AB SANITAS

INTERIM CONDENSED CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS

30 SEPTEMBER 2008

(NOT AUDITED)

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 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 condensed consolidated group financial statements of AB Sanitas financial statements for the nine months of 2008, 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: AB Sanitas (hereinafter "the Company") and consolidated AB Sanitas and its subsidiaries (hereinafter "the Group") interim condensed financial statements for the period ended 30 September 2008.

AB Sanitas General Manager Saulius Jurgelėnas

AB Sanitas Chief Financial Officer N. Drobavičius Nerijus Drobavičius

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INCOME STATEMENTS

GROUP	Notes	January-September 2008 (unaudited)	January-September 2007 (restated, (unaudited)	July-September 2008 (unaudited)	July-September 2007 (restated, (unaudited)
Revenue	4	**282.875**	**248.134**	**89.246**	**81.335**
Cost of sales		(130.332)	(124.523)	(44.169)	(41.287)
Gross profit		**152.543**	**123.611**	**45.077**	**40.048**
Other income		2.710	3.284	1.071	(2.158)
Selling and distribution expenses	5	(75.691)	(49.084)	(24.225)	(19.389)
Administrative expenses	6	(36.489)	(23.606)	(15.612)	(6.620)
Other expenses		(287)	(561)	(189)	2.303
Operating profit		**42.786**	**53.644**	**6.122**	**14.184**
Finance revenue	7	1.009	247	804	(3)
Finance costs	7	(29.307)	(17.530)	(13.906)	(6.420)
Profit (loss) before taxes		**14.488**	**36.361**	**(6.980)**	**7.761**
Income tax expense	8	928	(6.576)	1.716	(14)
Net profit (loss)		**15.416**	**29.785**	**(5.264)**	**7.747**
Basic and diluted earnings (loss) per share (in LTL)	9	**0,50**	**0,96**	**(0,17)**	**0,25**

COMPANY	Notes	January-September 2008 (unaudited)	January-September 2007 (unaudited)	July-September 2008 (unaudited)	July-September 2007 (unaudited)
Revenue	4	**21.758**	**26.346**	**5.121**	**7.113**
Cost of sales		(11.385)	(12.401)	(2.888)	(3.504)
Gross profit		**10.373**	**13.945**	**2.233**	**3.609**
Other income		266	1.956	8	119
Selling and distribution expenses		(2.917)	(1.409)	(981)	(462)
Administrative expenses	6	(15.641)	(6.979)	(8.296)	(2.449)
Other expenses		(267)	(120)	(2)	(117)
Operating profit		**(8.186)**	**7.393**	**(7.038)**	**700**
Finance revenue	7	2	9.995	1	2.472
Finance costs	7	(1.598)	(1.462)	(596)	(495)
Profit (loss) before taxes		**(9.782)**	**15.926**	**(7.633)**	**2.677**
Income tax expense	8	1.339	(2.372)	1.140	(486)
Net profit (loss)		**(8.443)**	**13.554**	**(6.493)**	**2.191**

BALANCE SHEETS

ASSETS	Notes	GROUP 30.09.2008 (unaudited)	GROUP 31.12.2007	COMPANY 30.09.2008 (unaudited)	COMPANY 31.12.2007
Non-current assets					
Property, plant and equipment	10	325.735	280.807	70.456	30.129
Intangible assets		356.816	334.357	305	331
Investments in subsidiaries	1	-	-	334.395	334.698
Other financial assets	11	924	37	3	3
Deferred tax assets		24.261	20.088	1.378	80
Total non-current assets		**707.736**	**635.289**	**406.537**	**365.241**
Current assets					
Inventories		54.790	46.032	5.143	5.938
Prepaid income tax		2.105	3.111	1.385	-
Trade receivables		75.690	59.454	2.992	2.512
Other receivables		6.742	6.763	2.006	8.618
Deferred charges		2.820	4.822	262	143
Cash and cash equivalents		4.003	13.683	355	248
Total current assets		**146.150**	**133.865**	**12.143**	**17.459**
TOTAL ASSETS		**853.886**	**769.154**	**418.680**	**382.700**

EQUITY AND LIABILITIES

	Notes	GROUP 30.09.2008 (unaudited)	GROUP 31.12.2007	COMPANY 30.09.2008 (unaudited)	COMPANY 31.12.2007
Equity					
Share capital	12	31.106	31.106	31.106	31.106
Share premium		248.086	248.086	248.086	248.086
Legal reserve		3.111	3.111	3.111	3.111
Other reserves		62.664	32.380	-	-
Retained earnings		49.219	52.466	24.333	51.439
Total equity		**394.186**	**367.149**	**306.636**	**333.742**
Non current liabilities					
Non-current loans	13	245.300	250.846	35.875	24.173
Financial lease obligations		4.436	5.593	844	1.372
Deferred tax liability		19.640	17.875	-	-
Deferred income from subsidies		14.231	6.188	14.231	6.188
Provisions	14	6.066	6.338	-	-
Other non-current financial liabilities	11	5.550	-	-	-
Total non current liabilities		**295.223**	**286.840**	**50.950**	**31.733**
Current liabilities					
Current portion of non-current loans		63.096	54.338	14.502	7.481
Current portion of non-current financial lease obligations		3.460	3.270	1.103	1.027
Current loans	13	33.795	11.177	11.581	333
Trade and other payables		33.782	34.987	13.854	5.588
Advances received		-	-	-	595
Income tax payable		110	1.136	110	298
Other liabilities		13.259	9.188	3.861	1.903
Dividends paybles	16	16.083	-	16.083	-
Provisions	14	892	1.069	-	-
Total current liabilities		**170.027**	**115.165**	**61.094**	**17.225**
Total liabilities		**459.700**	**402.005**	**112.044**	**48.958**
TOTAL EQUITY AND LIABILITIES		**853.886**	**769.154**	**418.680**	**382.700**

STATEMENTS OF CHANGES IN EQUITY

GROUP	SHARE CAPITAL	SHARE PREMIUM	LEGAL RESERVE	OTHER RESERVES	RETAINED EARNINGS	TOTAL
Capital and reserves as at 31.12.2006	**31.106**	**248.086**	**3.111**	**13.419**	**15.176**	**310.898**
Net profit	-	-	-	-	29.785	29.785
Change in translation reserve	-	-	-	3.876	-	3.876
Capital and reserves as at 30.09.2007	**31.106**	**248.086**	**3.111**	**17.295**	**44.961**	**344.559**
Net profit	-	-	-	-	7.505	7.505
Change in translation reserve	-	-	-	15.085	-	15.085
Capital and reserves as at 31.12.2007	**31.106**	**248.086**	**3.111**	**32.380**	**52.466**	**367.149**
Dividends	-	-	-	-	(18.663)	(18.663)
Net profit	-	-	-	-	15.416	15.416
Change in translation reserve	-	-	-	30.284	-	30.284
Capital and reserves as at 30.09.2008	**31.106**	**248.086**	**3.111**	**62.664**	**49.219**	**394.186**

COMPANY	SHARE CAPITAL	SHARE PREMIUM	LEGAL RESERVE	RETAINED EARNINGS	TOTAL
Capital and reserves as at 31.12.2006	**31.106**	**248.086**	**3.111**	**34.910**	**317.213**
Net profit	-	-	-	13.554	13.554
Capital and reserves as at 30.09.2007	**31.106**	**248.086**	**3.111**	**48.464**	**330.767**
Net profit	-	-	-	2.975	2.975
Capital and reserves as at 31.12.2007	**31.106**	**248.086**	**3.111**	**51.439**	**333.742**
Dividends	-	-	-	(18.663)	(18.663)
Net profit	-	-	-	(8.443)	(8.443)
Capital and reserves as at 30.09.2008	**31.106**	**248.086**	**3.111**	**24.333**	**306.636**

CASH FLOW STATEMENTS

	Notes	GROUP January-September 2008 (unaudited)	GROUP January-September 2007 (restated, unaudited)	COMPANY January-September 2008 (unaudited)	COMPANY January-September 2007 (restated, unaudited)
Cash flows from (to) operating activities					
Profit (loss) before tax		14.488	36.361	(9.782)	15.926
Adjustments of non-cash items:					
Depreciation and amortisation		30.947	30.126	1.122	1.189
Loss from disposal or write-off of non-current assets	10	59	283	42	244
Loss from disposal of subsidiary	1	3	-	3	-
(Decrease) in allowance for receivables		-	(1.748)	-	-
Increase (decrease) in allowance for inventories		2.961	(740)	(386)	(147)
Unrealised foreign currency exchange loss (gain)		(598)	3.972	-	(90)
Dividends		-	-	292	-
Interest expenses	7	16.595	13.281	1.322	1.388
Interest (income)	7	(118)	(2.865)	(2)	(7.330)
Decrease in fair value of financial instruments through profit or loss	7	5.098	-	-	-
Provisions, accruals, defered charges movement		1.552	-	1.485	-
		70.987	**78.670**	**(5.904)**	**11.180**
Change in working capital:					
Decrease (increase) in inventories		(9.274)	(4.684)	1.293	(505)
Decrease (increase) in trade and other receivables and deferred charges receivables		(12.760)	(19.429)	4.478	(2.575)
Increase (decrease) in trade and other payables and advances received		(1.615)	(1.568)	7.959	(428)
Increase in provisions		-	1.494	-	54
Income tax (paid) received		2.562	(4.942)	-	(2.116)
Net cash flows from (to) operating activities		**49.900**	**49.541**	**7.826**	**5.610**
Cash flows from (to) investing activities					
(Acquisition) of non-current tangible assets		(52.056)	(15.824)	(41.149)	(7.281)
(Acquisition) of non-current intangible assets		(3.109)	(2.376)	(69)	(75)
Proceeds from assets held for sale		-	9.983	-	9.983
Proceeds from sale of non-current assets (except investments)		1.585	165	26	-
Proceeds from sale of subsidiary	1	8	-	8	-
Interest received		118	29	2	1
Dividends (paid) received	16	(2.580)	-	(2.580)	2.665
Net cash flows (to) investing activities		**(56.034)**	**(8.023)**	**(43.762)**	**5.293**
Cash flows from (to) financing activities					
Proceeds from loans		37.800	22.882	32.346	29.426
(Repayments) of loans		(32.108)	(55.120)	(2.375)	(36.524)
(Payment) of finance lease liabilities		(1.748)	3.495	(835)	(1.190)
Interest (paid)		(15.533)	(15.110)	(1.136)	(645)
Proceeds from grants		8.043	171	8.043	171
Net cash flows from financial activities		**(3.546)**	**(43.682)**	**36.043**	**(8.762)**
Net increase (decrease) in cash and cash equivalents		**(9.680)**	**(2.164)**	**107**	**2.141**
Cash and cash equivalents as at January 1		**13.683**	**11.506**	**248**	**98**
Cash and cash equivalents as at September 30		**4.003**	**9.342**	**355**	**2.239**

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 address of its registered office is as follows:

Vytauto Ave. 3,
Kaunas,
Lithuania.

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 Baltic Main List on the Vilnius Stock Exchange.

As at 30 September 2008 the main shareholders of the Company were:

			Share of votes, %		
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 indirrectly given by the shares, %	Share of votes of shareholders that are acting jointly, %
AB Invalda, Šeimyniškių str. 3, Vilnius, 121304349	7.818.422	25,13	25,13	13,36	67,02
Darius Šulnis	870	0,003	0,003	-	
Dailius Juozapas Mišeikis	95.265	0,31	0,31	-	
UAB Finasta rizikos valdymas, Konstitucijos ave. 23, Vilnius, 300045450	16.760	0,05	0,05	1,56	
AB FMĮ Finasta, Konstitucijos ave. 23, Vilnius, 122570630	193.521	0,62	0,62	-	
AB bankas Finasta, Konstitucijos ave. 23, Vilnius, 301502699	150.662	0,48	-	-	
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	311.702	1	1	-	
Citigroup Venture Capital Internatonal Jersey Limited, 90207	5.312.000	17,08	17,08	-	
Hansabank Clients, Liivalaia 8, 15040 Tallinn, Estonia, 10060701	5.583.444	17,95	17,95	-	-
AB bankas Snoras Vivulskio str. 7, Vilnius, 112025973	1.562.872	5,02	0,01	-	-
AB Šiaulių bankas Tilžės str. 149, Šiauliai, 112025254	1.691.982	5,44	0,89	-	-

1. General information (cont'd)

As at 31 December 2007 the main shareholders of the Company were:

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, %		
			Share of votes given by the shares owned by the right of ownership, %	Share of votes indirrectly given by the shares, %	Share of votes of shareholders that are acting jointly, %
AB Invalda, Šeimyniškių Str. 3, Vilnius, 121304349	7.870.286	25,3	25,3	8,86	64,83
UAB Finasta Rizikos Valdymas, Konstitucijos Ave. 23, Vilnius, 300045450	446.466	1,44	1,44	-	
Darius Šulnis	200.585	0,64	0,64	-	
Dailius Juozapas Mišeikis	95.265	0,31	0,31	-	
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	311.702	1	1	-	
Citigroup Venture Capital Internatonal Jersey Limited, 90207	5.312.000	17,08	17,08	-	
Firebird Republics Fund Ltd., 847 George Town, Grand Cayman	711.808	2,29	2,29	-	
Hansabank Clients, Liivalaia 8, 15040 Tallinn, Estonia, 10060701	5.107.212	16,42	16,42	-	-

The consolidated financial statements include the financial statements of AB Sanitas and the subsidiaries listed in the following table:

Name	Main activities	Country of incorporation	% of equity interest	
			30.09.2008	**31.12.2007**
Jelfa S.A.	Production and trade of medicines	Poland	100	100
Hoechst-Biotika s.r.o.	Production and trade of medicines	Slovakia	100	100
UAB Altisana	Real estate	Lithuania	-	100

AB Sanitas sold 100% of shares of the subsidiary UAB Altisana on April 17, 2008 for LTL 8 thousand. Loss on sale of this transaction amounted to LTL 3 thousand. UAB Altisana has not performed any activity since the beginning of 2006.

2. ACCOUNTING PRINCIPLES

The principal accounting policies adopted in preparing the Group’s and the Company’s financial statements as at 30 September 2008 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

The interim condensed consolidated financial statements for the nine months ended 30 September 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s and the Company’s annual financial statements as at 31 December 2007.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s and the Company’s annual financial statements for the year ended 31 December 2007, except for the adoption of the new standards and interpretations, noted below:

IFRIC 11 IFRS 2 – GROUP AND TREASURY SHARE TRANSACTIONS

The interpretation provides guidance on classification of transactions as equity-settled or as cash-settled and also gives guidance on how to account for share-based payment arrangements that involve two or more entities within the same group in the individual financial statements of each group entity. This adoption of the pronouncements have no impact on the Group’s financial statements.

IFRIC 14 IAS 19 – THE LIMIT ON A DEFINED BENEFIT ASSET, MINIMUM FUNDING REQUIREMENTS AND THEIR INTERACTION

This interpretation specifies the conditions for recognising a net asset for a defined benefit pension plan. This adoption of the pronouncements have no impact on the Group’s financial statements.

3. CHANGE IN PRESENTATION

Part of sales discounts were accounted as “Selling and distribution” expenses in the consolidated interim condensed Group financial statements for the period ended 30 September 2007. In the annual financial statements for the year 2007 and for the periods following after 1 January 2008 discounts are deducted directly from sales. For comparison purposes historical Group figures of the nine months of 2007 were reclassified by accounting the discounts from selling and distribution expenses to sales. Due to this reclassification both Selling and distribution expenses and also Sales for the nine months of 2007 were reduced by LTL 5.780 thousand.

In 2007 interim condensed financial statements the Group’s and the Company’s cash flow statements were calculated based on Net results. In the annual financial statements for the year 2007 and for the periods following after 1 January 2008 the Group and the Company prepared cash flow statements starting on Profit (loss) before tax. Due to following reason the comparative Group and the Company cash flow statements for 2007 were recalculated, therefore Trade, other paybles and advances received in comparative 2007 cash flow statements have decreased by LTL 6.576 thousand and LTL 2.372 thousand respectively.

4. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risk and rates of return are effected predominantly by differences in the products produced. The Group produces and distributes medicines, mainly injection preparation, tablets, eye drops, ointments and galenic solutions.

Segment information is presented in respect of the Group's geographical segments by location of customers as a secondary reporting format. The Group's sales are performed mainly in Poland, Russia, Latvia, Germany, Slovakia, Lithuania and other countries.

Segment information by business segments for the period ended 30 September 2008 and 30 September 2007 is as follows (unaudited):

GROUP	INJECTION PREPARATIONS		TABLETS		EYE DROPS, OINTMENTS AND GALENIC SOLUTIONS		OTHER		TOTAL	
	January-September 2008	January-September 2007	January-September 2008	January-September 2007	January-September 2008	January-September 2007	January-September 2008	January-September 2007	January-September 2008	January-September 2007
Own production	42.475	37.660	78.649	66.184	106.606	89.589	758	788	228.488	194.221
Contract	35.281	35.229	17.745	17.390	1.227	1.253	134	41	54.387	53.913
Revenue	**77.756**	**72.889**	**96.394**	**83.574**	**107.833**	**90.842**	**892**	**829**	**282.875**	**248.134**
Change	7%		15%		19%		8%		14%	
COMPANY										
Own production	6.369	5.156	4.620	4.990	1.924	1.504	(2)	(4)	12.911	11.646
Contract	8.847	14.684	-	-	-	16	-	-	8.847	14.700
Revenue	**15.216**	**19.840**	**4.620**	**4.990**	**1.924**	**1.520**	**(2)**	**(4)**	**21.758**	**26.346**
Change	(23%)		(7%)		27%		(56%)		(17%)	

Segment information by geographical segments for the period ended 30 September 2008 and 30 September 2007 is as follows (unaudited):

	GROUP						COMPANY					
	OWN PRODUCTION		CONTRACT		TOTAL		OWN PRODUCTION		CONTRACT		TOTAL	
	January-September 2008	January-September 2007	January-September 2008	January-September 2007	January-September 2008	January-September 2007	January-September 2008	January-September 2007	January-September 2008	January-September 2007	January-September 2008	January-September 2007
Poland	150.938	135.252	1.706	668	**152.644**	**135.920**	110	791	-	-	**110**	**791**
Russia	38.027	28.574	-	-	**38.027**	**28.574**	-	-	-	-	-	-
Latvia	491	181	22.866	23.211	**23.357**	**23.392**	491	169	8.847	14.684	**9.338**	**14.853**
Germany	-	-	14.927	13.922	**14.927**	**13.922**	-	-	-	-	-	-
Slovakia	1.756	114	10.559	11.022	**12.315**	**11.136**	-	-	-	-	-	-
Lithuania	12.310	10.553	-	-	**12.310**	**10.553**	12.310	10.553	-	-	**12.310**	**10.553**
Hungary	3.415	2.963	2.376	4.633	**5.791**	**7.596**	-	-	-	-	-	-
Ukraine	5.633	4.257	-	-	**5.633**	**4.257**	-	-	-	-	-	-
Georgia	4.344	2.217	-	-	**4.344**	**2.217**	-	-	-	-	-	-
Czech	3.087	524	1.142	10	**4.229**	**534**	-	-	-	-	-	-
Kazakhstan	2.144	3.064	-	-	**2.144**	**3.064**	-	121	-	-	-	**121**
Bulgaria	1.752	1.572	-	-	**1.752**	**1.572**	-	-	-	-	-	-
Belarus	1.579	1.239	-	-	**1.579**	**1.239**	-	-	-	-	-	-
Vietnam	1.275	1.657	-	-	**1.275**	**1.657**	-	-	-	-	-	-
Moldova	651	210	-	-	**651**	**210**	-	-	-	-	-	-
Switzerland	-	-	536	56	**536**	**56**	-	-	-	-	-	-
Great Britain	-	-	198	263	**198**	**263**	-	-	-	-	-	-
Kyrgyzstan	148	160	-	-	**148**	**160**	-	-	-	-	-	-
Uzbekistan	121	367	-	-	**121**	**367**	-	-	-	-	-	-
Austria	-	-	77	60	**77**	**60**	-	-	-	-	-	-
Turkmenistan	30	272	-	-	**30**	**272**	-	-	-	-	-	-
Tajikistan	15	108	-	-	**15**	**108**	-	-	-	-	-	-
Mongolia	14	133	-	-	**14**	**133**	-	-	-	-	-	-
Armenia	-	13	-	-	-	**13**	-	12	-	-	-	**12**
Finland	-	-	-	16	-	**16**	-	-	-	16	-	**16**
USA	-	-	-	52	-	**52**	-	-	-	-	-	-
Other	758	791	-	-	**758**	**791**	-	-	-	-	-	-
Revenue	**228.488**	**194.221**	**54.387**	**53.913**	**282.875**	**248.134**	**12.911**	**11.646**	**8.847**	**14.700**	**21.758**	**26.346**
Change	18%		1%		14%		11%		(40%)		(17%)	

5. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased in 2008 due to marketing activities expansion in comparison with the same period of 2007. Number of marketing campaigns were run in order to promote existing and newly launched products in Poland. Moreover, in 2008 three Group representative offices in Sloavakia, Check Republic and Hungary operated for the full year and one additional was opened in Bulgaria, while in 2007 the mentioned three representative offices were launched and had no significant operations.

6. ADMINISTRATIVE EXPENSES

In January-September 2008 the Group and the Company has experienced expenses in amount of LTL 7.413 thousand and LTL 6.499 thousand respectivally, which were not related to the ordinary activities of the Group and the Company. The above mentioned expenses included mainly the services provided by financial management and advisory company „Merrill Lynch International" on strategic options research.

7. INCOME (EXPENSES) FROM FINANCIAL ACTIVITIES, NET

GROUP	January-September 2008 (unaudited)	January-September 2007 (unaudited)	July-September 2008 (unaudited)	July-September 2007 (unaudited)
Financial revenue:				
Interest income	118	231	12	49
Financial instruments	872	-	872	-
Other financial income	19	16	(80)	(52)
Total financial income	**1.009**	**247**	**804**	**(3)**
Financial expenses:				
Interest expenses	(16.595)	(13.281)	(5.259)	(5.232)
Foreign currency exchange loss, net	(6.552)	(3.819)	(3.165)	(1.117)
Financial instruments	(5.970)	-	(5.449)	-
Other financial expenses	(190)	(430)	(33)	(71)
Total financial expenses	**(29.307)**	**(17.530)**	**(13.906)**	**(6.420)**
Financial activities, net	**(28.298)**	**(17.283)**	**(13.102)**	**(6.423)**

COMPANY	January-September 2008 (unaudited)	January-September 2007 (unaudited)	July-September 2008 (unaudited)	July-September 2007 (unaudited)
Financial revenue:				
Dividends from subsidiary	-	2.665	-	-
Interest income	2	7.330	1	2.472
Total financial income	**2**	**9.995**	**1**	**2.472**
Financial expenses:				
Interest expenses	(1.322)	(1.464)	(590)	(503)
Foreign currency exchange loss, net	(230)	15	2	9
Other financial expenses	(46)	(13)	(8)	(1)
Total financial expenses	**(1.598)**	**(1.462)**	**(596)**	**(495)**
Financial activities, net	**(1.596)**	**8.533**	**(595)**	**1.977**

7. INCOME (EXPENSES) FROM FINANCIAL ACTIVITIES, NET (CONT'D)

Change in Group foreign activity results in 2008 was mainly caused by loss in foreign currency exchange.

On 3 June 2008 Jelfa S.A. PLN loan from banks Bank Polska Kasa Opieki S.A. and Bank Zachodni WBK S.A. amounting PLN 248.000 thousand were converted to EUR at 3.3515 PLN/EUR rate. Loan conversion resulted in lower interest base to be applied on loan, however this conversion exposed the loan balance to EUR/PLN fluctuations. Decreasing PLN rate resulted in negative Group foreign exchange result amounting to LTL 3.606 thousand the period ended 30 September 2008. In terms of cash flows the Group is not exposed to the foreign exchange risk, as cash flow in EUR is sufficient to service the loan and other payables in EUR.

The remaining loss in foreign currency exchange was mainly caused for to decreasing USD, as sales to Russia and Ukraine markets were performed in USD thus exposing trade accounts receivables from these markets to foreign exchange risks. Since March 2008 sales to Russia and Ukrainian customers are denominated in EUR.

8. INCOME TAX

GROUP	January-September 2008 (unaudited)	January-September 2007 (unaudited)	July-September 2008 (unaudited)	July-September 2007 (unaudited)
Income tax expenses				
Current year income tax	-	(5.168)	-	(2.071)
Prior year current income tax correction	83	34	41	-
Deferred tax expenses	845	(1.442)	1.675	2.057
Income tax (expenses) income charged to the income statement	**928**	**(6.576)**	**1.716**	**(14)**

COMPANY	January-September 2008 (unaudited)	January-September 2007 (unaudited)	July-September 2008 (unaudited)	July-September 2007 (unaudited)
Income tax expenses				
Current year income tax	-	(2.372)	-	(486)
Prior year current income tax correction	41	-	41	-
Deferred tax expenses	1.298	-	1.099	-
Income tax (expenses) income charged to the income statement	**1.339**	**(2.372)**	**1.140**	**(486)**

9. 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:

GROUP	January-September 2008 (not audited)	January-September 2007 (not audited)	July-September 2008 (not audited)	July-September 2007 (not audited)
Net (loss) profit	15.416	29.785	(5.264)	7.747
Weighted average number of ordinary shares	31.106	31.106	31.106	31.106
Earnings (loss) per share (in LTL)	0,50	0,96	(0,17)	0,25

10. PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended 30 September 2008, the Group acquired assets with a cost value of LTL 55.165 thousand (in the same period of 2007: LTL 18.200 thousand).

During the nine-month period ended 30 September 2008, the Company acquired assets with a cost value of LTL 41.218 thousand (in the same period of 2007: LTL 7.356 thousand).

Assets with a net book value of LTL 1.644 thousand were disposed and written of by the Group during the nine-month period ended 30 September 2008 (in the same period of 2007: LTL 448 thousand), resulting in a net loss on disposal of LTL 59 thousand (in the same period of 2007: loss LTL 283 thousand).

Assets with a net book value of LTL 50 thousand were disposed and written off by the Company during the nine-month period ended 30 September 2008 (in the same period of 2007: LTL 244 thousand), resulting in a net loss on disposal of LTL 42 thousand (in the same period of 2007: loss LTL 244 thousand).

In September the new plant in Kaunas was opened by AB Sanitas, where the manufacturing and administrative rooms, laboratories and warehouses are arranged. Company invested to the new plant LTL 68.000 thousand.

11. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

On 26 June 2008 Jelfa S.A. signed contracts with banks Bank Pekao S.A. and Bank Zachodni WBK S.A. in order to acquire financial instruments to secure its EUR long term loans from foreign exchange rate and interest rate movement risks. Contracts for call and put options will secure payments to the bank in EUR and interest rate swap contract will secure the exposure to changes in interest rates. In these financial statements all fair value movement of financial instruments are shown through financial activities profit and loss (Note 7).

12. SHARE CAPITAL

The Company's share capital comprised of 31.105.920 ordinary shares with a par value of LTL 1 each as at 30 September 2008 and 31 December 2007.

The share capital of the Company was fully paid as at 30 September 2008 and as at 31 December 2007. Subsidiaries did not hold any shares of the Company as at 30 September 2008 and as at 31 December 2007. The Company did not hold its own shares as at 30 September 2008 an as at 31 December 2007.

13. LOANS

On 29 May 2008, the Group borrowed PLN 10.000 thousand from Pekao S.A. and PLN 10.000 thousand from BZWBK bank. The loan is repayable in one year on 29 May 2009. The loan bears interests of 1M WIBOR+0,75%.

On 4 June 2008 the Company borrowed PLN 3.500 thousand (with 7,01% fixed interest rate) and on 13 August 2008 - PLN 4.000 thousand (with 7,1% fixed interest rate) from its subsidiary Jelfa S.A. The loans are repayable on 31 December 2008.

On 14 July 2008 AB Bankas Hansabankas increased investment loan to the Company by EUR 1.303 thousand. This amount is repayable not later than on November, 30 2008.

14. PROVISIONS

GROUP	EMPLOYEE BENEFITS	CORHYDRON, TRASCOLAN CASE	TOTAL
As at 1 January 2008	**7.035**	**372**	**7.407**
Arising during the year	381	193	574
Utilised	(991)	(584)	(1.575)
Foreign exchange difference	533	19	552
As at 30 September 2008	**6.958**	**-**	**6.958**
Non-current 2008	**6.066**	**-**	**6.066**
Current 2008	**892**	**-**	**892**
Non-current 2007	**6.338**	**-**	**6.338**
Current 2007	**697**	**372**	**1.069**

Provisions for product related risks are formed to create a reserve for potential recalls of some products from the market or to create reserve for losses that might be caused by products that were sold earlier.

15. CONTINGENT LIABILITIES

CORHYDRON MEDICINES

From September to October 2005 6,609 defective packages of Corhydron 250, series 010705, have been sold to the Polish market from subsidiary Jelfa S.A. Till 31 December 2006 25 vials of Corhydron 250 were identified to contain suxamethonium chloride – a substance which is applied in certain surgeries and which, if improperly applied, may represent a danger to life. All the spoiled vials were produced in July 2005 (before the subsidiary acquisition). Till 31 December 2006 "Polish Pharma Supervision" withdrew from sale Corhydron 250 produced until November 2006 and all Corhydron which was retained by Police and public prosecutors. Currently Jelfa S.A. is allowed to produce and sell all amounts of Corhydron.

During the year 2006 Jelfa S.A. management has made a provision related to sold Corhydron collection expenses and expected claims amounting to LTL 695 thousand. During the year 2007 Jelfa S.A management has made an additional provision of LTL 179 thousand for expected Corhydron returns from the market. During the three quarters of 2008 the whole provision for this case has been reversed, as management does not expected to experience any other cost related to this issue.

TRASCOLAN MEDICINES

In March 2008 Jelfa S.A. management has made a provision related for expected Trascolan returns from the market amounting to LTL 154 thousand due to cancelled sales of Trascolan. In the same period Jelfa S.A management has made an additional allowance of LTL 553 thousand for work in progress related to Trascolan. Till 30 September 2008 the whole provision was utilised. Jelfa S.A. management does not expect to experience any other cost related to Transcolan cancellation.

OFFICE OF COMPETITION AND CONSUMER PROTECTION CASE

During the year 2007 Jelfa S.A. increased the price of the Cocarboxylasum medicine. The increase was challenged by the Office of Competition and Consumer protection in Poland. The risk of penalties resulting from such challenges could amount up to the 10% of the Jelfa S.A. turnover for 2007. At the end of 2007 the Company was arguing that there are other medicines on the market which have different ingredients but the same effect and based on such approach Jelfa S.A. would not have the dominating position on the market. On 14 March 2008 the Office of Competition and Consumer Protection terminated the proceeding against Jelfa S.A. The decision dismissed any prior claims through admitting that the position of Jelfa S.A. in the market of Cocarboxylasum cannot be qualified as "dominant".

16. DIVIDENDS PAID AND PROPOSED

The general shareholders meeting of the Company, which took place on April 17, 2008 declared LTL 18.663 thousand (LTL 0,6 per share). Till 30 September 2008 LTL 2.580 thousand has been paid out. The rest amount of LTL 16.083 thousand is accounted as short term liabilities of the Company and the Group. No dividends were approved in year 2007.

17. RELATED PARTY TRANSACTIONS

In January-September of 2008, the Company's transactions with related parties, which had significant influence on financial statements, and related balances were as follows:

	Notes	Purchases from related parties	Sales to related parties	Amounts owed to related parties	Payable dividends
AB FMĮ Finasta		18	-	4	20
AB Finasta įmonių finansai		37	-	-	-
Hoechst-Biotika, spol.s.r.o.	a)	5.771	40	9.056	-
Jelfa S.A.	b)	1.075	653	8.676	-
UAB Acena		65	-	-	-
UAB Finansų spektro investicija		-	8	-	-
UAB Baltic Amadeus infrastruktūros paslaugos		87	-	80	-
UAB Invalda nekilnojamojo turto valdymas		185	-	6	-
UAB Laikinosios sostinės projektai	c)	810	-	-	-
AB Invalda		-	-	-	7.978
Citigroup Venture Capital International Jersey Limited		-	-	-	3.187
UAB Finasta rizikos valdymas		-	-	-	3
Firebird Republics Fund Ltd.		-	-	-	243
Hansabank clients		-	-	-	2.312

In January-September of 2008, the Group's transactions with related parties, which had significant influence on financial statements, and related balances were as follows:

	Notes	Purchases from related parties	Sales to related parties	Amounts owed to related parties	Payable dividends
AB FMĮ Finasta		18	-	4	20
AB Finasta įmonių finansai		37	-	-	-
UAB Acena		65	-	-	-
UAB Finansų spektro investicija		-	8	-	-
UAB Baltic Amadeus infrastruktūros paslaugos		164	-	80	-
UAB Invalda nekilnojamojo turto valdymas		185	-	6	-
UAB Laikinosios sostinės projektai	c)	810	-	-	-
AB Invalda		-	-	-	7.978
Citigroup Venture Capital International Jersey Limited		-	-	-	3.187
UAB Finasta rizikos valdymas		-	-	-	3
Firebird Republics Fund Ltd.		-	-	-	243
Hansabank clients		-	-	-	2.312

17. RELATED PARTY TRANSACTIONS (CONT'D)

The Company's and Group's transactions with related parties in January-September of 2007, which had significant influence on financial statements, and balances as at 31 December 2007 were as follows:

	NOTES	PURCHASES FROM RELATED PARTIES JANUARY – SEPTEMBER 2007	SALES TO RELATED PARTIES JANUARY – SEPTEMBER 2007	AMOUNTS OWED BY RELATED PARTIES AS AT 31 DECEMBER 2007	AMOUNTS OWED TO RELATED PARTIES AS AT 31 DECEMBER 2007
The Company's transactions					
Hoechst-Biotika, spol.s.r.o.	a)	2.992	33	33	8.173
Jelfa S.A.	b)	971	8.161	7.235	1.464
UAB Altisana		179	2.665	-	303
The Company's and the Group's transactions					
AB Invalda		145	-	-	-
UAB Inred		616	-	-	36
UAB Laikinosios sostinės projektai	c)	473	-	-	61

a) In October 2005, Hoechst-Biotika s.r.o provided a loan to the Company amounting to EUR 5.000 thousand. The outstanding amount of this loan is LTL 4.877 thousand as at 30 September 2008 (the outstanding amount of this loan as at 31 December 2007 was LTL 6.978 thousand). The interest calculated for the nine months of 2008 was LTL 225 thousand (during the nine months of 2007 – LTL 328 thousand). Hoechst-Biotika s.r.o produces products for the Company. During the nine months of 2008 the Company purchased products for LTL 5.197 thousand (during the nine months of 2007 – LTL 2.646 thousand)

b) During the nine months of 2008, the Company purchased products from Jelfa S.A. for LTL 864 thousand (during the nine months of 2007 – LTL 838 thousand). In June 2008, Jelfa S.A. provided a loan with 7,01% fixed interest rate amounting to PLN 3.500 thousand and in August – loan amounting to PLN 4.000 thousand with 7,1% fixed interest rate to the Company. Accumulated interest was LTL 116 thousand as at 30 September, 2008. During 2006 the Company has provided loans to Jelfa S.A., which were treated as net investment into subsidiary. These loans were granted with 4,3% interest rate. The outstanding amount of interest receivable from the subsidiary as at 31 December 2007 was LTL 7.165 thousand.

c) The Company rented part of the real estate from UAB Laikinosios sostinės projektai for the operating activities. The rent fee was LTL 810 thousand in January-September 2008 (during the nine months of 2007 – LTL 473 thousand).

18. SUBSEQUENT EVENTS

On 13 October 2008 the Company borrowed EUR 995 thousand loan with 5,67% fixed interest rate from its subsidiary Jelfa S.A. This loan is repayable on 31 December 2008.

On 28 October shareholder AB Invalda signed the agreement with Baltic Pharma Limited for the sale of 20,3% owned Company's shares. Baltic Pharma Limited is related to the Company's shareholder Citi Venture Capital International Jersey Limited. For the date of these interim condensed financial statement preparation 5% of the shares have been already transferred by AB Invalda. The rest transaction is planned to be finished in the first quarter of 2009.

In November Tatra Bank increase the credit limit for the subsidiary Hoechst-Biotika spol.s.r.o. from SKK 120.000 thousand to SKK 150.000 thousand.