PUBLIC LIMITED LIABILITY COMPANY AB SANITAS

Report for the third quarter of 2005

KAUNAS, OCTOBER 2005

CONTENTS

I. GENERAL PROVISIONS 3
1. Accounting Period for which the Report has been Prepared. 3
2. Key Data on the Issuer 3
3. Information about where and when one can get Acquainted with the Report and Documents on which it is Based and the Name of the Media. 3
4. Persons Responsible for the Information Presented in the Report: 3
5. Confirmation of the Members of the Issuer's Governing Bodies, Employees, the Head of the Administration and the Issuer's Consultants that the Information Contained in the Report Corresponds with the Reality and it Comprises no Consealed Facts that could have an Impact on Investors' Decisions to Buy or Sell the Issuer's Securities, on the Market Price or Valuation of these Securities. 4
II. INFORMATION ON THE MAJOR SHAREHOLDERS AND MEMBERS OF THE GOVERNING BODIES 5
6. Shareholders 5
7. Members of the Governing Bodies: 6
III. FINANCIAL POSITION 8
8. Balance Sheet 8
9. Profit and Loss Account 10
10. Explanatory Note. 12
IV. KEY EVENTS IN THE ISSUER'S ACTIVITIES 34
11. Key Events in the Issuer's Activities 34

I. GENERAL PROVISIONS

1. Accounting Period for which the present Report has been Prepared.

The present Report has been drafted for the III quarter of 2005.

2. Key Data on the Issuer

Company name	Public Limited Liability Company AB Sanitas
Authorised capital	11,000,000 Litas
Address	Vytauto Ave.3, Kaunas, Lithuania LT-44354
Telephone	(37) 22 67 25
Fax	(37) 22 36 96
E-mail	info@sanitas.lt
Internet website	http://www.sanitas.lt
Legal-organisational form	Legal person, public limited liability company
Registration date and time	30 June 1994, with the Kaunas City Board; the company was reregistered on 27 April 1999
Registration number	BĮ 99-83
Company code	134136296

3. Information about where and when one can get Acquainted with the Report and Documents on which it is Based and the Name of the Media.

The present Report for the III quarter of 2005 and other documents of the Company are available in the registered office of the Company situated at Vytauto Ave. 3, Kaunas, on business days, from 8 a.m. until 4 p.m.

In the cases stipulated in the Company Law and other laws of the Republic of Lithuania, the Issuer's notices and information are published and presented in the manner prescribed by the law in the daily newspaper *Verslo Žinios* and to the information agency BNS.

4. Persons Responsible for the Information Presented in the Report:

4.1. Saulius Jurgelėnas, Director General of AB Sanitas
(tel: (37) 226 725, fax: (37) 223 696)
Dalia Švelnytė, Chief Finance Officer of AB Sanitas
(tel: (37) 220 345, fax: (37) 223 696)
Rūta Milkuvienė, Head of the Law and Internal Affairs Unit of AB Sanitas
(tel: (37) 200 662 , fax: (37) 223 696)

4.2. Consultants.

The issuer received consulting on the issues related to the drafting of the report for the III quarter of 2005 by the finance brokerage company AB Finasta (SC licence No: A 087, address: Konstitucijos Ave. 23, Vilnius, tel: (8-5) 278 68 33 fax: (8-5) 278 68 38 represented by the

financial broker Gintaras Gliožaitis (Qualification Certificate No. A 146). The FBC AB Finasta is responsible for full and correct disclosure of the data presented by the Issuer.

5. Confirmation of the Members of the Issuer's Governing Bodies, Employees, the Head of the Administration and the Issuer's Consultants that the Information Contained in the Report Corresponds with the Reality and it Comprises no Concealed Facts that could have an Impact on Investors' Decisions to Buy or Sell the Issuer's Securities, the Market Price or Valuation of these Securities

The persons responsible for the preparation of the Report for III Quarter of 2005 confirm by their signatures that the information presented in the Report correspond with the reality and it contains no concealed facts that could have an impact on investors' decisions to buy or sell the issuer's securities, the market price and valuation of these securities.

The present Report was drafted by FBC AB Finasta (Konstitucijos Ave. 23, Vilnius).

The present Report was signed on 15 October 2005.

Director General
Of AB Sanitas …….. Saulius Jurgelėnas

Chief Finance Officer
Of AB Sanitas ……. Dalia Švelnytė

Head of the Law and Internal Affairs Unit
Of AB Sanitas ……. Rūta Milkuvienė

Seal

Hereby, FBC AB Finasta represented by the financial broker Gintaras Gliožaitis confirms that the Report contains precise information which was submitted to AB FBC Finasta by the employees and managers of AB Sanitas. FBC AB Finasta is responsible for the proper formalisation of the information submitted to it. AB Sanitas bears responsibility for the correctness of the information.

Financial broker of
FBC AB Finasta ……..……. Gintaras Gliožaitis

II. INFORMATION ON MAJOR SHAREHOLDERS AND MEMBERS OF THE GOVERNING BODIES

6. Shareholders

Under the decision No. 3R-397 (AB-334) of the Securities Commission dated 30 August 2005, the Official Offer, which was implemented during the period from 2 September 2005 until 3 October 2005, was registered. As of the expiration of the Official Offer, the Company had 792 shareholders.

The shareholders holding by the right of ownership or in trust more than 5 per cent of the Company's authorised capital:

Names of shareholders	Number of ordinary registered shares, units	Share of the authorised capital / votes, per cent	
		Share of the capital held by the shareholder by the right of ownership, %	Share of votes held by the shareholder by the right of ownership,%
The shareholders holding over 5 per cent of the authorised capital and votes			
AB Invalda	692 619	31,48	45,91
AB Šiaulių Bankas	170 850	7,76	7,76
Funds managed by UAB Finasta Investicijų Valdymas	137 196	6,24	45,91
In accordance with the provisions of Article 16 of the Law of the Republic of Lithuania on the Securities Market, the shareholders acting as related persons and holding more than 5 per cent of the company's authorised capital			
AB Invalda	692 619	31,48	45,91
Funds managed by UAB Finasta Investicijų Valdymas	137 196	6,24	45,91
FBC AB Finasta	1010 (81 082)*	3,73*	45,91
UAB Finasta Rizikos Valdymas	19 263	0,87	45,91
Dailius Juozapas Mišeikis	19 053	0,87	45,91
Alvydas Banys	24 048	1,09	45,91
Algirdas Bučas	19 053	0,87	45,91
UAB Finasta Investicijų Valdymas	16 822	0,76	45,91

* Under the authorisation of 14 July 2005, FBC AB Finasta holds 81,082 votes transferred through a repurchase transaction, which grants 3.685 % of the Issuer's votes.

7. Members of the Governing Bodies:

7.1. Official duties, names and surnames, personal identification codes (completed only in the first original copy of the Report), data on the participation in the Issuer's authorised capital (held share of the authorised capital and votes);

Observers' Council

Item No.	Name, surname	Official duties	Held share of the authorised capital %	Beginning / end of the term of office	
Observers' Council					
1.	Darius Šulnis	Chairman of the Observers' Council	2,23	11 02 2004	11 02 2008
2.	Dailius Juozapas Mišeikis	Member of the Observers' Council	0,87	11 02 2004	11 02 2008
3.	Jurgis Nausėda	Member of the Observers' Council	-	23 09 2004	11 02 2008
4.	Darius Žaromskis	Member of the Observers' Council	4,35	11 02 2004	11 02 2008
Administration					
1.	Saulius Jurgelėnas	Director General	-	06 01 2005	-
2.	Dalia Švelnytė	Chief Finance Officer	-	02 06 2003	-

7.2 data on the participation in the activities of other companies, institutions and organisations (name of the company, institution or organisation and official duties) and the held share of the capital and votes of other companies exceeding 5 per cent, %):

Name, surname	**Name of the organisation, official duties**	**Share of the capital and votes of other companies, %**
Darius Šulnis	Chairman of the Management Board of UAB "Invalda Construction management"	-
	Chairman of the Management Board of UAB Kelio Ženklai	-
	Chairman of the Management Board of UAB Hidroprojektas	-
	Chairman of the Management Board of FBC AB Finasta	25,00
	Chairman of the Management Board of UAB Finasta Investicijų Valdymas	-
	Member of the Management Board of LAB Endokrininiai Preparatai	-
	Member of the Management Board of UAB Agrovaldymo Grupė	-
	Member of the Management Board of UAB Broner	-
	UAB PVP	36,67
	Director of UAB Invalda Real Estate	25,00
	UAB Pozityvios Investicijos	25,00
	UAB Golfas	31,00
	Member of the Management Board of the Lithuanian Real Estate Development Association	-

	Member of the Management Board of UAB Wembley-Neringa	-
Dailius Juozapas Mišeikis	Member of the Management Board, Vice President of AB Invalda	16,72
	Member of the Management Board of FBC AB Finasta	-
	Member of the Management Board of UAB "Invalda Construction management"	-
	Chairman of the Management Board of UAB Invalda Real Estate	-
	Member of the Management Board of AB Klaipėdos Konditerija	-
	Member of the Management Board of AB Valmeda	-
	Member of the Management Board of AB Umega	-
	UAB PVP	36,67
	UAB Nenuorama	33,30
	AB Grigiškės	5,11
	Member of the Observers' Council of AB Vernitas	-
	Member of the Management Board of UAB Hidroprojektas	-
	Member of the Management Board of UAB Invaldos Nekilnojamojo Turto Fondas	-
	Member of the Management Board of LAB Endokrininiai Preparatai	0,54
	Member of the Management Board of AB Minija	4,07
	Chairman of the Management Board of UAB Broner	-
	Member of the Management Board of AB Vilniaus Baldai	-
Jurgis Nausėda	Consultant of UAB Naujasis Sirijus on issues of the company's management	
	Chairman of the Management Board of UAB ,Baltijos Finansų Vystymo Grupė	33
	Shareholder of UAB Siryjo Lines	34
Darius Žaromskis	Director General of UAB Kaminera	50,00
	Member of the Management Board of the printing-house AB Spindulys	8,10
	Director General of AB Vilniaus Degtinė	-
	UAB Svilita	100,00
	Member of the Management Board of LAB Endokrininiai Preparatai	-
	AB Biržų Agroservisas	20,00
	Director of UAB Bagem	25,00
Dalia Švelnytė	UAB Lipnios Etiketės	33,00

Source:AB Sanitas

Other members of the governing bodies do not participate in the activities and capital of other companies.

III. FINANCIAL POSITION (NON – CONSOLIDATED)

8. Balance Sheet

Item No.	ASSETS	2005 09 30	2004 12 31	2004 09 30	2003 12 31
A.	LONG-TERM ASSETS	74 755 001	27 749 312	17 643 795	14 748 905
I.	INTANGIBLE ASSETS	189 812	245 036	246 014	144 932
I.1.	Patents, licences	122 988	177 722	214 972	110 504
I.2.	Software	66 824	67 314	31 042	34 428
II.	TANGIBLE ASSETS	28 887 062	27 451 086	17 388 267	14 602 773
II.1.	Buildings and structures	16 872 007	17 701 518	7 623 089	5 275 035
II.2.	Plant and machinery	6 763 934	7 973 538	8 582 561	8 690 212
II.3.	Vehicles and other assets	560 247	379 700	248 254	262 868
II.4.	Construction in progress	4 690 874	1 396 330	934 363	374 658
III.	LONG-TERM INVESTMENTS	45 624 937			1 200
III.1.	Investments in subsidiary and associated companies	45 624 937			
III.2.	Other financial assets				1 200
IV.	LONG-TERM ACCOUNTS RECEIVABLE	53 190	53 190	9 514	
B.	SHORT-TERM ASSETS	25 718 871	26 009 089	26 652 808	16 218 475
I.	STOCKS	6 669 202	4 920 879	7 054 340	5 594 268
I.1.	Raw materials and consumables	3 446 940	2 164 120	3 544 344	2 229 583
I.2.	Production in progress	443 132	521 713	558 149	229 788
I.3.	Finished production	1 881 481	2 228 697	2 902 417	3 058 488
I.4.	Goods purchased for resale	897 649	6 349	49 430	76 409
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR	10 186 960	12 923 106	10 089 509	9 658 812
II.1.	Customer debt	8 182 974	12 012 930	9 249 728	9 145 294
II.2.	Assets of the deferred profit tax	71 000	71 000	49 000	49 087
II.3.	Other accounts receivable	1 932 986	839 176	790 781	464 431
III.	SHORT-TERM INVESTMENTS	7 898 941	7 385 990	9 202 285	73 514
IV.	CASH AND CASH EQUIVALENTS	963 768	779 114	306 674	891 881
	TOTAL ASSETS	100 473 872	53 758 401	44 296 603	30 967 380

Balance Sheet (LTL) (continued)

Item No.	SHAREHOLDERS' EQUITY AND LIABILITIES	2005 09 30	2004 12 31	2004 09 30	2003 12 31
C.	EQUITY	47 530 880	25 178 889	25 213 092	20 755 636
I.	CAPITAL	28 553 588	8 955 295	8 955 295	5 360 493
I.1.	Authorised (subscribed for)	11 000 000	8 955 295	8 955 295	27 814 800
I.2.	Own shares (-)				-22 454 307
I.3.	Shares premium	17 533 588			
II.	REVALUATION RESERVE (RESULTS)				
III.	RESERVES	1 801 104	6 251 471	6 251 471	14 530 289
III.1.	Legal reserve	1 801 104	1 801 104	1 801 104	1 769 872
III.2.	Other reserves		4 450 367	4 450 367	12 760 417
IV.	RETAINED PROFIT (LOSS)	17 176 188	9 972 123	10 006 326	864 854
IV.1.	Profit (loss) of the accounting year	4 544 757	4 602 359	4 636 562	312 724
IV.2.	Profit (loss) of the previous year	12 631 431	5 369 764	5 369 764	552 130
D.	GRANTS, SUBSIDIES				
E.	ACCOUNTS PAYABLE AND LIABILITIES	52 942 992	28 579 512	19 083 511	10 211 744
I.	ACCOUNTS PAYABLE AFTER ONE YEAR AND LONG-TERM LIABILITIES	29 283 950	13 700 212	15 536 523	3 729 999
I.1.	Financial debts	28 448 969	13 700 212	14 765 985	3 729 999
I.1.1.	Leasing (financial lease) or similar liabilities	647 658	587 232	819 305	
I.1.2.	Credit institutions	27 801 311	13 112 980	13 946 680	3 729 999
I.2.	Deferred taxes	834 981		770 538	
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND SHORT-TERM LIABILITIES	23 659 042	14 879 300	3 546 988	6 481 745
II.1.	Financial debt	6 379 771	959 064	1 121 712	4 645 108
II.1.1.	Current portion of long-term financial debts	1 096 683	357 724	77 414	
II.1.2.	Other debts	5 283 088	601 340	1 044 298	4 645 108
II.2.	Debts to suppliers	6 395 272	2 021 368	1 990 445	1 054 998
II.3.	Other debts	10 883 999	11 898 868	434 831	781 639
II.3.1.	Profit tax liabilities		881 228		
II.3.2.	Liabilities related to labour relations	442 734	355 123	380 192	440 990
II.3.3	Other accounts payable and short-term liabilities	10 441 265	10 662 517	54 639	340 649
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	100 473 872	53 758 401	44 296 603	30 967 380

9. Profit and Loss Account

No.	Items	2005 09	2004 09	2005 III	2004 III
I.	SALES INCOME	26 363 507	32 831 110	10 096 391	12 310 218
II.	SALES FORMATION COST	15 293 662	22 436 206	5 739 003	8 582 465
III.	TOTAL PROFIT (LOSS)	11 069 845	10 394 904	4 357 388	3 727 753
IV.	OPERATING EXPENSES	6 248 662	4 737 104	1 921 532	1 461 612
IV.1.	Sales	1 560 530	686 291	591 771	243 638
IV.2.	Overhead and administration expenses	4 688 132	4 050 813	1 329 761	1 217 974
V.	OTHER ACTIVITIES	602 007	64 120	111 982	7 865
V.1.	Income	950 157	1 538 143	196 085	128 904
V.2.	Expenses	348 150	1 474 023	84 103	121 039
VI.	OPERATING PROFIT (LOSS)	5 423 190	5 721 920	2 547 838	2 274 006
VII.	FINANCIAL AND INVESTMENT ACTIVITY	-50 608	-314 820	-104 327	-167 567
VII.1.	Income	488 304	40 190	202 645	10 396
VII.2.	Expenses	538 912	355 010	306 972	177 963
VIII.	PROFIT (LOSS) BEFORE TAX	5 372 582	5 407 100	2 443 511	2 106 439
IX.	PROFIT TAX	827 825	770 538	374 679	305 929
X.	NET PROFIT (LOSS)	4 544 757	4 636 562	2 068 832	1 800 510

Cash Flow Statement (LTL)

No.	Items	2005 09 30	2004 12 31	2004 09 30	2003 12 31
I.1.1	Net result	4 544 757	4 602 359	4 636 562	312 724
I.1.2	Depreciation and amortisation	3 507 653	3 810 828	2 721 474	2 463 068
I.1.3	Written-off and sold long-term assets	39 974	449 169	9 377	387 663
I.1.4	Deferred taxes	834 981	-21 913	770 625	311 913
I.1.5	Provision for outdated stocks and debts		741 389		100 000
I.1.6	Change in the holiday pay reserve and in other provisions	-283 133	-44 296	-348 187	138 369
I.1.7	Interest expenses/income, profit/loss after the sale of investments	567 617	454 280	292 233	-139 982
I.1	Cash flow from the ordinary activities until changes in circulating funds	9 211 849	9 991 816	8 082 084	3 573 755
I.2.1	Change in trade and other accounts receivable	2 736 146	-4 240 173	-440 298	-515 462
I.2.2	Change in stocks	-1 748 323	877 801	-1 460 072	1 325 317
I.2.3	Change in debts to suppliers and other liabilities	4 523 396	12 127 896	947 540	638 630
I.2	Net cash flow from the ordinary activities	14 723 068	18 757 340	7 129 254	5 022 240
I.3.1	Received/ paid dividends	-1 791 059	-179 106	-179 106	
I.3.2	Received / paid net interest	-567 617	-453 686	-291 639	427
I.3.3	Paid/received profit tax	-881 228			
I	NET CASH FLOW FROM THE COMPANY'S ACTIVITIES	11 483 164	18 124 548	6 658 509	5 022 667
II.1	Acquisition of long-term tangible assets	-4 899 196	-16 977 415	-5 451 122	-667 901
II.2	Sale of investments		-594	-594	1 532 485
II.3	Acquisition of investments	-46 137 888	-7 312 476	-9 128 771	
II.4	Capitalisation of long-term intangible assets	-29 183	-224 976	-175 819	-66 891
II.5	Sale of long-term assets		-6 023		1 434 049
II	CASH FLOW FROM THE COMPANY'S INVESTMENT ACTIVITY	-51 066 267	-24 521 484	-14 756 306	2 231 742
III.1	Acquisition / loss of own shares				-21 938 532
III.2	Receipts / payments of long-term loans	14 748 757	9 970 213	11 035 986	3 729 999
III.3	Receipts / payments of short-term loans	5 420 707	- 3 686 044	-3 523 396	4 645 108
III.4.	New share issue	19 598 293	-	-	-
III	NET CASH FLOWS FROM FINANCING	39 767 757	6 284 169	7 512 590	-13 563 425
IV	CASH FLOW FROM THE COMPANY'S ACTIVITY, INVESTMENT ACTIVITY AND FINANCING	184 654	-112 767	-585 207	-6 309 016
V	Cash and cash equivalents at the beginning of the period	779 114	891 881	891 881	7 200 897
VI	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	963 768	779 114	306 674	891 881

Statement of Changes in Equity

No.	Items	Equity capital	Share premium account	Own shares	Legal reserve	Other reserves	Profit to be appropriated	Total
1	Balance as of 31 12 2003	27 814 800		- 22 454 307	1 769 872	12760417	864854	20755636
2	Dividend						-179106	- 179 106
3	Net profit (9 months 2004)						4 636 562	4 636 562
4	Allocated to legal reserve				31 232		-31 232	
5	Acquisition/ sale of own shares			2 087			-2 087	
6	Used reserves					-4 717 335	4 717 335	
7	Decrease in equity capital	-18 859 505		22 452 220		- 3 592 715		
8	Balance as of 30 09 2004	8 955 295			1 801 104	4 450 367	10 006 326	25 213 092
9	Net profit (4th quarter 2004						-34 203	-34 203
10	Balance as of 31 12 2004	8 955 295			1 801 104	4 450 367	9 972 123	25 178 889
11	Dividend						- 1 791 059	- 1 791 059
12	Used reserves					- 4 450 367	4 450 367	
13	Net profit (9 months 2005)						4 544 757	4 544 757
14	New share issue	2 044 705	17 553 588					19 598 293
15	Balance as of 30 09 2005	11 000 000	17 553 588		1 801 104		17 176 188	47 530 880

10. Explanatory note.

SIGNIFICANT ACCOUNTING PRINCIPLES

General information

The registered office of the public company AB "Sanitas" (company) is situated in Kaunas, Lithuania. The company's shares are traded on the Current List of the Vilnius Stock Exchange.

The company's core activity is manufacturing of pharmaceuticals. During the 9 months of 2005 the largest portion of production and sales fell to injectible pharmaceuticals.

At the end of the third quarter 2005 the company owned a 100% holding of UAB "Altisana", established in Kaunas. During the reporting period this subsidiary renewed its operations; the acquisition is reported applying the purchase method, the company's data are consolidated in the balance sheet of AB "Sanitas" Group. UAB "Altisana" develops real estate projects.

On 27 July 2005 AB "Sanitas" purchased 100% of the shares of Hoechst-Biotika, Spol. Sr.O. This producer of pharmaceuticals is situated in Slovakia. As no material events took place between 27 July and 31 July, the balance sheet of 31 July is deemed the reference balance sheet of the transfer (acquisition) day, on the basis of which the acquisition accounting was performed

applying the purchase method. Starting from 31 July, the data from Hoechst-Biotika, Spol. Sr.O are entered into the consolidated balance sheet of AB “Sanitas“ Group.

At the end of the third quarter 2005 the company held an interest of 67% in AB "Endokrininiai preparatai", established in Kaunas. This associated company carries no operation. The company is to undergo liquidation.

Statement compliance with the established standards

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), in compliance with the guidance of the International Accounting Standards Committee under the IASB.

Basis for drawing up of the statements

The statements were drawn up following the going concern principle. In the financial statements the numbers are given in litas. The applied accounting principles are the same as applied in the previous year.

Foreign currency

Operations in foreign currencies are reported in litas at the currency exchange rate on the day of the transaction. Amounts receivable and payable and cash in foreign currencies are reported in litas at the currency exchange rate on the balance sheet day. The differences in the currency exchange rate that occur after these operations are reported in the Income Statement. Non-pecuniary items in foreign currencies are reported in litas at the currency exchange rate on the reporting day.

Financial indicators (LTL)

	30 09 2005	30 09 2004
Turnover	26 363 507	32 831 110
Gross profit	11 069 845	10 394 904
Operating profit	5 423 190	5 721 920
Profit before taxes	5 372 582	5 407 100
Annual net profit	4 544 757	4 636 562
Profit per share	2.07	2.59
Depreciation and amortization	3 507 653	3 810 828
EBITDA	8 930 843	9 532 748
Long-term assets	74 755 001	27 749 312
Current assets	25 718 871	26 009 089
Total assets	100 473 872	53 758 401
Equity capital	28 553 588	8 955 295
Capital and reserves	47 530 880	25 178 889
Long-term liabilities	29 283 950	13 700 212
Current liabilities	23 659 042	14 879 300
Net cash flows from ordinary activities	11 483 164	6 658 509
Net cash flows from investing activities	-51 066 267	-14 756 306
Net cash flows from financing activities	39 767 757	7 512 590
Total cash flows	184 654	-585 207
Number of employees	220	206
Net profit margin	17	14
Return on investment (ROI)	5	11
Gross margin	42	32

Liquidity ratio	109	175
Shareholders' ownership ratio	47	47
Return on shareholders' equity (ROE)	10	18

BALANCE SHEET

Long-term intangible assets (LTL)

	Licenses	Software, etc.	Total
Acquisition costs as of 1 January	346 397	305 215	651 612
Increase during the period	13 014	16 169	29 183
Write-offs	-45 840	-3 406	-49 246
Acquisition costs as of 30 September	313 571	317 978	631 549
Amortization as of 1 January.	168 675	237 901	406 576
Amortization during the period	67 742	16 658	84 400
Amortization of written-off assets	-45 834	-3 405	-49 239
Amortization as of 30 September	190 583	251 154	441 737
Net residual value as of 30 September	122 988	66 824	189 812
Net book value as of 1 January	177 722	67 314	245 036
Amortization period	5 years	1-3 years	

Amortization is included into the operating costs.

Property, plant and equipment (LTL)

LTL thousand	Buildings	Plant and machinery	Vehicles and other assets	Construction in progress	Total
Costs as of 1 January	21 938 984	20 663 635	767 651	1 396 330	44 766 600
Increase		1 344 673	259 979	3 294 544	4 899 196
Sales/Write-offs		-546 523	-61 824		-608 347
Costs as of 30 September	21 938 984	21 461 785	965 806	4 690 874	49 057 449
Depreciation as of 1 January	4 237 466	12 690 097	387 951		17 315 514
Depreciation during the period	829 511	2 519 400	74 342		3 423 253
Sales/Write-offs		-511 646	-56 734		-568 380
Depreciation as of 30 September	5 066 977	14 697 851	405 559		20 170 387
Net residual value as of 30 September	16 872 007	6 763 934	560 247	4 690 874	28 887 062
Net residual value as of 1 January	17 701 518	7 973 538	379 700	1 396 330	27 451 086
Depreciation period	10 - 71 years	4 - 15 years	2 - 15 years		

Depreciation is included into production and operation costs.

Pledge

As of 30 September 2005 buildings and equipment, whose residual value is LTL 18 564 507, were pledged for the bank loans.

Investment (LTL)

	30 09 2005	31 12 2004
Long-term		
UAB "Altisana" shares (100% of the shares)	1 413 440	
Hoechst-Biotika shares (100% of the shares)	43 984 960	
Other	226 537	
Total long-term investing	45 624 937	
Current		
Shares of UAB "Altisana" (100% of the shares)		1 413 440
Shares of AB "Endokrininiai preparatai" (67% of the shares)	7 898 941	4 741 835
Advance payment for the shares of AB "Endokrininiai preparatai"		1 230 715
Total current investing	7 898 941	7 385 990
Net residual value at the end of the period	53 523 878	7 385 990

Long-term amounts receivable (LTL)

	30 09 2005	31 12 2004
Loans to employees	53 190	53 190
Net residual value at the end of the period	53 190	53 190

Inventories (LTL)

	30 09 2005	31 12 2004
Goods produced	1 881 481	2 228 697
Raw materials	3 446 940	2 164 120
Production in progress	443 132	521 713
Goods for resale	897 649	6 349
Net residual value at the end of the period	6 669 202	4 920 879

Amounts receivable within one year (LTL)

	30 09 2005	31 12 2004
Trade debtors	8 182 974	12 012 930
Debt of UAB “Altisana”	1 004 321	207 160
Amounts receivable from the state	585 147	508 526
Deferred profit tax	71 000	71 000
Prepayments and deferred charges	304 925	80 092
Other amounts receivable	38 593	43 398
Net residual value at the end of the period	10 186 960	12 923 106

Cash (LTL)

	30 09 2005	31 12 2004
Cash at bank	922 163	754 068

Cash in hand	41 605	25 046
Net cash and its equivalents	963 768	779 114

As of 30 September 2005 the balance in the company's account with the SEB Vilniaus bankas in the amount of LTL 15 765 was pledged to secure a loan.

Equity capital

The equity capital has changed. It comprised 1,791,059 ordinary registered shares of LTL 5 par value each, while the total value of the equity capital amounted to LTL 8,955,295. In July of the current year, after a new share issue, the company's registered equity capital equals LTL 11,000,000. It consists of 2,200,000 ordinary registered shares of LTL 5 par value each.

The new share issue was distributed above the par value, thus forming a share premium account of LTL 17,553,588.

Reserves

Legal reserve

The legal reserve amounts to LTL 1,801,104. It is formed pursuant to the laws of the Republic of Lithuania. Every year the legal reserve must be supplemented by transferring 5% of the net profit to be appropriated until the legal reserve constitutes10% of the equity capital. The legal reserve may be used only to cover losses. The legal reserve has been formed in full.

Other reserves

Other reserves are formed for special purposes by the decision of the shareholders. Other reserves account for LTL 4,450,367, built up for the purchase of own shares. This reserve was liquidated under the decision of the shareholders by adding it up to the unappropriated result.

Profit to be appropriated (LTL)

Profit appropriation

The Annual General Meeting of the company's shareholders held on 15 April 2005 approved the following appropriation of the profit:

Unappropriated result from the previous year	5 322 764
Net result of the financial year (profit (losses))	4 649 359
Unappropriated result to be appropriated at the end of the financial year	9 972 123
Shareholders' contribution to cover losses	
Transfers from reserves	4 450 367
Profit to be appropriated	14 422 490
Profit appropriation:	
- to legal reserve	
- to other reserves	
- dividend	1 791 059
– other	
Unappropriated result after appropriation	12 631 431

Profit to be appropriated

	30 09 2005	31 12 2004
Profit (loss) of the previous year	4 544 757	4 602 359

Profit (loss) of the previous year	12 631 431	5 369 764
UNAPPROPRIATED PROFIT (LOSS)	17 176 188	9 972 123

Loans and other borrowings attracting interest (LTL)

	30 09 2005	31 12 2004
Long-term liabilities		
Credit line from Sampo bankas		7 338 863
Loan from Sampo bankas		5 774 117
Credit account with SEB Vilniaus bankas	1 601 237	
Loan from SEB Vilniaus bankas	18 999 950	
Loan from SEB Vilniaus bankas	7 200 124	
Financial leasing	647 658	587 232
Total long-term liabilities	28 448 969	13 700 212
Current liabilities		
Loan from AB "Endokrininiai preparatai"	5 283 088	601 340
Current portion of the loan payable to SEB Vilniaus bankas	1 000 050	
Financial leasing	96 633	357 724
Total current liabilities	6 379 771	959 064
Residual value at the end of the period	34 828 740	14 659 276

Terms and conditions (LTL)

	Total	Up to 1 year	1 - 2 years	2 - 5 years
EUR 750,000 + 2,500,000 credit account agreement: floating interest rate 6 months EURIBOR + 1,05%	1 601 237			1 601 237
LTL 7,200,124 loan: floating interest rate 6 months EURIBOR + 1,05%	7 200 124		3 490 960	3 709 164
LTL 20,000,000 loan: floating interest rate 6 months EURIBOR + 1,32%	20 000 000	1 000 050	8 000 400	10 999 550
Loan from AB "Endokrininiai preparatai" with 3% interest rate	5 283 088	5 283 088		
Financial leasing of 5 cars and equipment: floating interest rate 6 months EURIBOR +1,7- 1,9%	744 291	96 633	647 658	
Total	34 828 740	6 379 771	12 139 018	16 309 951

Deferred taxes

Here the deferred profit tax for the year 2005 is reported. During the 9 months the profit tax amounted to LTL 834 981.

Other creditors (LTL)

	30 09 2005	31 12 2004

Amount payable for the buildings purchased from AB "Endokrininiai preparatai"	10 300 000	10 300 000
Taxes, remuneration, social insurances	493 400	1 205 679
Holiday reserve	38 640	81 990
Accrued quantity discounts	21 593	261 376
Other amounts payable and accrued charges	30 366	49 823
Net residual value at the end of the period	10 883 999	11 898 868

Off balance sheet liabilities

As of 30 September buildings and equipment with the residual value of LTL 18 564 507 were pledged as a guarantee for a bank loan. Furthermore, cash in the amount of LTL 15 765 was pledged to SEB Vilniaus bankas to secure those loans.

PROFIT AND LOSS ACCOUNT (LTL)

Segment accounts (LTL)

The information about the company's geographical segments is provided as a primary segment account.

Most of the company's production is sold in Latvia, Lithuania and the CIS. All the company's assets are in the country of establishment.

The income and result within total assets, liabilities and capital expenses according to the geographical segments:

	Latvia		Lithuania		Other		Total	
	9 months 2005	9 months 2004	9 months 2005	9 months 2004	9 months 2005	9 months 2004	9 months 2005	9 months 2004
Income	15 764 741	24 603 297	10 014 223	6 835 573	584543	1 392 240	26 363 507	32 831 110
Segment result (gross profit)	5 188 802	6 519 177	5 786 614	3 727 574	94 429	148 153	11 069 845	10 394 904
Unappropriated expenses							-5 646 655	- 4 672 984
Operating profit							5 423 190	5 721 920
Net financing costs/income							-50 608	-314 820
Profit before taxes							5 372 582	5 407 100
Profit tax							-827 825	-770 538
Profit after taxes							4 544 757	4 636 562
Assets							100473872	44 296 603
Liabilities							52 942 992	19 083 511
Capital expenses							4 928 379	5 626 941

The information about the company's business segments is provided as a secondary segment account.

The income and result within total assets, liabilities and capital expenses according to the geographical segments:

	Injectibles	Tablets, ointments and galenicals	Unappropriated	Total

	9 months 2005	9 months 2004	9 months 2005	9 months 2004	9 months 2005	9 months 2004	9 months 2005	9 months 2004
Income	18141287	27 501 563	5 115 834	5 262 406	3 106 386	67 141	26 363 507	32 831 110
Segment result	6 420 722	7 520 855	2 768 964	2 900 273	1 880 159	-26 224	11 069 845	10 394 904
Equipment	3 367 598	5 744 512	697 081	69 250	2 699 255	2 768 799	6 763 934	8 582 561
Buildings	5 430 208	5 607 545	313 661	533 758	11 128 138	1 481 786	16 872 007	7 623 089
Other assets	59 879	71 546	3 041	3 119	5 378 013	1 353 966	5 440 933	1 428 631
Segment assets, total	8 857 685	11 423 603	1 013 783	606 127	19 205 406	5 604 551	29 076 874	17 634 281
Segment capital costs	42 836	3 983 174	711 246	4 800	4 174 297	1 638 967	4 928 379	5 626 941
Number of employees	82	72	29	29	109	105	220	206

Sales costs (LTL)

	9 months 2005	9 months 2004
Remuneration and social insurance	431 921	190 328
Transportation costs	18 407	65 872
Advertising	538 274	130 738
Depreciation	25 367	3 951
Amortization	67 694	16 854
Other services	478 867	278 548
Total	1 560 530	686 291

Administrative costs (LTL)

	9 months 2005	9 months 2004
Remuneration and social insurance	1 503 316	1 234 756
Severance pay	37 952	678 331
Taxes	264 418	268 421
Materials	201 099	200 741
Depreciations	887 139	307 122
Costs of consulting services	195 500	245 755
Utilities	164 121	97 931
Communication costs	51 444	35 651
Business trips	151 256	36 340
Aid	2 000	226 886
Provisions and written-off debts	84 186	2 870
Other services	1 145 701	716 009
Total	4 688 132	4 050 813

Other operating income and expenses, at net value (LTL)

	9 months 2005	9 months 2004
Income from rent	332 646	44 592
Income for the services rendered	13 307	4 329
Profit/loss from sales of long-term assets	70 202	-5 271
Profit/loss from sales of current assets	185 852	20 470
Total	602 007	64 120

Income and expenses from financing activities, at net value (LTL)

	9 months 2005	9 months 2004
Income from interest on bank deposits	12 739	444
Revaluation of foreign currency after deduction of losses	72 537	-6 667
Fines and default interest on contracts	447 892	
Loan interest	-580 356	-292 083
Other	-3 420	-16 514
Total	-50 608	-314 820

Profit tax (LTL)

	9 months 2005	9 months 2004
Current tax	827 825	374 679
Income/costs from deferred taxes		
Profit tax for the period	827 825	374 679

Transactions with connected parties (LTL)

No transactions with connected parties were concluded during the 9 months of 2005:

Sold:

LAB "Endokrininiai preparatai"	Inventories	19 320
LAB "Endokrininiai preparatai"	Rent and services	462 462
UAB "Altisana"	Services	511
UAB "Invalda Construction management"	Services	3 068
Hoechst - Biotika	Inventories	417
Hoechst - Biotika	Services	12 242
UAB "Altisana"	Loan granted	797 161
Total		1 295 181

Bought:

LAB "Endokrininiai preparatai"	Inventories	2 094 771
LAB "Endokrininiai preparatai"	Services	2 947
LAB "Endokrininiai preparatai"	Interest	75 277
LAB "Endokrininiai preparatai"	Property, plant and equipment	1 121 194
AB "Valmeda"	Services	800
UAB "Invalda Real Estate"	Services	90 000
UAB "Invalda Real Estate"	Construction in Progress	89 368
AB "Umega"	Property, plant and equipment	80 769
Donatas Jazukevičius	Rent	1 190
AB FMĮ "Finasta"	Services	1 069 223
LAB "Endokrininiai preparatai"	Loan taken	4 681 748
Total		9 307 287

Foreign currency (LTL)

Amounts receivable and payable and cash in foreign currencies as of 30 September 2005:

	Euro	USD
Trade debtors	5 376 175	
Advance payments	313 125	
Net cash	728 418	113 347

Loans taken	-1 240 200	
Trade and other creditors	-1 938 215	-137 078
Net position	3 239 303	-23 731

Information about the audit.

Financial statements covering the period of 9 months of 2005 have not been audited.

FINANCIAL POSITION (CONSOLIDATED)

Balance Sheet

Item No.	ASSETS	2005 09 30	2004 12 31	2004 09 30	2003 12 31
A.	LONG-TERM ASSETS	65 443 017	27 749 312	17 643 795	14 748 905
I.	INTANGIBLE ASSETS	-2 917 043	245 036	246 014	144 932
I.1.	Patents, licences	122 988	177 722	214 972	110 504
I.2.	Software	192 017	67 314	31 042	34 428
I.3	Goodwill	-3 232 048			
II.	TANGIBLE ASSETS	68 080 333	27 451 086	17 388 267	14 602 773
II.1.	Land	827 086			
II.2.	Buildings and structures	39 398 451			
II.3.	Plant and machinery	17 531 558			
II.4.	Vehicles and other assets	1 712 646			
II.5.	Construction in progress	8 610 592			
III.	LONG-TERM INVESTMENTS	226 537			1 200
III.1.	Investments in subsidiary and associated companies	226 537			
III.2.	Other financial assets				1 200
IV.	LONG-TERM ACCOUNTS RECEIVABLE	53 190	53 190	9 514	
B.	SHORT-TERM ASSETS	63 883 332	26 009 089	26 652 808	16 218 475
I.	STOCKS	12 555 867	4 920 879	7 054 340	5 594 268
I.1.	Raw materials and consumables	7 161 040	2 164 120	3 544 344	2 229 583
I.2.	Production in progress	1 782 621	521 713	558 149	229 788
I.3.	Finished production	2 714 557	2 228 697	2 902 417	3 058 488
I.4.	Goods purchased for resale	897 649	6 349	49 430	76 409
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR	34 206 144	12 923 106	10 089 509	9 658 812
II.1.	Customer debt	32 440 682	12 012 930	9 249 728	9 145 294
II.2.	Assets of the deferred profit tax	493 170	71 000	49 000	49 087
II.3.	Other accounts receivable	1 272 292	839 176	790 781	464 431
III.	SHORT-TERM INVESTMENTS	7 898 941	7 385 990	9 202 285	73 514
IV.	CASH AND CASH EQUIVALENTS	9 222 380	779 114	306 674	891 881
	TOTAL ASSETS	129 326 349	53 758 401	44 296 603	30 967 380

Balance Sheet (LTL) (continued)

Item No.	SHAREHOLDERS' EQUITY AND LIABILITIES	2005 09 30	2004 12 31	2004 09 30	2003 12 31
C.	EQUITY	50 016 557	25 178 889	25 213 092	20 755 636
I.	CAPITAL	28 553 588	8 955 295	8 955 295	5 360 493
I.1.	Authorised (subscribed for)	11 000 000	8 955 295	8 955 295	27 814 800
I.2.	Own shares (-)				-22 454 307
I.3.	Goodwill	17 553 588			
II.	REVALUATION RESERVE (RESULTS)				
III.	RESERVES	1 801 104	6 251 471	6 251 471	14 530 289
III.1.	Legal reserve	1 801 104	1 801 104	1 801 104	1 769 872
III.2.	Other reserves		4 450 367	4 450 367	12 760 417
IV.	RETAINED PROFIT (LOSS)	19 661 865	9 972 123	10 006 326	864 854
IV.1.	Profit (loss) of the accounting year	7 030 434	4 602 359	4 636 562	312 724
IV.2.	Profit (loss) of the previous year	12 631 431	5 369 764	5 369 764	552 130
D.	GRANTS, SUBSIDIES				
E.	ACCOUNTS PAYABLE AND LIABILITIES	79 309 792	28 579 512	19 083 511	10 211 744
I.	ACCOUNTS PAYABLE AFTER ONE YEAR AND LONG-TERM LIABILITIES	29 283 950	13 700 212	15 536 523	3 729 999
I.1.	Financial debts	28 448 969	13 700 212	14 765 985	3 729 999
I.1.1.	Leasing (financial lease) or similar liabilities	647 658	587 232	819 305	
I.1.2.	Credit institutions	27 801 311	13 112 980	13 946 680	3 729 999
I.2.	Deferred taxes	834 981		770 538	
II.	ACCOUNTS PAYABLE WITHIN ONE YEAR AND SHORT-TERM LIABILITIES	50 025 842	14 879 300	3 546 988	6 481 745
II.1.	Financial debt	17 051 851	959 064	1 121 712	4 645 108
II.1.1.	Current portion of long-term financial debts	1 096 683	357 724	77 414	
II.1.2.	Other debts	15 955 168	601 340	1 044 298	4 645 108
II.2.	Debts to suppliers	19 932 144	2 021 368	1 990 445	1 054 998
II.3.	Other debts	13 041 847	11 898 868	434 831	781 639
II.3.1.	Profit tax liabilities	1 210 067	881 228		
II.3.2.	Liabilities related to labour relations	1 376 204	355 123	380 192	440 990
II.3.3	Other accounts payable and short-term liabilities	10 455 576	10 662 517	54 639	340 649
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	129 326 349	53 758 401	44 296 603	30 967 380

Profit and Loss Account

No.	Items	2005 09	2004 09	2005 III	2004 III
I.	SALES INCOME	44 304 138	32 831 110	10 096 391	12 310 218
II.	SALES FORMATION COST	33 804 335	22 436 206	5 739 003	8 582 465
III.	TOTAL PROFIT (LOSS)	10 499 803	10 394 904	4 357 388	3 727 753
IV.	OPERATING EXPENSES	6 855 938	4 737 104	1 921 532	1 461 612
IV.1.	Sales	1 560 530	686 291	591 771	243 638
IV.2.	Overhead and administration expenses	5 295 408	4 050 813	1 329 761	1 217 974
V.	OTHER ACTIVITIES	5 344 452	64 120	111 982	7 865
V.1.	Income	5 767 274	1 538 143	196 085	128 904
V.2.	Expenses	422 822	1 474 023	84 103	121 039
VI.	OPERATING PROFIT (LOSS)	8 988 317	5 721 920	2 547 838	2 274 006
VII.	FINANCIAL AND INVESTMENT ACTIVITY	-168 770	-314 820	-104 327	-167 567
VII.1.	Income	627 453	40 190	202 645	10 396
VII.2.	Expenses	796 223	355 010	306 972	177 963
VIII.	PROFIT (LOSS) BEFORE TAX	8 819 547	5 407 100	2 443 511	2 106 439
IX.	PROFIT TAX	1 789 113	770 538	374 679	305 929
X.	NET PROFIT (LOSS)	7 030 434	4 636 562	2 068 832	1 800 510

Cash Flow Statement (LTL)

No.	Items	2005 09 30	2004 12 31	2004 09 30	2003 12 31
I.1.1	Net result	7 030 434	4 602 359	4 636 562	312 724
I.1.2	Depreciation and amortisation	4 440 398	3 810 828	2 721 474	2 463 068
I.1.3	Written-off and sold long-term assets	39 974	449 169	9 377	387 663
I.1.4	Deferred taxes	834 981	-21 913	770 625	311 913
I.1.5	Provision for outdated stocks and debts		741 389		100 000
I.1.6	Change in the holiday pay reserve and in other provisions	-283 133	-44 296	-348 187	138 369
I.1.7	Interest expenses/income, profit/loss after the sale of investments	621 854	454 280	292 233	-139 982
I.1	Cash flow from the ordinary activities until changes in circulating funds	12 684 508	9 991 816	8 082 084	3 573 755
I.2.1	Change in trade and other accounts receivable	5 240 251	-4 240 173	-440 298	-515 462
I.2.2	Change in stocks	10 110 207	877 801	-1 460 072	1 325 317
I.2.3	Change in debts to suppliers and other liabilities	-4 080 227	12 127 896	947 540	638 630
I.2	Net cash flow from the ordinary activities	23 954 739	18 757 340	7 129 254	5 022 240
I.3.1	Received/ paid dividends	-1 791 059	-179 106	-179 106	
I.3.2	Received / paid net interest	-621 854	-453 686	-291 639	427
I.3.3	Paid/received profit tax	-881 228			
I	NET CASH FLOW FROM THE COMPANY'S ACTIVITIES	20 660 598	18 124 548	6 658 509	5 022 667
II.1	Acquisition of long-term tangible assets	-5 277 370	-16 977 415	-5 451 122	-667 901
II.2	Sale of investments		-594	-594	1 532 485
II.3	Acquisition of investments	3 245 531	-7 312 476	-9 128 771	
II.4	Capitalisation of long-term intangible assets	-69 803	-224 976	-175 819	-66 891
II.5	Sale of long-term assets		-6 023		1 434 049
II.6	Cash flows from acguisition of UAB "Altisana"	-1 642 036			
II.7	Cash flows from acguisition of "Hoechst-Biotika"	-47066507			
II	CASH FLOW FROM THE COMPANY'S INVESTMENT ACTIVITY	-50810185	-24 521 484	-14 756 306	2 231 742
III.1	Acquisition / loss of own shares				-21 938 532
III.2	Receipts / payments of long-term loans	14 748 757	9 970 213	11 035 986	3 729 999
III.3	Receipts / payments of short-term loans	4 245 803	- 3 686 044	-3 523 396	4 645 108
III.4	New share issue	19 598 293			
III	NET CASH FLOWS FROM FINANCING	38 592 853	6 284 169	7 512 590	-13 563 425
IV	CASH FLOW FROM THE COMPANY'S ACTIVITY, INVESTMENT ACTIVITY AND FINANCING	8 443 266	-112 767	-585 207	-6 309 016
V	Cash and cash equivalents at the beginning of the period	779 114	891 881	891 881	7 200 897
VI	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9 222 380	779 114	306 674	891 881

Statement of Changes in Equity

No.	Items	Equity capital	Share premium account	Own shares	Legal reserve	Other reserves	Profit to be appropriated	Total
1	Balance as of 31 12 2003	27 814 800		- 22 454 307	1 769 872	12760417	864854	20755636
2	Dividend						-179106	- 179 106
3	Net profit (9 months 2004)						4 636 562	4 636 562
4	Allocated to legal reserve				31 232		-31 232	
5	Acquisition/ sale of own shares			2 087			-2 087	
6	Used reserves					-4 717 335	4 717 335	
7	Decrease in equity capital	-18 859 505		22 452 220		- 3 592 715		
8	Balance as of 30 09 2004	8 955 295			1 801 104	4 450 367	10 006 326	25 213 092
9	Net profit (4th quarter 2004						-34 203	-34 203
10	Balance as of 31 12 2004	8 955 295			1 801 104	4 450 367	9 972 123	25 178 889
11	Dividend						- 1 791 059	- 1 791 059
12	Used reserves					- 4 450 367	4 450 367	
13	Net profit (9 months 2005)						7 030 434	7 030 434
14	New share issue	2 044 705	17 553 588					19 598 293
15	Balance as of 30 09 2005	11 000 000	17 553 588		1 801 104		19 661 865	50 016 557

10. Explanatory note.

SIGNIFICANT ACCOUNTING PRINCIPLES

General information

The registered office of the public company AB "Sanitas" (company) is situated in Kaunas, Lithuania. The company's shares are traded on the Current List of the Vilnius Stock Exchange.

The company's core activity is manufacturing of pharmaceuticals. During the 9 months of 2005 the largest portion of production and sales fell to injectible pharmaceuticals.

At the end of the third quarter 2005 the company owned a 100% holding of UAB "Altisana", established in Kaunas. During the reporting period this subsidiary renewed its operations; the acquisition is reported applying the purchase method, the company's data are consolidated in the balance sheet of AB "Sanitas" Group. UAB "Altisana" develops real estate projects.

On 27 July 2005 AB "Sanitas" purchased 100% of the shares of Hoechst-Biotika, Spol. Sr.O. This producer of pharmaceuticals is situated in Slovakia. As no material events took place between 27 July and 31 July, the balance sheet of 31 July is deemed the reference balance sheet of the transfer (acquisition) day, on the basis of which the acquisition accounting was performed

applying the purchase method. Starting from 31 July, the data from Hoechst-Biotika, Spol. Sr.O are entered into the consolidated balance sheet of AB “Sanitas“ Group.

At the end of the third quarter 2005 the company held an interest of 67% in AB "Endokrininiai preparatai", established in Kaunas. This associated company carries no operation. The company is to undergo liquidation.

The data of 30 September 2005 are presented in the consolidated statement, while the statements from other periods not consolidated.

Statement compliance with the established standards

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), in compliance with the guidance of the International Accounting Standards Committee under the IASB.

Basis for drawing up of the statements

The statements were drawn up following the going concern principle. In the financial statements the numbers are given in litas. The applied accounting principles are the same as applied in the previous year.

Foreign currency

Operations in foreign currencies are reported in litas at the currency exchange rate on the day of the transaction. Amounts receivable and payable and cash in foreign currencies are reported in litas at the currency exchange rate on the balance sheet day. The differences in the currency exchange rate that occur after these operations are reported in the Income Statement. Non-pecuniary items in foreign currencies are reported in litas at the currency exchange rate on the reporting day.

Financial indicators (LTL)

	30 09 2005	30 09 2004
Turnover	44 304 138	32 831 110
Gross profit	10 499 803	10 394 904
Operating profit	8 988 317	5 721 920
Profit before taxes	8 819 547	5 407 100
Annual net profit	7 030 434	4 636 562
Profit per share	3.20	2.59
Depreciation and amortization	4 440 398	3 810 828
EBITDA	13 428 715	9 532 748
Long-term assets	64 443 017	27 749 312
Current assets	63 883 332	26 009 089
Total assets	129 326 349	53 758 401
Equity capital	28 553 588	8 955 295
Capital and reserves	50 016 557	25 178 889
Long-term liabilities	29 283 950	13 700 212
Current liabilities	50 025 842	14 879 300
Net cash flows from ordinary activities	20 660 598	6 658 509
Net cash flows from investing activities	-50 810 185	-14 756 306
Net cash flows from financing activities	38 592 853	7 512 590
Total cash flows	8 443 266	-585 207
Number of employees	513	206

Net profit margin	16	14
Return on investment (ROI)	7	11
Gross margin	24	32
Liquidity ratio	128	175
Shareholders' ownership ratio	39	47
Return on shareholders' equity (ROE)	14	18

BALANCE SHEET

Long-term intangible assets (LTL)

	Goodwill	Licenses	Software, etc.	Total
Acquisition costs as of 1 January		346 397	305 215	651 612
Increase during the period		13 014	56 789	69 803
From acquisition of UAB "Altisana"	-21 478			-21 478
From acquisition of "Hoechst – Biotika"	-3 210 570	148 919	4 240 177	1 178 526
Write-offs		-45 840	-3 406	-49 246
Acquisition costs as of 30 September	-3 232 048	462 490	4 598 775	1 829 217
Amortization as of 1 January.		168 675	237 901	406 576
From acquisition of UAB "Altisana"				
From acquisition of "Hoechst – Biotika"		148 919	4 130 417	4 279 336
Amortization during the period		67 742	41 845	109 587
Amortization of written-off assets		-45 834	-3 405	-49 239
Amortization as of 30 September		339 502	4 406 758	4 746 260
Net residual value as of 30 September	-3 232 048	122 988	192 017	-2 917 043
Net book value as of 1 January		177 722	67 314	245 036
Amortization period		2-5 years	1-4 years	

Amortization is included intoproduction and operating expenses.

Property, plant and equipment (LTL)

LTL thousand	Land	Buildings	Plant and machinery	Vehicles and other assets	Construction in progress	Total
Costs as of 1 January		21 938 984	20 663 635	767 651	1 396 330	44 766 600
Increase			1 344 674	259 979	3 672 717	5 277 370
From acquisition of UAB "Altisana"					3 529 060	3 529 060
From acquisition of "Hoechst – Biotika"	827 086	45 057 533	50 749 330	7 723 449	12 485	104 369 883
Sales/Write-offs			-548 284	-61 824		-610 108
Costs as of 30 September	827 086	66 996 517	72 209 355	8 689 255	8 610 592	157 332 805
Depreciation as of 1 January		4 237 466	12 690 097	387 951		17 315 514
Depreciation during the period		1 229 011	2 947 067	154 733		4 330 811
From acquisition of "Hoechst – Biotika"		22 131 589	39 554 040	6 490 659		68 176 288
Sales/Write-offs			-513 407	-56 734		-570 141

Depreciation as of 30 September		27 598 066	54 677 797	6 976 609		89 252 472
Net residual value as of 30 September	827 086	39 398 451	17 531 558	1 712 646	8 610 592	68080333
Net residual value as of 1 January		17 701 518	7 973 538	379 700	1 396 330	27451086
Depreciation period		10-71 metai	4 -15 metų	2 -15 metų		

Depreciation is included into production and operation costs.

Pledge

As of 30 September 2005 buildings and equipment, whose residual value is LTL 18 564 507 , were pledged for the bank loans.

Investment (LTL)

	30 09 2005	31 12 2004
Long-term		
Other	226 537	
Total long-term investing	226 537	
Current		
Shares of UAB "Altisana" (100% of the shares)		1 413 440
Shares of AB "Endokrininiai preparatai" (67% of the shares)	7 898 941	4 741 835
Advance payment for the shares of LAB "Endokrininiai preparatai"		1 230 715
Total current investing	7 898 941	7 385 990
Net residual value at the end of the period	8 125 478	7 385 990

Long-term amounts receivable (LTL)

	30 09 2005	31 12 2004
Loans to employees	53 190	53 190
Net residual value at the end of the period	53 190	53 190

Inventories (LTL)

	30 09 2005	31 12 2004
Goods produced	2 714 557	2 228 697
Raw materials	7 161 040	2 164 120
Production in progress	1 782 621	521 713
Goods for resale	897 649	6 349
Net residual value at the end of the period	12 555 867	4 920 879

Amounts receivable within one year (LTL)

	30 09 2005	31 12 2004
Trade debtors	32 440 682	12 012 930
Debt of UAB “Altisana”		207 160
Amounts receivable from the state	811 422	508 526
Deferred profit tax	493 170	71 000
Prepayments and deferred charges	387 218	80 092
Other amounts receivable	73 652	43 398
Net residual value at the end of the period	34 206 144	12 923 106

Cash (LTL)

	30 09 2005	31 12 2004
Cash at bank	9 159 922	754 068
Cash in hand	62 458	25 046
Net cash and its equivalents	9 222 380	779 114

As of 30 September 2005 the balance in the company's account with the SEB Vilniaus bankas in the amount of LTL 15 765 was pledged to secure a loan.

Equity capital

The equity capital has changed. It comprised 1,791,059 ordinary registered shares of LTL 5 par value each, while the total value of the equity capital amounted to LTL 8,955,295. In July of the current year, after a new share issue, the company's registered equity capital equals LTL 11,000,000. It consists of 2,200,000 ordinary registered shares of LTL 5 par value each.

The new share issue was distributed above the par value, thus forming a share premium account of LTL 17,553,588.

Reserves

Legal reserve

The legal reserve amounts to LTL 1,801,104. It is formed pursuant to the laws of the Republic of Lithuania. Every year the legal reserve must be supplemented by transferring 5% of the net profit to be appropriated until the legal reserve constitutes10% of the equity capital. The legal reserve may be used only to cover losses. The legal reserve has been formed in full.

Other reserves

Other reserves are formed for special purposes by the decision of the shareholders. Other reserves account for LTL 4,450,367, built up for the purchase of own shares. This reserve was liquidated under the decision of the shareholders by adding it up to the unappropriated result.

Profit to be appropriated (LTL)

Profit appropriation

The Annual General Meeting of the company's shareholders held on 15 April 2005 approved the following appropriation of the profit:

Unappropriated result from the previous year	5 322 764
Net result of the financial year (profit (losses))	4 649 359
Unappropriated result to be appropriated at the end of the financial year	9 972 123
Shareholders' contribution to cover losses	
Transfers from reserves	4 450 367
Profit to be appropriated	14 422 490
Profit appropriation:	
- to legal reserve	
- to other reserves	
- dividend	1 791 059
- other	
Unappropriated result after appropriation	12 631 431

Profit to be appropriated

	30 09 2005	31 12 2004
Profit (loss) of the previous year	7 030 434	4 602 359
Profit (loss) of the previous year	12 631 431	5 369 764
UNAPPROPRIATED PROFIT (LOSS)	19 661 865	9 972 123

Loans and other borrowings attracting interest (LTL)

	30 09 2005	31 12 2004
Long-term liabilities		
Credit line from Sampo bankas		7 338 863
Loan from Sampo bankas		5 774 117
Credit account with SEB Vilniaus bankas	1 601 237	
Loan from SEB Vilniaus bankas	18 999 950	
Loan from SEB Vilniaus bankas	7 200 124	
Financial leasing	647 658	587 232
Total long-term liabilities	28 448 969	13 700 212
Current liabilities		
Loan from LAB "Endokrininiai preparatai"	5 283 088	601 340
Current portion of the loan payable to SEB Vilniaus bankas	1 000 050	
Loan from Tatra bank	10 672 080	
Financial leasing	96 633	357 724
Total current liabilities	17 051 851	959 064
Residual value at the end of the period	45 500 820	14 659 276

Terms and conditions (LTL)

	Total	Up to 1 year	1 - 2 years	2 - 5 years
EUR 750,000 + 2,500,000 credit account agreement: floating interest rate 6 months EURIBOR + 1,05%	1 601 237			1 601 237
LTL 7,200,124 loan: floating interest rate 6 months EURIBOR + 1,05%	7 200 124		3 490 960	3 709 164
LTL 20,000,000 loan: floating interest rate 6 months EURIBOR + 1.32%	20 000 000	1 000 050	8 000 400	10 999 550
Loan from AB "Endokrininiai preparatai" with 3% interest rate	5 283 088	5 283 088		
A one year loan of SKK 200,000,000 with the floating rate of BRIBOR + 0,60%	10 672 080	10 672 080		
Financial leasing of 5 cars and equipment: floating interest rate 6 months EURIBOR +1,7- 1,9%	744 291	96 633	647 658	
Total	45 500 820	17 051 851	12 139 018	16 309 951

Deferred taxes

Here the deferred profit tax for the year 2005 is reported. During the 9 months the profit tax amounted to LTL 834 981.

Other creditors (LTL)

	30 09 2005	31 12 2004
Amount payable for the buildings purchased from LAB "Endokrininiai preparatai"	10 300 000	10 300 000
Taxes, remuneration, social insurances	2 650 431	1 205 679
Holiday reserve	39 457	81 990
Accrued quantity discounts	21 593	261 376
Other amounts payable and accrued charges	30 366	49 823
Net residual value at the end of the period	13 041 847	11 898 868

Off balance sheet liabilities

As of 30 September 2005 buildings and equipment with the residual value of LTL 41 090 951 were pledged to the SEB Vilniaus bankas and Tatra bankas as a guarantee for the bank loans (see Note 12). Furthermore, cash in the amount of LTL 15,765 was pledged to SEB Vilniaus bankas as a collateral to secure the loans extended by this bank.

PROFIT AND LOSS ACCOUNT (LTL)

Segment accounts (LTL)

The information about the company's geographical segments is provided as a primary segment account.

Most of the company's production is sold in Latvia, Lithuania, Czech Repablic, Slovakia. All the company's assets are in the country of establishment.

The income and result within total assets, liabilities and capital expenses according to the geographical segments:

9 months 2005	Germany	Latvia	Slovakia	Lithuania	Other	Total
Income	13 813 300	15 764 741	3 878 756	10 014 223	833 118	44 304 138
Segment result (gross profit)	-714 482	5 188 802	81 528	5 786 614	157 341	10 499 803
Unappropriated expenses						-1 511 486
Operating profit						8 988 317
Net financing costs/income						-168 770
Profit before taxes						8 819 547
Profit tax						1 789 113
Profit after taxes						7 030 434
Assets						129 326 349
Liabilities						79 309 792
Capital expenses						5 347 173

9 months 2004	Latvia	Lithuania	Other	Total
Income	24 603 297	6 835 573	1 392 240	32 831 110
Segment result (gross profit)	6 519 177	3 727 574	148 153	10 394 904
Unappropriated expenses				- 4 672 984
Operating profit				5 721 920

Net financing costs/income				-314 820
Profit before taxes				5 407 100
Profit tax				-770 538
Profit after taxes				4 636 562
Assets				44 296 603
Liabilities				19 083 511
Capital expenses				5 626 941

The information about the company's business segments is provided as a secondary segment account.

The income and result within total assets, liabilities and capital expenses according to the geographical segments:

	Injectibles		Tablets, ointments and galenicals		Unappropriated		Total	
	9 months 2005	9 months 2004	9 months 2005	9 months 2004	9 months 2005	9 months 2004	9 months 2005	9 months 2004
Income	22 849 245	27 501 563	12 886 057	5 262 406	8 568 836	67 141	44 304 138	32 831 110
Segment result	6 530 865	7 520 855	3 389 384	2 900 273	579 554	-26 224	10 499 803	10 394 904
Land					827 086		827 086	
Equipment	7 062 032	5 744 512	1 280 103	69 250	9 189 423	2 768 799	17 531 558	8 582 561
Buildings	5 430 208	5 607 545	313 661	533 758	33 654 582	1 481 786	39 398 451	7 623 089
Other assets	96 131	71 546	156 443	3 119	10 070 664	1 353 966	10 323 238	1 428 631
Segment assets, total	12 588 371	11 423 603	1 750 207	606 127	53 741 755	5 604 551	68 080 333	17 634 281
Segment capital costs	42 836	3 983 174	711 246	4 800	4 593 091	1 638 967	5 347 173	5 626 941
Number of employees	140	72	72	29	301	105	513	206

Sales costs (LTL)

	9 months 2005	9 months 2004
Remuneration and social insurance	431 921	190 328
Transportation costs	18 407	65 872
Advertising	538 274	130 738
Depreciation	25 367	3 951
Amortization	67 694	16 854
Other services	478 867	278 548
Total	1 560 530	686 291

Administrative costs (LTL)

	9 months 2005	9 months 2004
Remuneration and social insurance	1 897 699	1 234 756
Severance pay	48 796	678 331
Taxes	264 418	268 421
Materials	212 883	200 741
Depreciations	948 831	307 122
Costs of consulting services	283 470	245 755
Utilities	164 121	97 931

Communication costs	56 605	35 651
Business trips	154 546	36 340
Aid	2 000	226 886
Provisions and written-off debts	81 186	2 870
Other services	1 180 853	716 009
Total	5 295 408	4 050 813

Other operating income and expenses, at net value (LTL)

	9 months 2005	9 months 2004
Income from rent	332 646	44 592
Income for the services rendered	351 527	4 329
Profit/loss from sales of long-term assets	70 111	-5 271
Profit/loss from sales of current assets	185 852	20 470
Changes in special purpose reserves/provisions	4 404 316	
Total	5 344 452	64 120

Income and expenses from financing activities, at net value (LTL)

	9 months 2005	9 months 2004
Income from interest on bank deposits	15 198	444
Revaluation of foreign currency after deduction of losses	182 494	-6 667
Fines and default interest on contracts	447 892	
Loan interest	-637 052	-292 083
Other	-177 302	-16 514
Total	-168 770	-314 820

Profit tax (LTL)

	9 months 2005	9 months 2004
Current tax	1 789 113	374 679
Income/costs from deferred taxes		
Profit tax for the period	1 789 113	374 679

CASH FLOW STATEMENT (LTL)

Cash flows from acquisition of UAB “Altisana“

Cash	42
Construction in progress	1 640 000
Inventories	1
Amounts receivable	2 390
Other debts	-355
Total acquisition price	1 642 078
Acquisition cash flow after deduction of cash	1 642 036

Cash flows from acquisition of UAB "Hoechst-Biotika"

Cash	964 035
Property, plant, equipment and other fixed assets	36 303 357
Inventories	17 745 195
Amounts receivable	27 020 757
Other debts	-22 155 817
Financial debts	-11 846 984
Total acquisition price	48 030 543
Acquisition cash flow after deduction of cash	47 066 508

Information about the audit.

Financial statements covering the period of 9 months of 2005 have not been audited.

IV. KEY EVENTS IN THE ISSUER'S ACTIVITIES

11. Key Events in the Issuer's Activities

Notices about key events are given to the Securities Commission of the Republic of Lithuania, AB Vilniaus Vertybinių Popierių Birža and the daily newspaper *Verslo Žinios.*

On 5 January 2005, the Observers' Council of AB Sanitas accepted the resignation of the Director General Donatas Jazukevičius. On 6 January 2005, Saulius Jurgelėnas was elected Director General of the Company.

On 21 January 2005, the Ministry of Economy of the Republic of Lithuania, the public institution Lithuanian Business Support Agency and AB Sanitas concluded an agreement on the provision of support for the project "AB Sanitas Production Upgrading", under which the support to be allocated to the project contractor (AB Sanitas) from the EU structural funds for the compensation of eligible costs of the project amounted to 16,157,151 Litas. The scheduled beginning of the project is 12 February 2005 and the completion date of the project is 30 September 2006.

On 23 March 2005, the Securities Commission of the Republic of Lithuania registered the mandatory non-competitive official offer to purchase the shares in AB Endokrininiai Preparatai. The proposal provider – AB Sanitas, price – 4.59 Litas. During the period of this proposal, 133,124 units of shares in LAB Endokrininiai Preparatai were purchased.

On 15 April 2005, the general meeting of shareholders of AB Sanitas approved the Company's report for the year 2004 and its annual financial statements. When distributing the profit of 2004, it was decided to pay 1 Litas of dividends per one share. The total amount allocated for dividends was 1,791,059 litas. The meeting also decided to revoke the decision of the general meeting of shareholders dated 23 September 2004 regarding the reorganisation by joining AB Endokrininiai Preparatai to AB Sanitas.

On 27 May 2005, AB Sanitas signed the agreement on the acquisition of 100 per cent in the Slovak pharmaceutical company Hoechst- Biotika. Hoechst- Biotika pharmaceutical plant is one of the most modern in Europe and its capacities exceed the potential of AB Sanitas plant: over a year the Slovak pharmaceutical company may produce 38.5 million of ampoules, 500 million of tablets and 122 tons of ointments.

The pharmaceutical company was purchased from the world-famous pharmaceutical company Aventis for a total of EUR 12.7 million.

The following decisions were made in the general meeting of shareholders held on **11 June 2005**:

Revocation of the Pre-emption Right to Acquire Newly Issued Shares.

- to revoke the pre-emption right for all the shareholders of the Company to acquire newly issued shares of the Company.
- the pre-emption right to acquire and distribute all newly issued 408,941 ordinary registered shares with the par value of 5 (five) litas each is granted to the financial brokerage company AB Finasta, company code 1225 70630, registered office: Konstitucijos Ave. 23, Vilnius.
- the reason of the revocation of the pre-emption right – the right to carry out primary public trading in securities, i.e. the shares issued by the Company, is granted to the intermediary the financial brokerage company AB Finasta in compliance with paragraph 1 of Article 11 of the Law of the Republic of Lithuania on the Securities Market.

Increase of the Company's Authorised Capital with Additional Contributions.

- to increase the Company's authorised capital with additional contributions by 2,044,705 litas, from 8,955,295 litas to 11,000,000 litas, by issuing 408,941 ordinary registered shares with the par value of 5 (five) litas each and by setting the minimum price of one share issue at 50 litas. The detailed procedure for the distribution of newly issued shares, the caps of the issue price and the issue price is to be determined by the Director of the Company.

Approval of the Amendments to and New Wording of the Company's Articles of Association.

- upon the full distribution of all the newly issued shares, to amend paragraphs 4.1 and 5.1 of the Company's Articles of Association as follows:

"4.1. The authorised capital of the Company amounts to 11,000,000 (eleven million) litas. It is divided into ordinary registered shares. The Company's authorised capital may be increased by the decision of the general meeting of shareholders and reduced by the decision of the general meeting of shareholders or, in the cases specified in the Company Law, by a court judgement."

"5.1. The authorised capital of the Company is divided into 2,200,000 (two million two hundred thousand) ordinary registered shares. The par value of one share amounts to 5 (five) litas."

On 13 June 2005, the price caps of the new share issue were set.

Under the decision of the Director General of AB Sanitas, the price caps of the new share issue were set – the lowest price was 50 litas and the highest price ž 60 litas.

On 13 June 2005, the Director General of AB Sanitas made the decision to apply to the Vilnius Stock Exchange regarding the inclusion of the issued ordinary registered shares of AB Sanitas with the par value of 5 litas into the Official Trading List of the Vilnius Stock Exchange.

On 1 July 2005, under the decision of the Director General of AB Sanitas, the price of the new share issue was set – it amounted to 50.5 litas.

On 8 July 2005, the increased authorised capital of AB Sanitas equal to 11,000,000 litas and divided into 2,200,000 ordinary registered shares with the par value of 5 litas was registered with the Register of Legal Persons.

On 14 July 2005, the issue of 408,941 ordinary registered shares of AB Sanitas with the par value of 5 litas each was fully distributed and paid for.

On 27 July 2005, AB Sanitas completed the transaction of acquisition of the Slovak pharmaceutical plant Hoechst-Biotika and took over a 100 per cent stake in Hoechst-Biotika.

On 4 August 2005, the sales of AB Sanitas as of July 2005 amounted to 3.2 million litas. From the beginning of the year the sales made up 19.48 million litas. The amount generated from the sales of the production last July was 3.86 million litas.

On 12 August 2005, the preliminary unaudited operating result of AB Sanitas as of July 2005 was net profit amounting to 620,000 litas, (180,000 euro), net profit from the beginning of the year – 3.096 million litas (897,000 euro). AB Endokrininiai Preparatai where AB Sanitas holds a 65.92% stake incurred a loss of 8,538 litas (2,473 euro) in July 2005, and the result from the beginning of the year was net profit of 1.4 million litas (407,000 euro).

On 1 September 2005, the sales of AB Sanitas as of August 2005 amounted to 3.910 million litas (1.132 million euro).

On 12 September 2005, the preliminary unaudited operating result of AB Sanitas for August 2005 was net profit of 769,000 litas, (223,000 euro), net profit from the beginning of the year – 3.865 million litas (1.119 million euro).

On 3 October 2005, the sales of AB Sanitas as of September 2005 amounted to 2.974 million litas (861,000 euro). From the beginning of the year, the sales amounted to 26.365 million litas (7.636 million euro). The nine-month sales in 2004 amounted to 32.831 million litas (9.508 million euro).

On 5 October 2005, on the initiative of the Company's Observers' Council and under the decision of the Director General, the extraordinary meeting of shareholders will be held in the hotel Holiday Inn (Šeimyniškių St. 1, Vilnius) on 8 November 2005, at 4 p.m. The registration of shareholders will start at 3 p.m. The accounting day of the meeting is 31 October 2005.

The agenda of the meeting will be as follows:

1. Change of the par value of the Company's ordinary registered shares.
2. Approval of the amendments to and new wording of the Company's Articles of Association.

Proposed draft resolutions:

1.1. To change the par value of the Company's ordinary registered shares from 5 litas to 1 litas by changing each ordinary registered share with the par value of 5 litas held by each shareholder into 5 (five) ordinary registered shares with the par value of 1 litas.

2.1. To amend paragraph 5.1 of the Company's Articles of Association not changing the amount of the Company's authorised capital:

"5.1. the authorised capital of the Company is divided into 11,000,000 ordinary registered shares. The par value of one share amounts to 1 litas."

2.2. To authorise the Director General of the Company Saulius Jurgelėnas to sign the amended Articles of Association of AB Sanitas and other related documents, to register the amended Articles of Association in the manner prescribed by the law and to carry out any related actions.