



AKCINĖ BENDROVĖ "SANITAS"

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*AB „SANITAS“*  
*INTERIM CONSOLIDATED FINANCIAL STATEMENTS*  
*FOR THE NINE MONTHS OF 2007*  
(NOT AUDITED)  
II-ND COPY

*CONFIRMATION OF RESPONSIBLE PERSONS*

Following the Rules on Preparation And Submission Of Periodic And Additional Information Of The Lithuanian Securities Commission and the Law on Securities Of The Republic Of Lithuania, we Saulius Jurgelėnas, General Manager of AB „Sanitas“, and Nerijus Drobavičius, Chief Financial Officer of AB „Sanitas“, hereby confirm that, to the best of our knowledge, the attached interim consolidated financial statements of AB „Sanitas“ for the nine months period ended at 30 September 2007, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of AB „Sanitas“ and the Consolidated Group.

ENCLOSURE: Interim consolidated financial statements of AB „Sanitas“ for the nine months period ended at 30 September 2007.

AB „Sanitas“ General Manager

A handwritten signature in blue ink, appearing to read "S. Jurgelėnas".

Saulius Jurgelėnas

AB „Sanitas“ Chief Financial Officer

A handwritten signature in blue ink, appearing to read "N. Drobavičius".

Nerijus Drobavičius



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**INCOME STATEMENT (LTL)**

	Notes	GROUP		COMPANY	
		January-September 2007	January-September 2006	January-September 2007	January-September 2006
<b>SALES</b>	3	<b>253,913,941</b>	<b>94,484,811</b>	<b>26,346,103</b>	<b>24,295,914</b>
Cost of sales		(124,522,686)	(60,821,172)	(12,400,920)	(12,203,632)
<b>GROSS PROFIT</b>		<b>129,391,255</b>	<b>33,663,639</b>	<b>13,945,183</b>	<b>12,092,282</b>
Other income		3,284,360	18,429,475	1,955,636	2,879,379
Selling and distribution expenses		(54,864,546)	(30,997,593)	(1,409,616)	(1,697,033)
Administrative expenses		(23,605,655)	(18,598,424)	(6,978,973)	(5,361,493)
Other expenses		(561,443)	(5,417,737)	(119,841)	(1,901,725)
<b>OPERATING PROFIT</b>		<b>53,643,971</b>	<b>(2,920,640)</b>	<b>7,392,389</b>	<b>6,011,410</b>
Dividends	4	-	-	2,665,335	3,975,733
Interest expenses, net		247,468	12,471,378	7,455,406	4,896,022
Other financial expenses, net		(17,530,137)	(12,248,178)	(1,587,078)	(1,678,350)
<b>FINANCIAL ACTIVITY</b>	5	<b>(17,282,669)</b>	<b>223,200</b>	<b>5,868,328</b>	<b>3,217,672</b>
<b>PROFIT (LOSS) BEFORE TAXES</b>		<b>36,361,302</b>	<b>(2,697,440)</b>	<b>15,926,052</b>	<b>13,204,815</b>
Income tax expense		(6,576,017)	3,372,869	(2,371,894)	(1,725,704)
Minority interests		-	-	-	-
<b>NET PROFIT (LOSS)</b>		<b>29,785,285</b>	<b>675,429</b>	<b>13,554,158</b>	<b>11,479,111</b>
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE (IN LTL)</b>	6	<b>0.96</b>	<b>0.03</b>	<b>0.44</b>	<b>0.48</b>

**BALANCE SHEET (LTL)**

ASSETS	Notes	Group		Company	
		2007.09.30	2006.12.31	2007.09.30	2006.12.31
<b>NON-CURRENT ASSETS</b>					
Goodwill		274,996,988	270,279,249	0	0
Property, plant and equipment		269,248,445	273,348,407	23,805,179	17,949,188
Intangible assets		41,190,372	41,963,103	209,880	210,083
Investments in subsidiaries	7	0	0	107,694,321	107,694,321
Other financial assets	8	34,499	32,942	227,937,041	227,870,857
Deferred tax assets		16,058,137	18,100,365	74,220	517,474
<b>TOTAL NON-CURRENT ASSETS</b>		<b>601,528,441</b>	<b>603,724,066</b>	<b>359,720,641</b>	<b>354,241,923</b>
<b>CURRENT ASSETS</b>					
Inventories		43,820,528	42,080,745	6,006,213	7,011,676
Prepaid income tax		1,742,581	306,684	1,677,015	122,271
Trade receivables		70,934,593	55,328,137	2,036,706	3,737,953
Other receivables	9	3,339,365	3,182,565	15,272,942	7,718,184
Deferred charges		1,526,202	597,792	171,948	61,693
Cash and cash equivalents		9,341,511	11,505,806	2,238,762	98,116
<b>TOTAL CURRENT ASSETS</b>		<b>130,704,780</b>	<b>113,001,729</b>	<b>27,403,586</b>	<b>18,749,893</b>
Non-current assets classified as held for sale	10	542,591	8,727,330	0	8,199,916
<b>TOTAL ASSETS</b>		<b>732,775,812</b>	<b>725,453,125</b>	<b>387,124,227</b>	<b>381,191,732</b>
<b>Equity and liabilities</b>					
	Notes	Group		Company	
		2007.09.30	2006.12.31	2007.09.30	2006.12.31
<b>EQUITY</b>					
Share capital	11	31,105,921	31,105,920	31,105,920	31,105,920
Share premium	11	248,086,205	248,086,205	248,086,205	248,086,205
Legal reserves	11	3,110,592	3,110,592	3,110,592	3,110,592
Other reserves	11	17,295,061	13,418,651	0	0
Retained earnings	11	44,961,792	15,176,509	48,463,918	34,909,760
<b>TOTAL EQUITY</b>		<b>344,559,571</b>	<b>310,897,877</b>	<b>330,766,635</b>	<b>317,212,477</b>
<b>Non current liabilities</b>					
Non-current loans	12	32,613,179	37,198,081	18,381,964	16,217,464
Financial lease obligations		5,905,055	3,271,319	1,633,372	1,119,717
Deferred tax liability		17,406,168	15,192,631	0	0
Deferred income from subsidies		4,217,924	3,687,518	4,217,924	3,687,518
Provisions		5,310,334	6,202,249	0	0
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>65,452,660</b>	<b>65,551,798</b>	<b>24,233,260</b>	<b>21,024,699</b>
<b>Current liabilities</b>					
Current portion of non-current loans	12	276,159,136	305,338,555	1,907,925	2,618,220
Current portion of non-current financial lease obligations		3,344,780	2,483,228	1,027,909	885,273
Current loans	12	41,938	2,251,886	14,428,181	23,171,718
Trade and other payables		25,848,982	25,112,996	6,258,391	8,670,969
Advances received		133,202	800,000	3,260,267	4,712,369
Corporate income tax payable		4,584,298	1,472,404	2,371,894	933,068
Other creditors		11,674,625	9,847,925	2,815,837	1,962,939
Provisions		976,620	1,696,456	53,928	0
<b>TOTAL CURRENT LIABILITIES</b>		<b>322,763,581</b>	<b>349,003,450</b>	<b>32,124,332</b>	<b>42,954,556</b>
<b>TOTAL LIABILITIES</b>		<b>388,216,241</b>	<b>414,555,248</b>	<b>56,357,592</b>	<b>63,979,255</b>
<b>TOTAL EQUITY AND LIABILITY</b>		<b>732,775,812</b>	<b>725,453,125</b>	<b>387,124,227</b>	<b>381,191,732</b>

**STATEMENTS OF CHANGES IN EQUITY (LTL)**

GROUP	SHARE CAPITAL	SHARE PREMIUM	LEGAL RESERVE	TRANSLATION RESERVE	OTHER RESERVES	RETAINED EARNINGS	TOTAL
<b>Capital and reserves as at 31.12.2005</b>	<b>11,000,000</b>	<b>17,553,588</b>	<b>1,801,104</b>	<b>1,556,062</b>	<b>(3,042,276)</b>	<b>23,821,040</b>	<b>52,689,518</b>
Net profit	-	-	-	-	-	675,429	675,429
Reversal of fair value reserve	-	-	-	-	-	-	-
Change in translation reserve	-	-	-	(2,502,742)	-	-	(2,502,742)
New emission of shares	20,105,920	230,421,834	-	-	-	-	250,527,754
Transferred to reserve	-	-	1,309,488	-	-	(1,309,488)	-
<b>Capital and reserves as at 30.09.2006</b>	<b>31,105,920</b>	<b>247,975,422</b>	<b>3,110,592</b>	<b>(946,680)</b>	<b>(3,042,276)</b>	<b>23,186,981</b>	<b>301,389,959</b>
Reversal of fair value reserve	-	-	-	-	3,042,276	-	3,042,276
Recalculation of share premium	-	110,783	-	-	-	-	110,783
Change in translation reserve	-	-	-	14,365,331	-	-	14,365,331
Net profit	-	-	-	-	-	(8,010,472)	(8,010,472)
<b>Capital and reserves as at 31.12.2006</b>	<b>31,105,920</b>	<b>248,086,205</b>	<b>3,110,592</b>	<b>13,418,651</b>	<b>-</b>	<b>15,176,509</b>	<b>310,897,877</b>
Net profit	-	-	-	-	-	29,785,285	29,785,285
Change in translation reserve	-	-	-	3,876,410	-	-	3,876,410
<b>Capital and reserves as at 30.09.2007</b>	<b>31,105,920</b>	<b>248,086,205</b>	<b>3,110,592</b>	<b>17,295,061</b>	<b>-</b>	<b>44,961,794</b>	<b>344,559,572</b>
<b>COMPANY</b>	<b>SHARE CAPITAL</b>	<b>SHARE PREMIUM</b>	<b>LEGAL RESERVE</b>	<b>TRANSLATION RESERVE</b>	<b>OTHER RESERVES</b>	<b>RETAINED EARNINGS</b>	<b>TOTAL</b>
<b>Capital and reserves as at 31.12.2005</b>	<b>11,000,000</b>	<b>17,553,588</b>	<b>1,801,104</b>	<b>-</b>	<b>(3,042,276)</b>	<b>25,579,374</b>	<b>52,891,790</b>
Net profit	-	-	-	-	-	11,479,111	11,479,111
Reversal of fair value reserve	-	-	-	-	-	-	-
Transferred to legal reserve	-	-	1,309,488	-	-	(1,309,488)	-
New emission of shares	20,105,920	230,421,834	-	-	-	-	250,527,754
<b>Capital and reserves as at 30.09.2006</b>	<b>31,105,920</b>	<b>247,975,422</b>	<b>3,110,592</b>	<b>-</b>	<b>(3,042,276)</b>	<b>35,748,997</b>	<b>314,898,655</b>
Reversal of fair value reserve	-	-	-	-	3,042,276	-	3,042,276
Recalculation of share premium	-	110,783	-	-	-	-	110,783
Net profit	-	-	-	-	-	(839,237)	(839,237)
<b>Capital and reserves as at 31.12.2006</b>	<b>31,105,920</b>	<b>248,086,205</b>	<b>3,110,592</b>	<b>-</b>	<b>-</b>	<b>34,909,760</b>	<b>317,212,477</b>
Net profit	-	-	-	-	-	13,554,158	13,554,158
<b>Capital and reserves as at 30.09.2007</b>	<b>31,105,920</b>	<b>248,086,205</b>	<b>3,110,592</b>	<b>-</b>	<b>-</b>	<b>48,463,918</b>	<b>330,766,635</b>

**CASH FLOW STATEMENTS (LTL)**

	Group		Company	
	January- September 2007	January- September 2006 (restated)	January- September 2007	January- September 2006 (restated)
<b>Cash flows from (to) operating activities</b>				
Profit (loss) before tax	29,785,285	675,429	13,554,158	14,930,519
<b>Adjustments of non-cash items:</b>				
Depreciation and amortisation	30,126,278	13,997,038	1,189,210	2,081,350
Loss (gain) from disposal or write-off of non-current assets	282,755	1,009,161	243,756	588
Allowance for receivables	(1,747,914)	79,750	-	
Allowance for inventories	(740,577)	860,783	(146,954)	31,703
Unrealised foreign currency exchange loss	3,971,928	(1,574,072)	(89,749)	
Dividends				(3,975,733)
Interest expenses	13,281,292	8,705,791	1,387,919	1,529,921
Interest (income)	(2,865,332)	(20,541)	(7,330,011)	(4,709,333)
	<b>72,093,715</b>	<b>23,733,339</b>	<b>8,808,329</b>	<b>9,889,015</b>
<b>Change in working capital</b>				
Decrease (increase) in inventories	(4,684,032)	(4,161,531)	(504,934)	(220,450)
Decrease (increase) in trade and other receivables and deferred charges receivables	(19,429,042)	34,643,808	(2,575,569)	(223,570,563)
Increase (decrease) in trade and other and advances received payables	5,007,780	1,382,715	2,018,289	3,469,279
Decrease in provisions	1,493,701		53,928	
Income tax paid	(4,942,408)	1,127,381	(2,116,227)	(2,577,358)
<b>Net cash flows from (to) operating activities</b>	<b>49,539,714</b>	<b>56,725,712</b>	<b>5,683,816</b>	<b>(213,010,077)</b>
<b>Cash flows from (to) investing activities</b>				
(Acquisition) of non-current tangible assets	(15,823,996)	(10,118,582)	(7,281,164)	(3,710,102)
(Acquisition) of non-current intangible assets	(2,375,953)	(2,283,937)	(74,679)	(88,646)
Proceeds from assets held for sale	1,782,781		1,782,781	
Proceeds from sale of non-current assets (except investments)	165,432	72,583		72,583
(Acquisition) of subsidiary Jelfa S.A.		(510,159,978)		
(Acquisition) of subsidiary Sanitas Polska				(45,175)
Acquisition of other equity securities		(11,169,466)		(22,285,658)
(Acquisition) of assets held for sale	8,199,916	12,534,034	8,199,916	
Interest received	29,222	20,541	1,351	4,709,333
Dividends received			2,665,335	3,975,733
<b>Net cash flows (to) investing activities</b>	<b>(8,022,598)</b>	<b>(521,104,805)</b>	<b>5,293,540</b>	<b>(17,371,932)</b>
<b>Cash flows from (to) financing activities</b>				
Issue of shares		250,527,754		250,527,754
Bank fees			(74,460)	
Proceeds from loans	22,882,063	268,837,897	29,426,158	
Repayments of loans	(55,119,641)	(36,148,986)	(36,523,754)	(21,751,233)
Payment of finance lease liabilities	3,495,288		(1,190,319)	
Interest paid	(15,110,429)	(8,705,791)	(645,643)	(1,529,921)
Proceeds from grants	171,308	3,383,712	171,308	1,691,856
<b>Net cash flows from financial activities</b>	<b>(43,681,411)</b>	<b>477,894,586</b>	<b>(8,836,710)</b>	<b>228,938,456</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,164,295)</b>	<b>13,515,493</b>	<b>2,140,646</b>	<b>(1,443,553)</b>
<b>Net foreign exchange difference</b>				
<b>Cash and cash equivalents as of January 1, 2007</b>	<b>11,505,806</b>	<b>4,846,639</b>	<b>98,116</b>	<b>1,559,601</b>
<b>Cash and cash equivalents as of September 30, 2007</b>	<b>9,341,511</b>	<b>18,362,132</b>	<b>2,238,762</b>	<b>116,048</b>



## NOTES TO THE FINANCIAL ACCOUNTS

### 1 GENERAL INFORMATION

AB Sanitas (hereinafter “the Company”) is a public limited liability company registered in the Republic of Lithuania on 30 June 1994.

The Company is involved in production and trade of generic medicines, namely injection preparations, tablets, capsules, galenic solutions and ointments. The Company’s shares are listed in the Main List on the Vilnius Stock Exchange.

The consolidated financial statements include the financial statements of AB Sanitas and the subsidiaries listed in the following table (hereinafter “the Group”):

NAME	MAIN ACTIVITIES	COUNTRY OF INCORPORATION	% OF EQUITY INTEREST	
			30.09.2007	31.12.2006
Jelfa S.A.	Production and trade of medicines	Poland	100.00	100.00
Hoechst-Biotika s.r.o.	Production and trade of medicines	Slovakia	100.00	100.00
UAB „Altisana“	Real estate	Lithuania	100.00	100.00

Data on the Company, its subsidiaries and affiliates

NAME OF THE COMPANY	AB SANITAS
Code	1341 36296
Authorised capital	LTL 31,105,920 divided into 31,105,920 ordinary registered shares with nominal value LTL 1 per share
Address	Vytauto Ave. 3, LT-44354 Kaunas
Telephone	(+370~37) 22 67 25
Fax	(+370~37) 22 36 96
E-mail address	<a href="mailto:sanitas@sanitas.lt">sanitas@sanitas.lt</a>
Internet website	<a href="http://www.sanitas.lt">www.sanitas.lt</a>
Legal and organisational form	Public company, legal person with limited liability
Duration of activity	Unlimited
Scope of activity	Manufacturing of pharmaceutical products
Date and place of registration	30 June 1994, Kaunas Municipality Board
Register, in which data about the company are stored	Register of Legal Entities

NAME OF THE COMPANY	HOECHST-BIOTIKA, SPOL. S R.O.
Authorised capital	SKK 416,640,000 not divided into shares
Number of shares owned by AB Sanitas	-
Portion of capital and votes held by AB Sanitas	100 percent
Address	Sklabinská 30, Martin 036 80, Slovakia
Legal and organisational form	Limited Liability Company
Register, in which data about the company are stored	District Court in Žilina
Scope of activity	Manufacturing of pharmaceutical products
Additional information	Hoechst-Biotika, spol. s r.o. established Branch of the Foreign Company in Prague, Czech Republic on 12 February 2007



<b>NAME OF THE COMPANY</b>	<b>JELFA S.A.</b>
Authorised capital	PLN 27,316,160
Number of shares owned by Sanitas, AB	709,035
Portion of capital and votes held by Sanitas, AB	Portion of capital 10.38 percent, portion of votes 100 percent
Address	58-500 Jelenia Góra, ul. W.Pola 21
Legal and organisational form	Joint stock company
Register, in which data about the company are stored	National Court Register, Wrocław branch
Scope of activity	Manufacturing of pharmaceutical products
Additional information	Jelfa S.A. is the owner of 6,120,005 its shares, 89.62% of the share capital

<b>NAME OF THE COMPANY</b>	<b>UAB ALTISANA</b>
Authorised capital	LTL 4,337,200 divided into 43,372 ordinary registered shares with nominal value LTL 100 per share
Number of shares owned by Sanitas, AB	43,372
Portion of capital and votes held by Sanitas, AB	100 percent
Address	Vytauto 3, LT-44354 Kaunas, Lithuania
Legal and organisational form	Limited Liability Company
Register, in which data about the company are stored	Companies Register of Republic of Lithuania
Scope of activity	Purchase, sell and rent of real estate



## MAIN SHAREHOLDERS

Shareholders that are acting jointly, who held more than 5 percent of the Issuer's authorised capital or votes of AB „Sanitas“ as of September 28, 2007:

NAME OF THE SHAREHOLDER, ITS TYPE, ADDRESS OF HEAD OFFICE, CODE IN THE REGISTER OF ENTERPRISES	NUMBER OF ORDINARY REGISTERED SHARES OWNED BY THE RIGHT OF OWNERSHIP	SHARE OF THE AUTHORISED CAPITAL, %	SHARE OF VOTES GIVEN BY THE SHARES OWNED BY THE RIGHT OF OWNERSHIP, %	SHARE OF VOTES OF SHAREHOLDERS THAT ARE ACTING JOINTLY, %
AB Invalda, 121304349	10,731,574	34.5	34.5	66.71
UAB Finasta Rizikos Valdymas, 300045450	331,205	1.06	1.06	
AB FMĮ Finasta, 122570630	46,799	0.15	0.15	
Darius Šulnis	246,635	0.79	0.89	
Dailius Juozapas Mišeikis	466,709	1.5	1.5	
Jonas Bielinis	330,965	1.06	1.06	
Nerijus Nausėda	248,805	0.8	0.8	
Tomas Nausėda	333,220	1.07	1.07	
Alvydas Dirvonas	516,707	1.66	1.66	-----
Arūnas Tuma	516,727	1.66	1.66	
Darius Žaromskis	516,702	1.66	1.66	
Donatas Jazukevičius	441,702	1.42	1.42	
Citigroup Venture Capital International Jersey Limited, 90207	5,312,000	17.08	17.08	
Firebird Republics Fund Ltd.	711,808	2.29	2.29	
Hansabank Clients, 10060701	5,236,148	16.83	16.83	

AB Sanitas has the General Meeting, single person management organ – the manager (General Manager) and collegial supervisory organ – the Board. The Supervisory Board is not formed in the company.

The Board of the Company is formed from 5 members and is elected by the General Meeting for the 4 years period.

The manager of the company is elected and dismissed by the Board which also fix his salary, approve his job description, provide incentives and impose penalties.

Information about members of the managing bodies:

NAME, POSITION HELD	NUMBER OF ORDINARY REGISTERED SHARES	SHARE OF THE AUTHORISED CAPITAL, %	SHARE OF VOTES, %
Darius Šulnis, Chairman of the Board	246,635	0.79	0.79
Vytautas Bučas, Member of the Board	-	-	-
Darius Žaromskis, Member of the Board	516,702	1.66	1.66
Martynas Česnavičius, Member of the Board	-	-	-
Ashwin Roy, Member of the Board	-	-	-
Saulius Jurgelėnas, General Manager	-	-	-
Nerijus Drobavičius, Chief Financial Officer	-	-	-

## 2 ACCOUNTING PRINCIPLES

The principal accounting policies adopted in preparing the Group's and the Company's financial statements as of September 30, 2007 are as follows:

### *STATEMENT OF COMPLIANCE*

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (further "the EU").

### *BASIS OF PREPARATION*

These Interim Financial Statements as of September 30, 2007 have been prepared according 34<sup>th</sup> International Accounting Standard (IAS 34) Interim Financial Reporting.

Audit has not been conducted for Interim Financial Statements as of September 30, 2007. Annual financial statements as of December 31, 2006 have been audited.

### *BASIS OF CONSOLIDATION*

The consolidated financial statements comprise the financial statements of AB Sanitas and its subsidiaries as of September 30 2007. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies, that have been applied in Annual Financial Statements.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

### *FOREIGN CURRENCY TRANSLATION*

The Company's and Group's financial statements are presented in local currency of the Republic of Lithuania, Litas (LTL), which is the Company's functional and the Company's and Group's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The functional currency of the foreign operations, Jelfa S.A. and Hoechst-Biotika s.r.o., is Polish Zloty (PLN) and Slovak Crown (SKK) respectively. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of AB Sanitas (LTL) at the rate of exchange ruling at the balance sheet date. Income statement items are translated using average monthly exchange rates and the total result of the accounting period in income statement is presented as a sum of monthly translated results. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Lithuanian Litas is pegged to EUR at the rate of 3.4528 Litas for 1 EUR, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.



### 3 SALES

#### REVENUE STRUCTURE OF THE GROUP BY BUSINESS SEGMENTS

LTL	INJECTION PREPARATIONS		TABLETS		OINTMENTS, EYE DROPS, TINCTURES		UNALLOCATED		TOTAL	
	January- September 2007	January- September 2006	January- September 2007	January- September 2006	January- September 2007	January- September 2006	January- September 2007	January- September 2006	January- September 2007	January- September 2006
	Revenue	74,290,162	41,315,015	85,845,972	27,633,738	92,877,829	25,112,589	899,977	423,469	253,913,94
Change	80%		211%		270%		113%		169%	

#### REVENUE STRUCTURE OF THE COMPANY BY BUSINESS SEGMENTS

LTL	INJECTION PREPARATIONS		TABLETS		OINTMENTS, EYE DROPS, TINCTURES		UNALLOCATED		TOTAL	
	January- September 2007	January- September 2006	January- September 2007	January- September 2006	January- September 2007	January- September 2006	January- September 2007	January- September 2006	January- September 2007	January- September 2006
	Revenue	19,840,350	17,183,071	4,989,662	4,929,734	1,519,757	2,182,655	-3,666	454	26,346,103
Change	15%		1%		-30%		-907%		8%	

#### REVENUE STRUCTURE BY GEOGRAPHICAL SEGMENTS

LTL	GROUP			COMPANY		
	January- September 2007	January- September 2006	Change	January- September 2007	January- September 2006	Change
	Latvia	15,954,606	16,286,271	-2%	14,853,043	13,425,011
Lithuania	10,553,192	10,661,057	-1%	10,553,160	10,258,216	3%
Germany	12,148,817	10,828,510	12%	-	-	-
Slovakia	12,749,138	9,782,365	30%	-	-	-
Poland	142,361,100	24,440,975	482%	790,976	-	-
Russia	32,701,994	9,715,326	237%	-	-	-
Unallocated	27,445,094	12,770,307	115%	148,924	612,687	-76%
<b>TOTAL</b>	<b>253,913,941</b>	<b>94,484,811</b>	<b>169%</b>	<b>26,346,103</b>	<b>24,295,914</b>	<b>8%</b>

### 4 DIVIDENDS FROM SUBSIDIARY

On the base of 26 April 2007 resolution of AB Sanitas, the only shareholder of UAB "Altisana", it was decided to disburse dividends amounted to LTL 2,665 thousand to AB "Sanitas". In May 2007 according to intergreement it was settled to charge payable amount of dividends as repayment of loan.

### 5 FINANCIAL INCOME AND EXPENSES

	GROUP		COMPANY	
	January- September 2007	January- September 2006	January- September 2007	January- September 2006
FINANCIAL INCOME:				
Delays and fines	-	152,046	-	44,692
Interest income	231,286	23,675	7,330,194	4,709,333
Foreign exchange gain	(760,117)	3,920,742	125,212	80,167
Other	16,183	8,374,915	-	61,830
<b>Total financial income</b>	<b>(512,648)</b>	<b>12,471,378</b>	<b>7,455,406</b>	<b>4,896,022</b>
FINANCIAL EXPENSES:				
Delays and fines paid	13,231	118,198	13,231	-
Interest on borrowings	13,281,291	10,102,715	1,463,763	1,529,921
Foreign exchange loss	3,058,720	2,234,837	110,084	138,879
Other	416,779	(207,572)	-	9,550
<b>Total financial expenses</b>	<b>16,770,021</b>	<b>12,248,178</b>	<b>1,587,078</b>	<b>1,678,350</b>
<b>RESULT OF FINANCIAL ACTIVITIES</b>	<b>(17,282,669)</b>	<b>223,200</b>	<b>5,868,328</b>	<b>3,217,672</b>



## 6 EARNINGS PER SHARE

Basic earning per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in basic and diluted earnings per share computations for the Group and the Company:

	GROUP		COMPANY	
	January-September 2007	January-September 2006(restated)	January-September 2007	January-September 2006(restated)
Net (loss) profit	29,785,285	675,429	13,554,158	11,479,111
Weighted average number of ordinary shares	31,105,920	23,741,114	31,105,920	23,741,114
Earnings (loss) per share (in LTL)	0.96	0.03	0.44	0.48

The calculation of weighted average number of ordinary shares for the nine months of 2007 was the following:

	GROUP	COMPANY
	January-September 2007	January-September 2007
Period from 1 January 2007 to 30 September 2007 (273 days)	31,105,920	31,105,920
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	<b>31,105,920</b>	<b>31,105,920</b>

The calculation of weighted average number of ordinary shares for the nine months of 2006 was the following:

	GROUP	COMPANY
	January-September 2007	January-September 2007
Period from 1 January 2006 to 10 April 2006 (100 days)	11,000,000	11,000,000
Period from 11 April 2006 to 30 September 2006 (173 days)	31,105,920	31,105,920
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	<b>23,741,114</b>	<b>23,741,114</b>

## 7 INVESTMENTS

	GROUP		COMPANY	
	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Shares of Jelfa S.A. (100% )	-	-	64,590,015	64,590,015
Shares of Hoechst-Biotika s.r.o. (100%)	-	-	41,690,866	41,690,866
Shares of UAB „Altisana“ (100%)	-	-	1,413,440	1,413,440
<b>TOTAL INVESTMENTS:</b>	<b>-</b>	<b>-</b>	<b>107,694,321</b>	<b>107,694,321</b>

## 8 OTHER FINANCIAL ASSETS

	GROUP		COMPANY	
	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Other financial assets	34,499	32,942	227,937,041	227,870,857
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>34,499</b>	<b>32,942</b>	<b>227,937,041</b>	<b>227,870,857</b>

The outstanding amount of the loans provided by the Company to Jelfa S.A. as of December 31, 2006 was LTL 227,871 thousand and the outstanding amount as of September 30, 2007 was LTL 227,934 thousand. These loans are granted with 4.3% interest rate. The outstanding amount of interest receivable from the subsidiary as of 31 December 2006 was LTL 6,428 thousand and LTL 14,472 thousand as of September 30, 2007. The Company treats these loans as net investment to subsidiary as it plans to increase the share capital of Jelfa S.A. in the future.



## 9 OTHER RECEIVABLES

	GROUP		COMPANY	
	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Refundable VAT	2,222,764	1,776,147	756,893	500,730
Receivable interests from Jelfa S.A.	0	0	14,471,500	6,428,512
Other receivables	1,116,601	1,406,418	44,549	788,942
<b>TOTAL OTHER RECEIVABLES</b>	<b>3,339,365</b>	<b>3,182,565</b>	<b>15,272,942</b>	<b>7,718,184</b>

Receivable interests from Jelfa S. A. for the loan granted (note 8).

## 10 ASSETS HELD FOR SALE

	GROUP		COMPANY	
	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Real estate in Veiverių Str., Kaunas held for sale	0	8,199,916	0	8,199,916
Machinery and equipment held for sale	542,591	527,414	0	0
<b>TOTAL HELD FOR SALE ASSETS</b>	<b>542,591</b>	<b>8,727,330</b>	<b>0</b>	<b>8,199,916</b>

### *Real estate in Veiverių Str. held for sale*

In September 2005 the Company concluded a preliminary agreement concerning disposal of the property located in Veiverių Str., Kaunas. In accordance with this agreement the Company received a prepayment of LTL 800 thousand for the assets mentioned.

The assets' fair value less costs to sell was amounting to LTL 8,688 thousand, and exceeded the carrying value of the property comprising LTL 8,200 thousand as of 31 December 2005. The fair value less cost of sale was estimated by reference to an independent appraisal, as well as the existing preliminary agreement.

Based on the preliminary agreement the disposal had to take place till 1 March 2006. The disposal process protracted as the Company failed to fulfil the obligation for the buyer to prepare the detail plan on the plot as during the detail plan preparation process it was noted that the previous detail plan of the plot included inaccuracy related to a mistake of Kaunas district planning department. Due to this reason the disputes with the neighbouring company UAB Suslavičius-Felix started, which the Company could not foresee at the moment of signing the preliminary agreement. The amendment of the preliminary agreement was signed, according to which the Company is obligated to sell the asset till 31 May 2007.

AB Sanitas has sold part of the real estate according to the signed preliminary agreement on May 31, 2007. The remaining part of the real estate was sold on June 16, 2007. Total sales transactions value of real estate, located in Veiverių str. was LTL 10,150 thousand, the profit from property sale, excluding selling related expenses, was LTL 1,782,781.



## 11 EQUITY

	GROUP		COMPANY	
	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Share capital	31,105,921	31,105,920	31,105,920	31,105,920
Share premium	248,086,205	248,086,205	248,086,205	248,086,205
Legal reserves	3,110,592	3,110,592	3,110,592	3,110,592
Translation reserve	17,295,061	13,418,651	0	0
Retained earnings	44,961,792	15,176,509	48,463,918	34,909,760
<b>TOTAL EQUITY</b>	<b>344,559,571</b>	<b>310,897,877</b>	<b>330,766,635</b>	<b>317,212,477</b>

On May 15, 2006 20,105,920 additional shares with a nominal value of 1 Litas per share were issued. The Company has sold these shares for 13 LTL each. Proceeds from the share capital increase were LTL 250,638,537, including share premium amounting to LTL 230,532,617 (net of expenses related to the transaction). The Company's share capital comprised of 31,105,920 ordinary shares with a nominal value of 1 Litas per share as of December 31, 2006 and September 30, 2007.

The share capital of the Company was fully paid as of December 31, 2006 and as of September 30, 2007. Subsidiaries did not hold any shares of the Company as of December 31, 2006 and as of September 30, 2007. The company did not hold its own shares.

## 12 LOANS

Non-current and current loans of the Company include:

LENDER	EFFECTIVE INTEREST RATE	ORIGINAL CURRENCY	PRINCIPAL AMOUNT IN ORIGINAL CURRENCY	MATURITY DATE	OUTSTANDING BALANCE IN LTL AT SEPTEMBER 30, 2007	OUTSTANDING BALANCE IN LTL AT DECEMBER 31, 2006
UAB Altisana	4%	LTL	10,735,234	March 2007	4,735,545	7,690,631
Hoechst-Biotika s.r.o.	5%	EUR	5,000,000	December 2007	6,948,926	10,574,366
AB Invalda	7%	LTL	3,600,000	March 2007		2,210,000
Jelfa S.A.	5%	PLN	3,000,000	February 2007	2,743,710	2,696,640
AB SEB Vilniaus bankas	6-month LIBOR+1.05%	EUR	750,000	July 2008	-	2,585,776
AB SEB Vilniaus bankas	6-month VILIBOR+1.05%	LTL	2,500,000	July 2008	-	2,330,783
AB SEB Vilniaus bankas	6-month LIBOR+1.05%	LTL	7,200,124	May 2009	-	6,327,384
AB SEB Vilniaus bankas	6-month LIBOR+1.32%	LTL	28,589,184	January 2015	-	7,591,822
AB Hansabankas	6-month VILIBOR+1.1%	LTL	5,000,000	July 2009	4,607,747	-
AB Hansabankas	6-month LIBOR+1.65%	EUR	11,874,420	July 2015	15,682,142	-
					34,718,070	42,007,402
Less current portion					16,336,106	25,789,938
Non-current loans, net of current portion					18,381,964	16,217,464



Non-current and current loans of the Group include:

LENDER	EFFECTIVE INTEREST RATE	ORIGINAL CURRENCY	PRINCIPAL AMOUNT IN ORIGINAL CURRENCY	MATURITY DATE	OUTSTANDING BALANCE IN LTL AT SEPTEMBER 30, 2007	OUTSTANDING BALANCE IN LTL AT DECEMBER 31, 2006
AB SEB Vilniaus bankas	6-month EUR LIBOR+1.05%	LTL	7,200,124	May 2009	-	6,327,384
AB SEB Vilniaus bankas	6-month EUR LIBOR+1.32%	LTL	28,589,184	January 2015	-	7,591,823
AB SEB Vilniaus bankas	6-month EUR LIBOR+1.05%	EUR	750,000	July 2008	-	2,585,776
AB SEB Vilniaus bankas	6-month VILIBOR+1.05%	LTL	2,500,000	July 2008	-	2,330,783
AB Hansabankas	6-month VILIBOR+1.1%	LTL	5,000,000	July 2009	4,607,747	-
AB Hansabankas	6-month LIBOR+1.65%	EUR	11,874,420	July 2015	15,682,142	-
Bank Pekao S.A.	3-month WIBOR+0.32%	PLN	33,718,738	December 2009	23,719,039	30,308,916
Banko Polska Kasa Opieki S.A./Bank Zachodni WBK S.A.	3-month WIBOR+1.75%	PLN	310,000,000	May 2014	255,165,030	279,472,000
AB Invalda	7%		3,600,000	March 2007	-	2,210,000
Tatra Bank	1-year BRIBOR+1.20%	SKK	160,000,000	-	9,598,357	13,920,035
Nordea Bank Finland Plc Lithuanian branch	1-day VILIBOR+1%	EUR	83,400	May 2007	41,938	41,805
					308,814,253	344,788,522
Less current portion					276,201,074	307,590,441
Non-current loans, net of current portion					32,613,179	37,198,081

### 13 RELATED PARTY TRANSACTIONS

The parties are considered related when one party has a possibility to control the other one or have significant influence over the other party in making financial and operating decisions.

The Company's transactions with related parties in January-September of 2007, which had significant influence on financial statements, and related balances were as follows:

COMAPANY	NOTES	PURCHASES FROM RELATED PARTIES	SALES TO RELATED PARTIES	AMOUNTS OWED BY RELATED PARTIES	AMOUNTS OWED TO RELATED PARTIES
AB Invalda	a)	145	0	0	0
Hoechst-Biotika	b)	2,992	33	17	8,175
Jelfa S.A.	c)	971	8,161	242,407	6,845
UAB "Inred"	d)	616	0	0	35
UAB "Laikinosios sostinės projektai"	e)	473	0	0	61
UAB "Altisana"	f)	179	2,665	0	5,185

- a) In 2006 the Company received loan amounted to LTL 3,600 thousand from AB "Invalda" and in March 2007 received another loan amounted to LTL 2,200 thousand with an annual interest rate of 7%. In July 2007 loans were repaid; accumulated amount of interest amounted to LTL 145 thousand.
- b) In October 2005 Hoechst-Biotika provided loan with 5% fixed interest rate to the Company amounting to LTL 17,264 thousand. The outstanding amount as of September 30, 2007 is LTL 6,949 thousand. The interest calculated for the nine months of 2007 was LTL 328 thousand. Hoechst-Biotika produces products for the Company. During the nine months of 2007 the Company purchased products for LTL 2,646 thousand.



- c) Jelfa SA provided loan to the Company with 5% fixed annual interest rate. Outstanding amount as of September 30, 2007 was LTL 2,744 thousand. In 2006 Jelfa S.A. made an advance payment for the Company amounting to LTL 3,909 thousand for 2007 year Company's sales to Poland market. The outstanding amount of the loans provided by the Company to Jelfa S.A. as of June 30, 2007 was 227,934 thousand. These loans are granted with 4.3% annual interest rate. The outstanding amount of interest receivable from the subsidiary as of September 30, 2007 was LTL 14,471 thousand. The Company plans to increase the share capital of Jelfa S.A. using the above-mentioned subordinated loan in the future. During the nine months of 2007 the Company purchased products from Jelfa S.A. for LTL 838 thousand and sold for LTL 760 thousand.
- d) UAB "Inred" provided real-estate related and other services to the Company. During the January-September of 2007 the Company purchased services for LTL 616 thousand.
- e) The Company rented part of the real estate from UAB "Laikinosios sostinës projektai" for the operating activity. The rent fee during the January-September of 2007 was LTL 473 thousand (the outstanding payable amount as at 30 September 2007 was LTL 61 thousand).
- f) UAB "Altisana" provided loan to the Company with 4% fixed annual interest rate. The remaining amount of loan and interest was LTL 5,185 thousand as of September 30, 2007 (the outstanding amount as of December 31, 2006 was LTL 7,691 thousand). On the base of 26 April 2007 resolution of shareholder of UAB "Altisana"(AB „Sanitas“) it was decided to disburse dividends amounted to LTL 2,665 thousand to AB "Sanitas". In May 2007 according to interagreement it was settled to charge payable amount of dividends as repayment of loan.

#### 14 SIGNIFICANT EVENTS

On the basis of the decision of 17 January 2007 made by Polish General Pharmaceutical Inspection, the sale of Corhydron 100 and Corhydron 25 – medicine, manufactured by Jelfa was renewed. This decision was made after pharmaceutical inspectors had investigated all documentation and records of manufacturing and packing of the said product, the procedures of cleaning of manufacturing premises and production lines, took into account their efficiency. The investigation proved the fact that there was no possibility of contaminating Corhydron" with other substances in the process of its manufacturing. The sale of Corhydron 250 was renewed earlier on.

In the Ordinary General Meeting of AB Sanitas Shareholders on 26 April 2007:

- Company's financial statements for the year 2006 and consolidated financial statements for the year 2006 approved.
- Approved Company's profit distribution for the year 2006 (LTL thousand):

Undistributed result – profit (loss) – at the end of the previous financial year	24,269
The net result of the financial year – profit (loss)	10,641
Result available for distribution – profit (loss) – at the end of the financial year	34,910
Shareholders' distributions to cover loss	0
Transfers from the reserves	0
Result available for distribution – profit (loss) – at the end of the financial year	34,910
Distribution of the profit:	
- to the reserves provided by law	0
- to other reserves	0
- dividends	0
- other.	0
Undistributed result – profit (loss) – at the end of the financial year	34,910
- Vytautas Bučas and Ashwin Roy were elected to the Management Board for the remaining period of the tenure instead of resigned Dailius Juozapas Mišeikis and Sunil Kumar Nair.
- Approved Stock option plan of the Company.

On April 26 2007 the Shareholders Meeting of UAB Altisana decided to reduce the share capital of UAB Altisana by LTL 4,327 thousand (from former LTL 4,337,200 to LTL 10 thousand), in order to pay funds of UAB Altisana to the shareholder, by eliminating 43,272 shares.



As from July 9, 2007 Nerijus Drobavičius, former chief accountant of Sampo Bankas AB, has taken office of finance director of Sanitas AB.

On July 18, 2007 Nerijus Drobavičius, the finance director of Sanitas AB, was elected as the member of the management board of subsidiary Jelfa SA.

#### **15 SUBSEQUENT EVENTS**

On October 4, 2007 the amended Articles of Association of Altisana UAB, the subsidiary of Sanitas AB, were registered in the Register of Companies of Republic of Lithuania. The amendments were made by the resolution of the sole shareholder on April 26, 2007 to reduce the authorized capital of the Altisana UAB from LTL 4 337 200 to LTL 10 000. The authorized capital was reduced by canceling part of the shares.

Sanitas AB converted subordinated loan to its subsidiary Jelfa SA into the own shares of the latter. Jelfa SA obtained the said shares after the merger with Sanitas Polska in December, 2006. After conversion of the subordinated loan Sanitas AB remains the owner of 100 % votes in the shares capital of Jelfa SA, as it was before.