball, volleyball, attend aerobics classes, use fitness equipment as well as relax in a sauna .

Relaxation from work can also be enjoyed at various events organised by "Grindeks". The sports and recreation festival in summer and singing Ligo songs on the eve of the summer solstice organized by "Grindeks" have become a tradition, while in winter it is possible to strengthen team spirit in the bowling tournament and other events.

Various thorny issues in the company are solved through a social dialogue, and the management of "Grindeks" is always open for negotiations with the employees' trade union, which has existed since the company was established. The conclusion of the collective agreement with employees before Christmas has become a tradition, providing staff with social guarantees exceeding those prescribed by the Labour Law, for example:

- leave considered as time at work for studies and examinations for employees of the company who successfully acquire higher education qualifications in specialities necessary for the company;
- three days paid leave (for marriage and for fathers in the event of childbirth);
- a special holiday for each employee.

New Employees

"Grindeks" makes it easier for new employees to start work in the company. A total of 57 new employees visited four information days for new employees in 2008. During the information day the employees were briefed on the operation of the company, the work of structural units, environmental, quality, health and safety and fire safety issues, and were also invited to tour the company premises and get to know each other.



Support Program for Education Institutions

In order to attract new specialists to the company the "Support Program for Education Institutions" was established in 2003. "Grindeks" has concluded cooperation agreements with the University of Latvia, Riga Technical University, Riga Stradins University, Riga Medical College No.1 and Olaine Mechanics and Technology College.

In 2008, "Grindeks" hosted 103 trainees from Latvian and foreign professional and higher education institutions.

"Grindeks" teaches young people about the history and operation of the company on a regular basis, as well as showing them its laboratories. In 2008, 529 pupils and students took part in field trips to the company.



Occupational health and safety

Occupational health and safety is important in all areas of operation at "Grindeks", including research, trade and office work, but it is particularly vital in the company's chemical production processes. Occupational health and safety is an integral part of the quality management system at "Grindeks".

As the company's tasks envisages both patient health care and employee welfare, the management of "Grindeks" believes that an effective occupational health and safety system is one of the most important conditions for the long-term development of "Grindeks".

Work environment risk assessment and improvement

"Grindeks" pays close attention to the improvement of employees' health and safety conditions. These issues are resolved systematically in the company and improvements are integrated into the work process. Special attention is paid to defining and assessing health and safety risks on a regular basis, after substantial changes in the plants, when new workplaces have been established, and after other changes.

In order to prevent hazardous chemical substances and other threatening factors from harming employees, documentation is being drafted covering all risk accounting and registration results, as well as planning of occupational health and safety measures.

In 2008, an accounting and measurement system was established to record the actual contact of each employee with harmful chemical substances within the work environment on the basis of measurements and working time. These data enable the company to set priorities for reduction of risks.

Objective risk assessment results, available resources and funds and employees' wishes are taken into account when making decisions on measures for health and safety improvement and working conditions. The company also improves the working environment by implementing investment projects and integrating new technologies.

In 2008, construction of the "Grindeks" Final Dosage Forms Plant continued, therefore 1,200 temporary employees worked at the company. The computer system developed in 2007 for instructing temporary employees was substantially improved and expanded in 2008, and photographic recording of detected deficiencies and violations and subsequent overseeing and accounting were introduced.

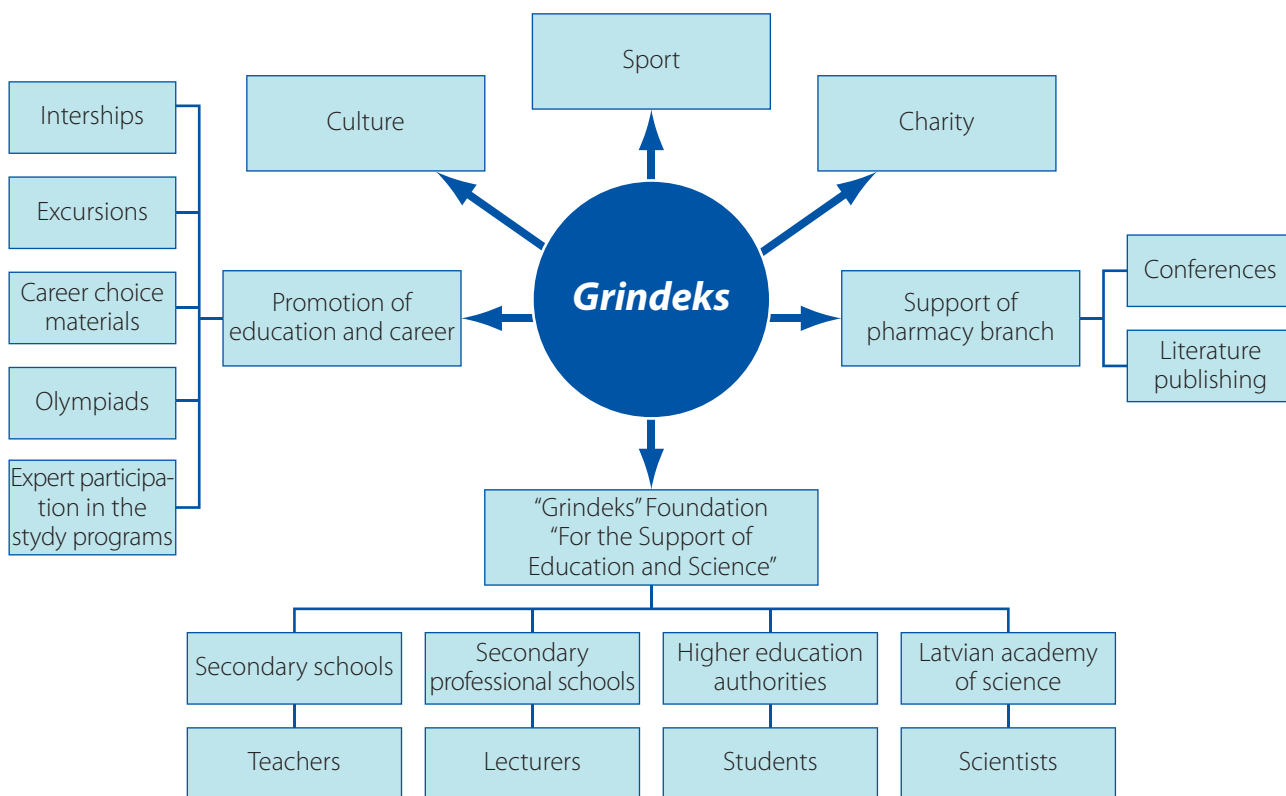
In 2008, fire training took place over four days in cooperation with the State Fire and Rescue Service of Latvia.

In 2008, the company took part in the Good Manufacturing Practice competition on the subject "Continuous Improvement of the System to Reduce "Grindeks" Work Environment Risk Factors and Practical Samples." The company was awarded a Note of Acknowledgement and was nominated for participation in European level tenders.



“Grindeks” and Society

“Grindeks” is a reliable social partner, supporting the development of an educated, healthy and culturally enriched society. The link between the company and the general public takes place through the “Grindeks” Foundation “For the Support of Science and Education”, organising conferences and publishing literature in the pharmaceutical sector, promoting educational and career opportunities in the natural sciences, organizing excursions and sponsoring sports and charity projects.



Corporate Social Responsibility

Like other socially responsible companies throughout the world, “Grindeks” has voluntarily undertaken to ease the social and environmental problems of the public. In addition to developing its business, “Grindeks” also allocates funds to aid the public.

In 2002, “Grindeks” was one of the first companies in Latvia to join the UN Global Compact, undertaking to observe the basic principles of socially responsible business.

Every year “Grindeks” supports health awareness, promotes education, informs students about the importance of the natural sciences and facilitates scientific research, while simultaneously increasing the company’s own quality and environmental standards through listening to the public.

The “Grindeks” Foundation “For the Support of Science and Education”

The goal of the “Grindeks” Foundation “For the Support of Science and Education” is to encourage young people and increase their motivation to study engineering, the natural sciences, pharmacy and medicine.

Thanks to the “Grindeks” Foundation “For the Support of Science and Education” over 100,000 lats has been allocated every year to scholarships, not only for well-known scientists and teachers but also for the best young and emerging specialists. To support the development of Latvian pharmacy, the Foundation helps establish chemistry classrooms and laboratories in Latvian schools, secondary professional education institutions and higher education institutions.

In 2008, projects funded by the “Grindeks” Foundation “For the Support of Science and Education” include:

- On June 4, 2008, Minister of Education and Science Tatjana Koķe met with the Board of the “Grindeks” Foundation “For the Support of Education and Science”, scholarship holders and representatives of higher education institutions. She also visited the “Grindeks” Foundation to exchange opinions on education matters and to acquaint herself with the work performed by the foundation in support of education.
- On August 20, 2008, the “Grindeks” Foundation “For the Support of Education and Science” assembled more than 30 chemistry teachers from all over Latvia to laud them for their contribution to teaching talented chemistry students.



- Scholarships were granted to bachelor and professional study program, master's and doctoral students (the amount of each scholarship is 150 lats per month).
- For the first time, ten scholarships of 100 lats for ten months (from September to June) were granted to chemistry teachers.
- Six support stipends of 5000 lats (30 000 lats in total) were granted to educational institutions.
- Three “Golden Owl” awards and stipends of 1200 lats were presented to famous Latvian scientists for their lifetime contributions to science and four “Silver Owl” awards and stipends of 400 lats were presented to the best young scientists.



Support to Education and Scientific Projects

- "Grindeks" provides largesse for the organization of the Junior Chemists' Competition of the Faculty of Chemistry of the University of Latvia.
- "Grindeks" provides largesse to the Riga Technical University research work competition "Come and Study at RTU".
- "Grindeks" provided largesse to Riga Technical University to purchase "KMR 300MHz" equipment.
- "Grindeks" provided co-financing to publish the textbook "Production Technology of Biochemical Preparations" compiled by Olaine College of Mechanics and Technology.
- Support for publishing of the guide for secondary school students "How to Become a Scientist," compiled by the Association of Young Latvian Scientists.
- "Grindeks" supported the 145th anniversary ceremony and get-together of the Faculty of Material Science and Applied Chemistry of Riga Technical University.
- Co-financing of a book dedicated to the anniversary of the Medical Faculty of the University of Latvia.

Projects for Promotion of the Sector

- In 2005, "Grindeks" established the "Small Academy of Cardiology", which for the last three years has been bringing together representatives and specialists in the sector once a month to discuss modern and efficient treatment methods in the field of cardiology.



- "Grindeks" provides largesse for the organization of the congress of the Latvian Society of Cardiology.
- "Grindeks" provided largesse to the First Baltic Conference on Heart Failure.
- On World Mental Health Day "Grindeks" organized the international conference "Modern Outpatient Medical Treatment Methods in Psychiatry" in order to take on board global health initiatives, highlight mental health problems and make a contribution to their improvement.
- "Grindeks" has organised the international oncology conference "Re-Evolution of Ftorafur".
- "Grindeks" was a sponsor of "Pharmacists' Summer Holidays" organized by the Pharmacists' Society of Latvia.

- "Grindeks" was the general sponsor of "Chemists' Days 2008," organized by the Pharmacists' Society of Latvia.
- "Grindeks" provided largesse for the organization of the conference of the Latvian Association for Quality "Provision of Quality in Health Care".
- "Grindeks" helped to organise the 20th anniversary ceremony of the Latvian Physicians Association.
- On World Health Day "Grindeks" organized the informative seminar "Support Mechanisms for Entrepreneurs to Implement Environmental Programmes," in cooperation with the Association of the Latvian Chemical and Pharmaceutical Industry and the Ministry of the Environment of the Republic of Latvia.
- "Grindeks" supported the "Annual Awards in Medicine" established by the Ministry of Health of the Republic of Latvia, which honours the best physicians and health care associations in Latvia.

Other Supported Projects

- By supporting sports activities, "Grindeks" facilitates the development of a healthy population in Latvia. Hockey is one of the most popular sports in Latvia, therefore "Grindeks" supports the development of hockey and has become the major sponsor of the Latvian Ice Hockey Federation.
- For the second year running, in the season of goodwill "Grindeks" thrilled the little patients at the Childrens' Clinical University Hospital by delivering a sack full of Christmas presents made by "Grindeks" employees to the hospital. Thanks to the support of the company, all patients at the hospital also received packets of sweets.
- "Grindeks" supported the annual conference of the leadership of the Latvian Quality Association.
- "Grindeks" supported publication of a 2009 calendar prepared by the Support Association "Aspazija's Heritage" containing the work of the great Latvian poet Aspazija and photographs by Atis Meibergs.
- "Grindeks" supported the events of the 90th Anniversary of the Proclamation of the Republic of Latvia at the Embassies of Latvia in Belarus and Russia.
- "Grindeks" co-finances a project "Open Week" organised by the Association "Youth Consultations" in which students can look round the company from February 18 to 23.

Kaleidoscope of the events of 2008

February

- "Grindeks" concludes an agreement with Russian pharmaceutical company "Pharmstandart" on the rights of sale and development of "Grindeks" brand product Mildronate® in Russia.

March

- "Grindeks" concludes an agreement with USA research centre – the Center for the Study of Wake Forest University School of Medicine on supply of the active pharmaceutical ingredient Oxytocin.



"Grindeks" brand product Mildronate® was recognised as the most successful export product of Latvia in the group of large non-food companies already for the fifth time in the contest "Made in Latvia".

April

- "Grindeks" expands its activities in CIS countries by opening a new representative office in Uzbekistan.
- On the World Health Day, the Association of Latvian Chemical and Pharmaceutical Industry organizes an informative seminar "Support Mechanisms for Entrepreneurs for Implementation of Environmental Programs" in cooperation with "Grindeks" and Ministry of the Environment.



"Grindeks" supports and takes part in Russian National Congress "Person and Medicine" in Moscow, which is one of the most significant events in Russia in the field of medicine.

June

- "Grindeks" supports the annual Chemists' days, where pharmacists have an opportunity to meet each other and discuss the news in the sphere of pharmacy.
- "Grindeks" celebrates ridgepole celebrations of the new purification plant building thereby supporting the World Health Day, the topic of which this year is Green cities.
- The grand "Cinema Games" take place at "Grindeks", where all the staff of "Grindeks" meet in the recreation complex Valguma pasaule.



"Grindeks" receives "Baltic Corporate Excellence Award 2008" as the best company listed in the "NASDAQ OMX" Baltic Stock exchanges.

July

- "Grindeks" choir sings in Latvian National Song and Dance Celebration.
- "Grindeks" is recognised as a company having the best reputation in "Reputation Top 2008" of Latvia according to evaluation of Latvian experts, which is provided by products, corporate communication, international orientation, etc.

August



"Grindeks" organizes an international conference "Re-evolution of Ftorafur 2008". Oncologists from Latvia, Russia, Ukraine, Azerbaijan, Kyrgyzstan and Georgia shared their experience about inclusion of the popular anticancer drug in the modern cancer treatment schemes. "Proved and very perspective," as Ftorafur was described by participants of the conference.

September

- "Grindeks" active pharmaceutical ingredients production plant has received a Good Manufacturing Practice certificate.
- Ambassador Extraordinary and Plenipotentiary of the People's Republic of China in Latvia V. E. Cheng Wenju visits "Grindeks". During the meeting business cooperation possibilities in China were discussed.
- "Grindeks" team takes part in the strategic competition "S2" for Latvian companies and wins the honourable seventh place in severe competition!

October

- On the World Mental Health Day, "Grindeks" organizes the international conference "Modern Outpatient Treatment Methods in Psychiatry".
- "Grindeks" participates in the international leading pharmaceutical exhibition "CPH Worldwide 2008" in Frankfurt by enabling the company to successfully position itself among the world pharmaceutical companies.

November



"Grindeks" wins the 1st place as "The Most Successful Export Company" in the group of large and medium-sized commercial companies "Export and Innovation Award 2008", and the right to use the trademark of "Export and Innovation Award 2008" "The Most Successful Export Company" for the lines of products Zopiclone and Somnol.

December

- The building and premises of the new final dosage forms plant are commissioned and inspections performed by the State Agency of Medicines have taken place successfully.



"Grindeks" is awarded for the best investor relations on the Internet within the Baltic states.

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