SANITAS AB

CONSOLIDATED INTERIM **REPORT**

FOR SIX MONTHS OF THE FIRST HALF OF THE YEAR, 2007

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Rules on Preparation And Submission Of Periodic And Additional Information Of the Lithuanian Securities Comission and the Law on Securities Of The Republic Of Lithuania, we Saulius Jurgelenas, General Manager of Sanitas AB and Ruta Milkuviene, Director of Corporate and Legal affairs of Sanitas AB, hereby confirm that, to the best of our knowledge, the attached consolidated interim report for six months of the first half of the year, 2007 gives a true and fair view about the business development and activity of Sanitas group.

ENCLOSURE: Sanitas AB consolidated interim report for six months of the first half of the year, 2007.

Sanitas AB General Manager Saulius Jurgelenas

Sanitas AB Director of Corporate and Legal affairs Ruta Milkuvienė

Sanitas AB

Consolidated Interim Report

for six months of the first half of the year, 2007

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1. Reporting period for which Consolidated Interim Report for six months has been prepared

The Consolidated Interim Report for six months has been prepared for the first half of the year, 2007.

2. Main data about Sanitas AB (hereinafter – "Company" or "Sanitas")

Sanitas	
Legal form	Joint stock company
Registration date	30 June, 1994
Registration place	Kaunas Municipality Board
Register, in which data about the company are stored	Register of legal entities of Republic of Lithuania
Code	1341 36296
Registered office Phone number	Vytauto ave. 3, LT-44354, Kaunas, Lithuania +370 37 22 67 25
Fax number	+370 37 22 36 96
E-mail	sanitas@sanitas.lt
Website	www.sanitas.lt

3. Enterprises comprising Sanitas group and their contacts

Hoechst – Biotika spol. s. r. o. (hereinafter "Hoechst – Biotika")	
Legal form	Limited liability company
Registration date	2 March, 1992
Register, in which data about the company are stored	District court in Zilina, Slovakia
Code	31 560 784
Registered office	Sklabinska 30, 036 80 Martin, Slovakija
Phone number	+421 43 402 11 11
Fax number	+421 43 421 004
E-mail	hb@hoechst-biotika.sk
Website	www. hoechst-biotika.sk
Jelfa S A (hereinafter "Jelfa")	
Legal form	Limited liability company
Registration date	2 December, 1991
Register, in which data about the company are stored Code	National court register, Wroclow branch 66687
Registered office	Wincentego Pola 21, 58 800 Jelenia Gora, Poland
Phone number	+48 75 6 433 240
Fax number	+48 75 7 524 455
E-mail	jelfa@jelfa.com.pl
Website	www.jelfa.com.pl
Altisana UAB (hereinafter "Altisana")	
Legal form	Limited liability company
Registration date	16 August, 1995
Register, in which data about the company are stored	Register of legal entities of Republic of Lithuania
Code	134544045
Registered office	Vytauto ave. 3, LT-44354, Kaunas
Phone number	8-37 2 2 67 25
Fax number E-mail	8-37 2 2 36 96 -
Website	-

4. The main activity of the Sanitas group

The main activity of the Sanitas group is manufacturing of pharmaceutical products.

5. Information about the Company's agreements with intermediaries of public trading in securities

The Company has signed agreements with the financial brokerage company Finasta AB (Konstitucijos Ave. 23, Vilnius, tel. (+370~5) 278 6833, fax (+370~5) 278 6838) concerning management of securities, accounting and drawing up of the periodical reports, also concerning custody and accounting of securities and funds, accepting and executing orders.

The Company has an agreement with Dom Maklerski BZ WBK S.A. (Wolności 15, Poznan, Poland, tel. (+48~61) 856 4880, fax (+48~61) 856 4770) concerning custody and accounting of the subsidiary's Jelfa securities and funds, accepting and executing orders.

6. The Company's authorised capital

Composition of the authorised capital of the Company:

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Portion of the authorised capital, %
Ordinary registered shares	31,105,920	1	31,105,920	100.00

Limitations of securities transfering

On February 24, 2006 shareholders agreement between Amber Trust II SCA, Citigroup Venture Capital International Jersey Limited, Invalda AB, Nenuorama UAB, Aikstentis UAB, Finasta investiciju valdymas UAB, natural persons Darius Sulnis, Tomas Nauseda, Jonas Bielinis, Nerijus Nauseda, Arunas Tuma, Alvydas Dirvonas, Darius Zaromskis, Donatas Jazukevicius and the Company (hereinafter referred to as „Shareholders agreement") was signed. In this agreement the restrictions to transfer the Company's shares, other than as expressly required or permitted under Shareholders agreement, as well as restrictions to establish any encumbrances on the shares are prescribed.

7. Shareholders of the Company

Total number of the shareholders on 30 June, 2007 – 1 103.

Shareholders acting jointly, who held more than 5 percent of the Company's authorised capital or votes on the 30 June, 2007:

Name of the shareholder (legal form, address of registered office and code of the enterprise)	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, %
Invalda AB, Seimyniskiu str. 3, Vilnius, i.c. 121304349	9 060 922	29,13	29,13	66,79
Finasta rizikos valdymas UAB, Konstitucijos ave. 23, Vilnius, i.c. 300045450	58 975	0,19	0,19	
FMI Finasta AB, Konstitucijos ave. 23, Vilnius, i.c. 122570630	765 010	2,46	2,46	
Nenuorama AB, J. Tumo–Vaizganto str. 9-38, Vilnius, id.c. 122649227	1 683 323	5,41	5,41	
Darius Sulnis,	183 975	0,59	0,59	
Dailius Juozapas Miseikis,	95 265	0,31	0,31	
Jonas Bielinis	330 965	1,06	1,06	

Nerijus Nauseda	248 805	0,80	0,80	
Tomas Nauseda	333 220	1,07	1,07	
Alvydas Dirvonas	516 707	1,66	1,66	
Arunas Tuma	516 727	1,66	1,66	
Darius Zaromskis Donatas Jazukevicius	516 702 441 702	1,66 1,42	1,66 1,42	
Citigroup Venture Capital Internatonal Jersey Limited, 90207	5 312 000	17,08	17,08	
Firebird Republics Fund Ltd. Hansabank Clients, Liivalaia 8, 15040 Tallinn, Estonia, 10060701	711 808 5 095 059	2,29 16,38	2,29 16,38	----

Special rights of control possessed by the shareholders and description of these rights

It is agreed in the Shareholders agreement that:
- each shareholder - Amber trust II SCA and Citigroup Venture Capital International Jersey Limited - has a right to nominate 1 representative to the Company‘s managing body – Management Board.
- the Management Board will be composed from 5 members and, unless otherwise agreed, neither of them will initiate and/or vote in favor of any amendments of or supplements of Articles of Association which would result in any change of number of the members of the Board.
- the Company shall permit the shareholders Amber trust II SCA and Citigroup Venture Capital International Jersey Limited to visit and inspect the Company‘s and each of its Subsidiaries‘ properties, to examine its books of accounts and records. Also The Company shall provide the said shareholders with an operating plan and draft budget of coming year.

Limitations of shareholders voting rights

According to the Shareholders agreement, the voting on the important issues (e.g., a material change in the business of the Company; any merger; the sale, lease or other disposal of the Company or all or substantially all of the Company‘s assets; any joint ventures between the Company and another entity; the establishment of any new Subsidiary of the Company; appointment of some positions in the Company; any transaction with any officer, Management Board member, shareholder or other interested party; and others) at the Shareholders meeting or in the Management Board has to be agreed with shareholders Amber trust II SCA and Citigroup Venture Capital International Jersey Limited.

Shareholders agreements known to the Company according to which transferring of the securities and/or voting rights can be limited

No other agreements, except the Shareholders agreement described in paragraph 5 of this Report, are known to the Company.

8. Data about the trading in the Company’s securities

As from 21 November 2005, the ordinary registered shares of the Company were admitted to the Official List of the Vilnius Stock Exchange (hereinafter – the VSE). Before 21 November 2005, the Company’s shares were traded on the Current List of the VSE.

Main characteristics of the Company’s shares listed in the Official List:

Type of the shares	ISIN code	Ticker	Number of shares	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares	LT000010617	SAN1L	31.105.920	1	31.105.920

9. Staff

189 employees worked for the Company on 30 June, 2007. The number of employees decreased by 12 employees, comparing to the 31 December, 2006. 201 employees worked for the Company on 31 December 2006. The main reason of the decrease of the number of employees in the first half of 2007 was activity termination of ointments manufacturing department – one of the three manufacturing units.

Total number of employees of Sanitas group remained nearly the same and totaled 1463 on 30 June, 2007 (1461 employees on 31.12.2006). The number of employees in Jelfa decreased from 950 to 946, in subsidiary Hoechst-Biotika – increased from 308 to 327. The increase in the number of employees was mainly influenced by building of the new sales team for Slovak and Czech markets as well as establishment of the Regulatory affairs office.

As of 30 June 2007, the number of employees was as follows:

- Sanitas – 189;
- Altisana – 1;
- Hoechst-Biotika – 327;
- Jelfa – 946.

Average number of employees on the first half of the year, 2007 was as follows:

- Sanitas – 194;
- Altisana – 1;
- Hoechst-Biotika – 309;
- Jelfa – 943.

Number of employees:

Employee group	**30.06.2007**	
	Sanitas	**Sanitas group**
Top Managers	10	26
Specialists	73	621
Workers	106	816
Total	189	1463

Breakdown of employees by education:

	30.06.2007	
	Sanitas	**Sanitas group**
University education	73	544
College education	38	42
Secondary or vocational education	78	603
Incomplete secondary education	-	274

Average monthly salary:

	30.06.2007	
	Sanitas	**Sanitas group**
Top Managers	16 000	20800
Specialists	2 400	4 500
Workers	1 500	2 500

10. Order of changing of the bylaws of the Company

The bylaws of the Company can be changed on the basis of the decision adopted by the General meeting of the shareholders with the qualified majority votes of 2/3, with the exception of cases specified in the Law of the Companies of Republic of Lithuania. After the General meeting of the shareholders has adopted the decision to change the bylaws, the whole text of the changed bylaws is laid out with the signature of the person authorised by the General meeting of the shareholders. The changes of the Company's bylaws together with the documents proving the decision to change them must be registered in the Register of Legal Persons according to the terms specified in the law.

11. Information about the Company's managing bodies

Company has the General Meeting of shareholders, single person managing body – the Manager (Managing director) and collegial executive body – the Management Board. The Supervisory Board is not formed in the Company.

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

The Managing director of the Company is elected and dismissed by the Management Board which also fixes his salary, approves his job description, provides incentives and impose penalties.

The competence of the General Meeting of shareholders and the order of its convocation shall comply with the Law of the Companies of the Republic of Lithuania.

The competence of the Management Board and the Managing Director of the Company, the order of their election and cancellation is as set forth by the Law of the Companies of the Republic of Lithuania. The Managing Director of the Company has a right to give procurations on behalf of the Company to the employees of the Company or other persons and to carry out legal actions according to the interests of the Company in connection to its activities.

Members of the Company's managing bodies:

Name, surname	**Position held**	**Portion of the capital and votes held, %**
THE MANAGEMENT BOARD		
Darius Sulnis	Chairman	0.59
Darius Zaromskis	Member	1.66
Martynas Cesnavicius	Member	-
Since 26.04.2007 Vytautas Bucas	Member	-
Since 26.04.2007 Ashwin Roy	Member	-
Until 25.04.2007 Dailius Juozapas Miseikis	Member	0.31
Until 25.04.2007 Sunil Kumar Nair	Member	
THE ADMINISTRATION		
Saulius Jurgelenas	Managing Director	-
Nerijus Drobavicius	Chief Financier	-
Until 09.07.2007 Eladijus Kirijanovas	Chief Financier	-

Data about the beginning and end of the term of office of each Management Board member:

Name, surname	**Beginning of the term in office**	**End of the term in office**
Darius Sulnis	27.04.2006	2010
Darius Zaromskis	27.04.2006	2010
Martynas Cesnavicius	31.07.2006	2010
Vytautas Bucas	26.04.2007	2010
Ashwin Roy	26.04.2007	2010
Dailius Juozapas Miseikis	27.04.2006	25.04.2007

Sunil Kumar Nair	31.07.2006	25.04.2007

Data about cash payments, other transferred property and given warranties jointly to all members of the Management Board, members of administration and average extent belonging to each member of the collegial managing body, managing director and chief financier during the reporting cycle made by the Company:

	Remuneration, LTL	**Tantiemes, other payments made from profit LTL**	**Other transferred property**
Members of the Board jointly	-	-	-
Each member of the Board (average)	-	-	-
Members of the Administration (Managing Director and Chief Financier) jointly	291634.77	-	-
Each member of the Administration (average)	145817.38	-	-

Agreements with Company's employees and members of managing bodies providing compensation in the case of they resignation or dismissal without serious reason or if their employment ends because of the change of the control on the Sanitas

The Company has not signed agreements with its employees regarding payment of the compensations in the case of their resignation or dismissal without serious reason or if their employment ends because of the change of the control on the Company.

Significant agreements the party of which is Sanitas and which would come into force or terminate in the case of change of control on the Company

The Company is not a party of significant agreements that would come into force or terminate in case of change of control on the Company.

12. Data about Company's publicly disclosed information

Company executing it's duties publicly disclose regulated information specified in law acts regulating securities market publicly announced regulated information (annual, interim information, transaction (-s) in issuer's securities concluded by the manager of the issuer, material events and etc.) and other investor news. It is possible to get familiar with the publicly disclosed information on Vilnius Stock Exchange and Company's webpages.

13. Compliance with the Governance code for the companies

Disclosure from the Company concerning the compliance with the Governance Code for the companies listed on the regulated market of Vilnius Stock Exchange was publicly announced and provided to the Lithuanian Securities Commission together with the Annual report for 2006. No changes took place in the said information within the first half of the year of 2007.

14. Sanitas group's position and performance overview

In the first half of 2007 the sales of Sanitas group totaled LTL 170.3 million, during the reporting period net profit totaled LTL 22.0 million.

The volume of sales and services of Sanitas group increased during the first half of 2007 by 3.7 times, i. e. LTL 124.2 million in comparison with the corresponding period of 2006. The increase in sales was mainly influenced by Polish pharmaceutical company's Jelfa results, which have been consolidated since June, 2006.

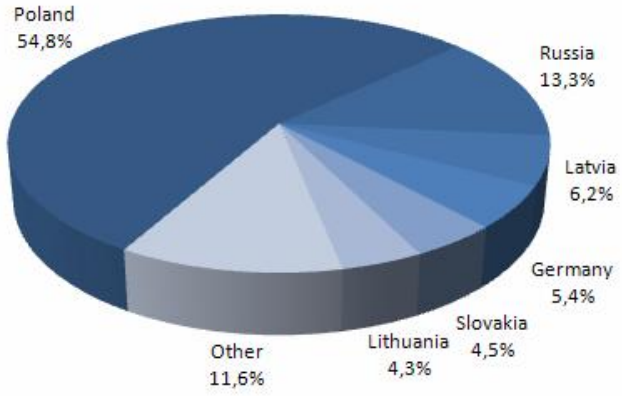
The main financial ratios of Sanitas group for the first half of 2007 and their dynamics:

	Sanitas group		Company	
	IH 2007	**IH 2006**	**IH 2007**	**IH 2006**
Sales and services, LTL thousand	170,345	46,164	19,233	17,557
Gross profit, LTL thousand	87,109	17,465	10,336	8,542
Gross margin, %.	*51.1%*	*37.8%*	*53.7%*	*48.7%*
Operating profit before financial items and taxes, LTL thousand	39,460	8,659	6,692	4,307
Operating profit margin before financial items and taxes, %	*23.2%*	*18.8%*	*34.8%*	*24.5%*
Profit before taxes, LTL thousand	28,599	7,007	13,249	9,404
Profit margin before taxes,%	*16.8%*	*15.2%*	*68.9%*	*53.6%*
Net profit, LTL thousand	22,037	5,615	11,363	8,350
Net profit margin,%.	*12.9%*	*12.2%*	*59.1%*	*47.6%*
EBITDA, LTL thousand	59,411	15,119	7,496	6,030
EBITDA margin,%	*34.9%*	*32.8%*	*39.0%*	*34.3%*
Return on assets (ROA), %	3.03%	0.77%	2.99%	2.19%
Return on equity (ROE), %	6.55%	1.81%	3.46%	2.63%
Earnings per share (EPS), LTL	0.71	0.28	0.37	0.42

	Sanitas group		Company	
	30.06.2007	**31.12.2006**	**30.06.2007**	**31.12.2006**
Debt ratio	0.54	0.57	0.14	0.17
Debt-equity ratio	1.16	1.33	0.16	0.20
Liquidity ratio	0.39	0.35	0.72	0.63
Current ratio	0.25	0.23	0.54	0.46

By the end of the first half capitalization of the Company totaled LTL 914.5 million and was 1.2 times greater than by the end of 2006.

In the first half of 2007 the main sales markets of production and services remained the same. The largest amounts of products were sold in Poland, Russia, Latvia, Germany, Slovakia and Lithuania. The sales in these markets constituted 88.4 percent of Sanitas group sales.



The main markets of the Company remained Latvia and Lithuania, where 95.1 percent of Company's products was sold.

Sales of ointments constituted the major part of Sanitas group sales and amounted 36.6 % of sales, slightly less part of revenue were from tablets and capsules (32.0 %) as well as solutions for injections (31.1 %).

The main customers of the Company during the reporting period were Grindeks and Limedika (54.5 % of Company sales). The main customers of the Sanitas group were Polska Grupa Farmaceutyczna Łódź and Farmacol Katowice (27.9 % of Group sales).

Total revenue of ten products with biggest sales totaled LTL 62,4 million, i.e. 36,6 % of all Sanitas group sales:

Product	**Markets**
Mildronat 10% injection solution	Contract manufactring (Grindex)
Flucinar ointment	Russia and other CIS countries, Hungary, Poland, Vietnam, Czech, Lithuania, Bulgaria, Slovakia, Mongolia
Sachol gel	Poland, Russia and other CIS countries, Vietnam
Cocarboxylasum 50 mg	Poland, Turkmenistan, Hungary, CIS countries, Slovakia, Latvia
Falvit dragee	Poland
Hydrocortisonum ointment 0,5%	Russia and other CIS countries, Mongolia, Latvia
Argosulfan 2% cream	Poland, Russia and other CIS countries, Hungary, Lithuania, Bulgaria
Lorinden A ointment	Russia and other CIS countries, Poland, Hungary, Bulgaria, Lithuania, Vietnam, Mongolia, Turkmenistan
Neo-Pancreatinum tablet	Poland
Corhydron 100mg	Poland

Total manufacturing capacity of the Sanitas group by the end of the reporting period as well as capacity utilization during the reporting period:

Production	**Group**		**Company**	
	Capacity, million units	Capacity utilization, %	Capacity, million units	Capacity utilization, %
Solutions for injections	215.0	84.2	55.0	99.9
Tablets and capsules	1,600.0	68.1	100.0	93.4
Ointments	55.7	61.1	-	-

The major suppliers of materials for the Sanitas group during the reporting period:

Supplier	**Material**
Gerresheimer Boleslawiec	Glass/Aluminum tubes
Pharmagen	API
Forma Vitrum	Glass
BWG Prober	Aluminum tubes
Neografia	Packaging materials
Hoechst Procurement	Excipients
Medical-Glass, a.s.	Glass
Tanabe	API
Chemie Pharmacie Holland (CPH)	API

Merck & Co	API and excipients

The Company has concluded short-term (one-year) contracts with a possibility of extension with its main suppliers.

Supply volumes by country, %:

Country	IH 2007	2006
Poland	40.6	31.7
Slovakia	18.3	19.3
Germany	11.1	15.2
Hungary	5.1	6.3
Switzerland	5.1	3.7
Netherlands	4.1	1.1
Lithuania	3.5	7.3
Italy	3.4	3.2
Belgium	3.0	1.1
France	1.7	1.7
Other	4.1	9.4
Total	100.0	100.0

Information related to environmental matters

In the first half of 2007 the Company paid a great attention to environmental matters. Environmental issues were taken into consideration in all fields of activities.

Operating plans and forecasts

Until the end of the reporting period operating plans and forecasts of Sanitas group had not changed.

On July 25, 2007 the Management Board of the Company approved a revised activity forecast of Sanitas group for 2007. It is expected to have sales totaling to LTL 350.2 m., net profit totaling to LTL 34.3 m., EBITDA shall equal to LTL 105.8.

The forecast have been revised taking into account the results of the first half-year. The expenses related to "Corhydron" scandal in Poland were lower than planned within the said period. The reduced costs of promotion of products also made positive impact on the profitability.

15. Main events, which happened during first six mounths of the financial year

- On 17 January, 2007 Chief pharmaceutical inspection of Poland decided to restore marketing of medicines Corhydron 100 and Corhydron 25 produced by Jelfa, which was suspended at the end of 2006, after inappropriate quality production in one set of medicine Corhydron 25, was detected.
- On 26 April, 2007 Company's General shareholders meeting was held, it resolved questions assigned to the competence of General shareholders meeting, approved consolidated and Company's financial statements for 2006 and accepted decision regarding profit distribution.
- On 26 April, 2007 Company's General shareholders meeting elected two new members of the Management Board – Ashwin Roy and Vytautas Bucas, they replaced Sunil Kumar Nair and Dalius Juozapas Miseikis, both of them resigned.

- On 26 April, 2007 the sole shareholder of Altisana decided to reduce authorised capital of this company from former LTL 4 337 200 till LTL 10 000, for the purpose of paying funds of Altisana to its shareholder, by voiding 43 272 of its shares.

16. Information on major transactions of the related parties

It is possible to get familiarised with the Company's transactions with related parties in the Company's interim consolidated financial statements for the first half of the year of 20007, section 13.