SANITAS GROUP

PUBLIC LIMITED LIABILITY COMPANY **„SANITAS“**

UNAUDITED INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY THE EUROPEAN UNION **AND SIX MONTHS' INTERIM CONSOLIDATED REPORT FOR THE PERIOD ENDED 30 JUNE 2011**

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UNAUDITED INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AND SIX MONTHS’ INTERIM CONSOLIDATED REPORT FOR THE PERIOD ENDED 30 JUNE 2011

Confirmation of Responsible Persons

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Saulius Jurgelenas, General Manager of public limited liability company „SANITAS” (hereinafter SANITAS) and Nerijus Drobavicius, Chief Financial Officer of SANITAS hereby confirm that, to the best of our knowledge, the attached unaudited interim condensed consolidated and separate financial statements for the period ended 30 June 2011, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of SANITAS group and SANITAS, and that the Six months’ interim consolidated report for the period ended 30 June 2011 gives a true and fair view about the business development and activity of SANITAS group, together with a description of major risks and uncertainties.

General Manager Saulius Jurgelenas

Chief Financial Officer N. Drobavičius Nerijus Drobavicius

Public limited liability company „SANITAS“, Veiveriu str. 134B, LT-46352 Kaunas, Lithuania, tel. +370 37 22 67 25, fax +370 37 22 36 96,
sanitas@sanitasgroup.com, www.sanitasgroup.lt, company code 134136296, VAT code LT341362917,
registered in State Enterprise Centre of Registers, Register of Legal Persons of the Republic of Lithuania, Kaunas Branch (Gedimino str. 39A, Kaunas)

UNAUDITED INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

General Information

Management

Mr. Saulius Jurgelenas (General Manager)
Mr. Nerijus Drobavicius (Chief Financial Officer)

Registered office and company code

Veiveriu str. 134 B,
LT-46352 Kaunas, Lithuania
Company code 1341 36296

Banks

Bank PEKAO S.A.
Bank Zachodni WBK S.A.
Danske Bank A/S Lithuanian Branch
Deutsche Bank PBC S.A.
Dom Maklerski BZWBK
Fortis Bank Polska S.A.
Orszagos Takarekpenztar es Kereskedelmi Bank
PKO Bank Polski S.A.
Raiffeisenbank a.s.
SEB bankas, AB
„Swedbank", AB
Tatra banka a.s.
Unikredit Bank sp. z o.o.
Unikredit Bulbank
Wniesztorgbank, OAO

The financial statements were approved and signed by the management on 31 August 2011.

Management:

Mr. Saulius Jurgelenas
General Manager

Mr. Nerijus Drobavicius
Chief Financial Officer

SANITAS GROUP

Statements of Comprehensive Income

	Notes	Group		Company	
		January – June 2011	January – June 2010	January – June 2011	January – June 2010
Revenue	3	169,155	177,276	10,244	8,544
Cost of sales		(61,966)	(81,626)	(5,906)	(5,132)
Gross profit		**107,189**	**95,650**	**4,338**	**3,412**
Other income		888	2,238	1,977	2,047
Selling and distribution expenses		(45,061)	(41,822)	(1,962)	(1,880)
Regulatory affairs expenses		(7,125)	(5,518)	(561)	(403)
Research and development expenses		(1,116)	(1,024)	(63)	(73)
Administrative expenses	4	(32,393)	(15,438)	(20,610)	(4,483)
Other expenses		(647)	(1,396)	(2)	(7)
Operating profit (loss)		**21,735**	**32,690**	**(16,883)**	**(1,387)**
Finance income	5	6	2,190	39,480	59
Finance costs	5	(8,998)	(14,716)	(901)	(1,559)
Profit (loss) before tax		**12,743**	**20,164**	**21,696**	**(2,887)**
Income tax benefit (expense)	6	(6,645)	(2,856)	174	356
Profit (loss) for the period		**6,098**	**17,308**	**21,870**	**(2,531)**

Other comprehensive income (expense):					
Exchange differences on translating foreign operation		(3,623)	(3,752)	-	-
Cash flow hedges		3,153	2,706	-	-
Income tax (expense) relating to components of other comprehensive income		(599)	(514)	-	-
Other comprehensive income for the period, net of tax		**(1,069)**	**(1,560)**	**-**	**-**
Total comprehensive income (expense) for the period, net of tax		**5,029**	**15,748**	**21,870**	**(2,531)**
Basic and diluted earnings per share (in LTL)		**0.20**	**0.56**	**-**	**-**

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all amounts are in thousand LTL unless otherwise stated

Statements of Comprehensive Income (cont'd)

	Notes	Group		The Company	
		April – June 2011	April – June 2010	April – June 2011	April – June 2010
Revenue	3	79,441	97,041	5,416	4,608
Cost of sales		(29,781)	(45,786)	(3,085)	(2,705)
Gross profit		**49,660**	**51,255**	**2,331**	**1,903**
Other income		504	1,101	1,085	1,016
Selling and distribution expenses		(24,989)	(22,100)	(1,121)	(1,068)
Regulatory affairs expenses		(3,976)	(2,925)	(314)	(193)
Research and development expenses		147	(436)	(32)	(27)
Administrative expenses	4	(25,161)	(8,863)	(17,612)	(2,285)
Other expenses		(387)	(599)	-	(1)
Operating profit (loss)		**(4,202)**	**17,433**	**(15,663)**	**(655)**
Finance income	5	(53)	(7,633)	39,430	59
Finance costs	5	(3,484)	(6,497)	(659)	(570)
Profit (loss) before tax		**(7,739)**	**3,303**	**23,108**	**(1,166)**
Income tax benefit (expense)	6	(1,878)	(1,243)	65	120
Profit (loss) for the period		**(9,617)**	**2,060**	**23,173**	**(1,046)**

Other comprehensive income (expense):					
Exchange differences on translating foreign operation		(801)	(25,056)	-	-
Cash flow hedges		1,469	1,920	-	-
Income tax (expense) relating to components of other comprehensive income		(279)	(365)	-	-
Other comprehensive income for the period, net of tax		**389**	**(23,501)**	**-**	**-**
Total comprehensive income (expense) for the period, net of tax		**(9,228)**	**(21,441)**	**23,173**	**(1,046)**
Basic and diluted earnings per share (in LTL)		**-0.31**	**0.07**	**-**	**-**

The notes on pages 14 to 22 are an integral part of these financial statements.

all amounts are in thousand LTL unless otherwise stated

Balance Sheets

	Notes	Group		The Company	
		As at 30 June 2011	**As at 31 December 2010**	**As at 30 June 2011**	**As at 31 December 2010**
ASSETS					
Non-current assets					
Property, plant and equipment	7	205,832	215,249	60,555	62,434
Intangible assets	8	300,412	304,199	1,547	1,425
Investments in subsidiaries		-	-	292,704	292,704
Other non-current financial assets		9	17	-	-
Deferred tax asset		19,921	23,548	2,894	2,726
Total non-current assets		**526,174**	**543,013**	**357,700**	**359,289**
Current assets					
Inventories		40,612	35,609	5,625	5,149
Prepaid income tax		257	170	-	-
Trade receivables		65,542	55,372	7,771	9,613
Other receivables		2,043	2,492	21,513	2,219
Prepayments and deferred expenses		3,284	2,230	137	226
Cash and cash equivalents		1,898	2,475	335	119
Total current assets		**113,636**	**98,348**	**35,381**	**17,326**
Total assets		**639,810**	**641,361**	**393,081**	**376,615**

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all amounts are in thousand LTL unless otherwise stated

Balance Sheets (cont'd)

	Notes	Group		The Company	
		As at 30 June 2011	As at 31 December 2010	As at 30 June 2011	As at 31 December 2010
EQUITY AND LIABILITIES					
Equity					
Share capital		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
Fair value reserve		(1,003)	(3,557)	-	-
Translation reserve		(6,993)	(3,370)	-	-
Retained earnings		109,174	103,076	39,753	17,884
Total equity		**383,481**	**378,452**	**322,056**	**300,187**
Non-current liabilities					
Non-current loans	9	84,694	106,252	-	-
Financial lease obligations		1,881	2,119	93	57
Deferred tax liability		14,468	15,339	252	258
Deferred income from subsidies		13,862	14,274	13,862	14,274
Employee benefit liability		4,276	4,139	-	-
Total non-current liabilities		**119,181**	**142,123**	**14,207**	**14,589**
Current liabilities					
Current portion of non-current loans	9	62,407	65,049	19,710	22,029
Current portion of non-current financial lease obligations		1,262	1,254	159	223
Current loans	9	17,257	17,171	-	-
Trade payables		21,111	18,441	18,810	36,288
Advances received		430	255	2	2
Income tax payable		1,335	742	-	-
Other current financial liabilities		1,238	4,391	-	-
Other current liabilities		31,459	12,830	18,137	3,297
Employee benefit liability		480	467	-	-
Provisions		169	186	-	-
Total current liabilities		**137,148**	**120,786**	**56,818**	**61,839**
Total equity and liabilities		**639,810**	**641,361**	**393,081**	**376,615**

The notes on pages 14 to 22 are an integral part of these financial statements.

all amounts are in thousand LTL unless otherwise stated

Statements of Changes in Equity

	Share capital	Share premium	Legal reserve	Fair value reserve	Translation reserve	Retained earnings	Reserves of disposal group classified as held for sale	Total
								Group
Balance as at 31 December 2009	**31,106**	**248,086**	**3,111**	**(8,662)**	**(5,324)**	**49,762**	**-**	**318,079**
Other comprehensive income	-	-	-	2,192	(3,752)	-	-	(1,560)
Net profit for the period	-	-	-	-	-	17,308	-	17,308
Total comprehensive income for the period	**-**	**-**	**-**	**2,192**	**(3,752)**	**17,308**	**-**	**15,748**
Disposal group classified as held for sale (Note 1)	-	-	-	-	(11,901)	-	11,901	-
Balance as at 30 June 2010	**31,106**	**248,086**	**3,111**	**(6,470)**	**(20,977)**	**67,070**	**11,901**	**333,827**
Balance as at 31 December 2010	**31,106**	**248,086**	**3,111**	**(3,557)**	**(3,370)**	**103,076**	**-**	**378,452**
Other comprehensive income (expense)	-	-	-	2,554	(3,623)	-	-	(1,069)
Net profit for the period	-	-	-	-	-	6,098	-	6,098
Total comprehensive income for the period	**-**	**-**	**-**	**2,554**	**(3,623)**	**6,098**	**-**	**5,029**
Balance as at 30 June 2011	**31,106**	**248,086**	**3,111**	**(1,003)**	**(6,993)**	**109,174**	**-**	**383,481**

	Share capital	Share premium	Legal reserve	Retained earnings	Total
					The Company
Balance as at 31 December 2009	**31,106**	**248,086**	**3,111**	**19,725**	**302,028**
Net (loss) for the period	-	-	-	(2,531)	(2,531)
Total comprehensive (expense) for the period	**-**	**-**	**-**	**(2,531)**	**(2,531)**
Balance as at 30 June 2010	**31,106**	**248,086**	**3,111**	**17,194**	**299,497**
Balance as at 31 December 2010	**31,106**	**248,086**	**3,111**	**17,883**	**300,186**
Net profit for the period	-	-	-	21,870	21,870
Total comprehensive income for the period	**-**	**-**	**-**	**21,870**	**21,870**
Balance as at 30 June 2011	**31,106**	**248,086**	**3,111**	**39,753**	**322,056**

The notes on pages 14 to 22 are an integral part of these financial statements.

all amounts are in thousand LTL unless otherwise stated

Cash Flow Statements

	Group		The Company	
	January – June 2011	**January – June 2010**	**January – June 2011**	**January – June 2010**
Cash flows from (to) operating activities				
Profit (loss) before tax	12,743	20,164	21,696	(2,887)
Adjustments for non-cash items:				
Depreciation and amortisation	13,313	17,566	1,747	1,795
Loss (gain) from disposal, write-off and impairment of non-current assets	(2)	234	(1)	1
Change in value of financial instruments	-	2,268	-	-
Change in allowance and write-off of trade and other receivables	(3)	(1,736)	-	-
Change in allowance and write-off of inventories	3,406	1,247	212	(56)
Accrual for Phantom option plan (Note 4)	13,481	-	13,481	-
Unrealised foreign currency exchange (gain) loss	1,765	1,260	412	(58)
Interest expenses	4,268	6,821	488	1,452
Interest (income)	(6)	(34)	-	-
Financial instruments settlement	2,960	-	-	-
Dividends (income) (Note 5)			(39,480)	-
Other non cash items	638	2,312	1,002	107
	52,563	**50,102**	**(443)**	**354**
Change in working capital:				
(Increase) in inventories	(8,808)	(8,598)	(688)	(2,470)
(Increase) decrease in trade and other receivables and deferred charges	(13,532)	486	387	(11,105)
Increase in trade and other payables and advances received	9,443	6,613	4,186	19,868
(Decrease) in employee benefits	(204)	(262)	-	-
Income tax (paid)	(3,991)	(327)	-	-
Net cash flows from operating activities	**35,471**	**48,014**	**3,442**	**6,647**
Cash flows from (to) investing activities				
(Acquisition) of non-current tangible assets	(1,559)	(2,641)	(65)	(137)
(Acquisition) of non-current intangible assets	(3,343)	(3,079)	(215)	(145)
Proceeds from sale of non-current assets	52	21	17	-
(Settlement) of financial instruments	(2,960)	(2,194)	-	-
Interest received	6	34	-	-
Net cash flows (to) from investing activities	**(7,804)**	**(7,859)**	**(263)**	**(282)**

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all amounts are in thousand LTL unless otherwise stated

Cash Flow Statements (cont'd)

	Group		The Company	
	January – June 2011	January – June 2010	January – June 2011	January – June 2010
Cash flows from (to) financing activities				
Proceeds from loans	270	4,137	-	5,943
(Repayments) of loans	(23,310)	(36,656)	(2,287)	(11,225)
(Payment) of finance lease liabilities	(758)	(1,640)	(188)	(266)
Interest (paid)	(4,446)	(6,548)	(488)	(851)
Dividends (paid)	-	(3)	-	(3)
Net cash flows (to) financial activities	**(28,244)**	**(40,710)**	**(2,963)**	**(6,402)**
Net increase (decrease) in cash and cash equivalents	**(577)**	**(555)**	**216**	**(37)**
Cash and cash equivalents at the beginning of the period	**2,475**	**3,417**	**119**	**177**
Cash and cash equivalents at the end of the period	**1,898**	**2,862**	**335**	**140**

Supplemental information of cash flows:				
Property, plant and equipment acquisition financed by finance lease	558	-	160	-

The notes on pages 14 to 22 are an integral part of these financial statements.

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Notes to the Financial Statements

1. General information

Public limited liability company „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:

Veiveriu str. 134 B,
LT-46352 Kaunas, Lithuania.

The Company is involved in production and trade of generic medicines, namely injection preparations, tablets, capsules and ointments. The Company's shares are listed in the Baltic Main List on AB NASDAQ OMX Vilnius.

As at 30 June 2011 and 31 December 2010 the shareholders of the Company were:

	30 June 2011		31 December 2010	
	Number of shares held (thousand)	Percentage	Number of shares held (thousand)	Percentage
Invalda, AB	8,254	26.54%	8,254	26.54%
Baltic Pharma Limited	6,315	20.30%	6,315	20.30%
Citigroup Venture Capital International Jersey Limited	5,461	17.56%	5,461	17.56%
Amber Trust II	4,003	12.87%	4,003	12.87%
Other	7,073	22.73%	7,073	22.73%
Total	**31,106**	**100.00%**	**31,106**	**100.00%**

On 19 August 2011 Valeant Pharmaceuticals International, Inc. (NYSE/TSX: VRX) bought 87.2% of the Company shares from Invalda, AB, Baltic Pharma Limited, Citi Venture Capital International Jersey Limited Amber Trust and certain other persons (Note 12).

The interim condensed consolidated financial statements include the financial statements of public limited liability company „SANITAS" and the subsidiaries listed in the following table (hereinafter – the Group):

Name	Main activities	Country of incorporation	% of equity interest	
			January – June 2011	January – June 2010
Jelfa S.A.	Production and trade of medicines	Poland	100	100
HBM Pharma s.r.o.	Production and trade of medicines	Slovakia	-	100
Laboratorium Farmaceutyczne Homeofarm sp. z.o.o	Production and trade of medicines	Poland	100	100
Sanitas Pharma a.s.	Marketing, sales and regulatory affairs services	Czech Republic	100	100

On 17 May 2010 HBM Pharma s.r.o established a new subsidiary Sanitas Pharma a.s. Marketing, sales and regulatory affairs activities located in Bratislava and Prague were separated from HBM Pharma s.r.o. and transferred to newly established subsidiary. On 17 June 2010 Sanitas Pharma a.s. was sold to the other Group company Jelfa S.A. These changes were performed due to the fact, that on 8 July 2010 HBM Pharma s.r.o. was sold to Latvian company SIA Liplats 2000. The assets and liabilities related to the company HBM Pharma s.r.o. have been presented in the consolidated and separate financial statements as held for sale as at 30 June 2010.

As at 30 June 2011 the number of employees of the Group was 1,146 (as at 31 December 2010 – 1,108). As at 30 June 2011 the number of employees of the Company was 135 (as at 31 December 2010 – 130).

The interim condensed financial statements were approved and signed by the Management on 31 August 2011.

2. Accounting principles

The principal accounting policies adopted in preparing the Group's and the Company's interim condensed financial statements for the period ended 30 June 2011 are as follows:

Basis of preparation

The interim condensed consolidated and separate financial statements for the period ended 30 June 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated and separate 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 2010.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated and separate 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 2010, except for the adoption of new Standards and Interpretations as of 1 January 2011, noted below. The adoption of the following revised and amended standards and interpretations resulted in changes to accounting policies but did not have any impact of the financial position or performance of the Group and the Company.

- IAS 24 „Related party disclosures" (revised in 2009) – modifies the definition of a related party and simplifies disclosures for government-related entities (effective for annual periods beginning on or after 1 January 2011).
- Amendments to IAS 32 „Financial Instruments: Presentation" – Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010) address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability.
- Amendments to IFRS 1 „First-time Adoption of IFRS"- Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for annual periods beginning on or after 1 July 2010).
- Amendments to IFRIC 14 „Prepayments of a Minimum Funding Requirement" – provides guidance on assessing the recoverable amount of a net pension asset (effective for annual periods beginning on or after 1 January 2011). The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.
- IFRIC 19 „Extinguishing Financial Liabilities with Equity Instruments" – provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments (effective for annual periods beginning on or after 1 July 2010).

3. Segment information

For management purposes, the Group is organised into business units on their products, and has four reportable operating segments: injectable, tablets, ointments and eye drops and pre-filled syringes. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Operating expenses, which are directly related to the operating segments, are allocated to the particular segments. Other operating expenses, related to the ordinary activities are indirectly allocated to the operating segments – pro rata production volumes in the period. One-off operating expenses are not allocated to the segments (e.g. transaction cost or Phantom share option plan cost in the first half of 2011). Financial activities and income taxes are managed on a Group level and are not allocated to the operating segments as well. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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The table below present revenue and profit information regarding the Group's operating segments for the period ended 30 June 2011 and 2010, respectively:

Group												
	Injectables		Tablets		Ointments		Eye drops, syringe		Unallocated		Total	
	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010
Toll manufacturing sales	5,493	21,889	4,117	13,600	221	480	57	-	-	7	9,888	35,976
Own products sales	24,384	20,632	53,981	53,046	78,162	64,274	567	241	2,173	3,107	159,267	141,300
Total revenue	**29,877**	**42,521**	**58,098**	**66,646**	**78,383**	**64,754**	**624**	**241**	**2,173**	**3,114**	**169,155**	**177,276**
Profit (loss) before taxes*	**2,215**	**5,021**	**7,492**	**1,102**	**30,733**	**29,806**	**(747)**	**(715)**	**(26,950)**	**(15,050)**	**12,743**	**20,164**

* Profit (loss) before taxes include gross profit less operating expenses.

The table below present revenue and profit information regarding the Company's operating segments for the period ended 30 June 2011 and 2010, respectively:

Company												
	Injectables		Tablets		Ointments		Eye drops, syringe		Unallocated		Total	
	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010
Toll manufacturing sales	1,196	1,197	238	-	-	-	57	-	-	-	1,491	1,197
Own products sales	4,040	3,716	2,733	2,500	944	891	910	222	126	18	8,753	7,347
Total revenue	**5,236**	**4,913**	**2,971**	**2,500**	**944**	**891**	**967**	**222**	**126**	**18**	**10,244**	**8,544**
Profit (loss) before taxes*	**(3,488)**	**(1,518)**	**(1,145)**	**(1,670)**	**75**	**307**	**(731)**	**(522)**	**26,985**	**516**	**21,696**	**(2,887)**

* Profit (loss) before taxes include gross profit less operating expenses.

Revenue reported above represents revenue generated from external customers. There were no intersegment sales in the year 2011 and 2010. There are no significant seasonality fluctuations in the Group's and the Company's operational business. Unallocated sales mainly include sales of syrups and suspensions, which cannot be attributed to the other segments.

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all amounts are in thousand LTL unless otherwise stated

The Group's and Company's revenue from external customers by geographical location for the period ended 30 June 2011 and 2010 detailed below:

						Group
	Toll manufacturing sales		Own products sales		Total	
	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010
Poland	490	635	97,078	87,079	97,568	87,714
Russia	-	-	30,773	25,257	30,773	25,257
Lithuania	-	-	7,952	6,957	7,952	6,957
Ukraine	-	-	5,866	4,932	5,866	4,932
Latvia	5,166	15,237	458	343	5,624	15,580
Germany	3,323	8,552	-	-	3,323	8,552
Czech Republic	-	1,112	3,148	3,587	3,148	4,699
Slovakia	-	7,341	3,037	2,804	3,037	10,145
Georgia	-	-	2,990	3,200	2,990	3,200
Bulgaria	-	-	2,702	1,763	2,702	1,763
Hungary	-	1,889	1,401	1,684	1,401	3,573
Vietnam	-	-	1,307	1,324	1,307	1,324
Kazakhstan	-	-	1,004	1,088	1,004	1,088
Belarus	-	-	928	493	928	493
Switzerland	545	976	-	-	545	976
Uzbekistan	-	-	283	428	283	428
Great Britain	203	141	-	-	203	141
Moldova	-	-	165	128	165	128
USA	161	-	-	-	161	-
Kyrgyzstan	-	-	62	96	62	96
Unallocated	-	93	113	137	113	230
	9,888	**35,976**	**159,267**	**141,300**	**169,155**	**177,276**

						The Company
	Toll manufacturing sales		Own products sales		Total	
	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010
Lithuania	-	-	7,952	6,957	7,952	6,957
Latvia	1,197	1,197	458	343	1,655	1,540
Poland	-	-	343	47	343	47
Germany	294	-	-	-	294	-
	1,491	**1,197**	**8,753**	**7,347**	**10,244**	**8,544**

Own products sales in Poland market

Sales continued to grow in Poland. Total sales of second quarter in 2011 grew by 8% compared to the same period last year, and six month sales were 11% higher compared to 2010. The growth demonstrates that sales team reorganisation and focus on proper mix of product portfolio was successful. The growth is coming from both – old portfolio and products launched recently.

Own products sales in Russia market

During the first quarter in 2011 sales to Russia more than doubled compared to the same period in 2010. Organic growth of sales to this market was additionally fuelled by sales in March 2011, which represented one-time action coming as a result of changing legislation in Russia. The pushed sales were fading out during the second quarter of 2011, thus making it 35% worse compared to the same period one year ago. However, cumulative 2011 six month result was much better (22% growth) compared to the same period in 2010.

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all amounts are in thousand LTL unless otherwise stated

Own products sales in Lithuania market

Sales in Lithuanian market continued to grow showing 12% increase of second quarter sales in 2011 compared to the same period one year ago. Six month sales increased by 14% compared to 2010. Sales growth came from both old products and products launched recently.

Own products sales in other markets

Most of strategic countries demonstrated growth in sales in the second quarter of 2011 compared to 2010 (+47% in Latvia, +25% in Slovakia, +16% in Ukraine) resulting in a total growth of strategic countries by 8%. Sales to non-strategic for the Group markets decreased by 12% in the second quarter 2011 compared to 2010. Total sales to other markets in the second quarter showed slight growth (0.4%) compared to 2010.

4. Administrative expenses

The Group and the Company administrative expenses increased significantly in the second quarter, as the Group and the Company accounted LTL 3,535 thousand and LTL 2,339 thousand costs, respectively, related to the Company shares sale process.

Moreover, as on 19 August 2011 the majority of the Company shares have been sold for EUR 10.06 each (Note 1) and the liability for the approved 805,000 phantom share options could be reasonably measured, the Company accounted LTL 13,481 thousand accrual for phantom option holders.

5. Financial activity, net

	Group		The Company	
	January – June 2011	**January – June 2010**	**January – June 2011**	**January – June 2010**
Interest income	6	34	-	1
Cash income from financial instruments	-	2,059	-	-
Foreign currency exchange gain, net	-	-	-	58
Dividends	-	-	39,480	-
Other financial income	-	97	-	-
	6	**2,190**	**39,480**	**59**
Interest (expenses)	(4,268)	(6,821)	(485)	(1,452)
Cash outflows for financial instruments	(2,960)	(4,253)	-	-
Foreign currency exchange (loss), net	(1,765)	(1,260)	(412)	-
Fair value (loss) from derivatives	-	(2,268)	-	-
Other financial (expenses)	(5)	(114)	(4)	(107)
	(8,998)	**(14,716)**	**(901)**	**(1,559)**

As at 15 June 2011 the General shareholders meeting of the Company subsidiary Jelfa SA declared PLN 45,003 thousand (LTL 39,480 thousand) dividends. LTL thousand 21,698 thousand were settled with the Company payables to the subsidiary. The remaining LTL 17,782 thousand amount will become due as at 1 January 2012.

all amounts are in thousand LTL unless otherwise stated

6. Income tax

	Group		The Company	
	January – June 2011	**January – June 2010**	**January – June 2011**	**January – June 2010**
Current year income tax	(5,240)	(1,649)	-	-
Prior year current income tax correction	729	-	-	-
Deferred tax income (expenses)	(2,134)	(1,207)	174	356
Income tax (expenses) benefit charged to the profit and loss	**(6,645)**	**(2,856)**	**174**	**356**

7. Property, plant and equipment

During the period ended 30 June 2011, the Group acquired non-current fixed assets with a cost of LTL 2,451 thousand (for the period ended 30 June 2010 – LTL 2,882 thousand). Assets with a net book value of LTL 34 thousand were disposed and written off by the Group during the first six months of the year 2011 (for the period ended 30 June 2010 – LTL 265 thousand), resulting in a net gain on disposal and write-off of LTL 18 thousand (for the period ended 30 June 2010 net loss of LTL 234 thousand).

During the period ended 30 June 2011, the Company acquired non-current fixed assets with a cost of LTL 227 thousand (for the period ended 30 June 2010 – LTL 38 thousand). Assets with a net book value of LTL 0 thousand were disposed and written off by the Company during the period ended 30 June 2011 (for the period ended 30 June 2010 – LTL 1 thousand), resulting in a net gain on disposal and write-off of LTL 17 thousand (for the period ended 30 June 2010 – net loss of LTL 1 thousand).

8. Intangible assets

During the period ended 30 June 2011 the Group acquired non-current intangible assets with a cost of LTL 2,854 thousand (for the period ended 30 June 2010 – LTL 2,976 thousand). Assets with a net book value of LTL 16 thousand were written off by the Group during the period ended 30 June 2011 (for the period ended 30 June 2010 the Group has written off fully amortised non-current intangible assets), resulting in a net loss on write-off of LTL 16 thousand.

During the period ended 30 June 2011 the Company acquired non-current intangible assets with a cost of LTL 191 thousand (for the period ended 30 June 2010 – LTL 145 thousand). Assets with a net book value of LTL 16 thousand were written off by the Company during the period ended 30 June 2011 (for the period ended 30 June 2010 the Company has written-off fully amortised intangible assets), resulting in a net loss on write-off of LTL 16 thousand.

9. Loans

As at 30 June 2011 and 31 December 2010 the Company did not comply with the financial indebtedness to EBITDA and interest service coverage ratio covenants, which should not be higher than 4.5 and not be lower than 2.5, respectively and the requirement for minimum value of inventories, which should be not less than LTL 6,000 thousand which are set out in the loan agreement with „Swedbank", AB. Due to this reason the non-current bank loan portion in the amount of LTL 13,890 thousand as at 30 June 2011 and LTL 16,177 thousand as at 31 December 2010 has been presented as current liabilities in the Group's and the Company's balance sheets. The Group management has informed „Swedbank", AB about this situation and is renegotiating the terms of this long term loan agreement. The mutual consensus is expected to be reached in the nearest future.

In the second quarter Jelfa SA PLN 10,000 thousand overdraft from bank Bank Zachodni WBK S.A was prolonged till 30 September 2011, the PLN 10,000 thousand overdraft in bank Bank Polska Kasa Opieki S.A. was prolonged till 31 May 2012.

all amounts are in thousand LTL unless otherwise stated

10. Financial risks management objectives and policies

The Group's and the Company's principal financial liabilities, other than derivatives, comprise bank loans and overdrafts, finance leases and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's and the Company's operations. The Group and the Company has various financial assets such as trade and other receivables and cash, which arise directly from its operations. The Group also enters into derivative transactions.

The Group uses foreign currency options and interest rate swaps in order to hedge its foreign currency and interest rate risks. The Group does not use derivative financial instruments for speculative purposes.

The principal financial risks to which the Group and the Company is exposed are those of interest rate, liquidity, foreign exchange and credit. The Group Management reviews and agrees policies for managing each of these risks, which are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates. Current environment is not attractive to target fixed interest rates (fixed interest rate is significantly higher than the float, and due to the volatility in the market fixed interest rate is offered to short period of time only) and therefore the Group and the Company keeps majority of its financial liabilities at floating interest rates.

To manage the interest rate risk the Group company Jelfa SA entered into interest rate swaps, in which it agreed to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amounts. These swaps are designated to hedge Jelfa SA loan from banks Bank Polska Kasa Opieki S.A. and Bank Zachodni WBK S.A. The Group and the Company is ready to enter other interest rate swap agreements if this allows to further mitigating risk.

Liquidity risk

The Management Board reviews the Group's liquidity risks annually as part of the planning process and on ad hoc basis. The Board considers short-term requirements against available sources of funding taking into account cash flow.

The Group and the Company monitors its risk to a shortage of funds using a standard weekly report on the cash flows with a liquidity projection for the future periods. The report considers projected cash flows from operations and allows for the Group management to effectively plan cash injection if needed.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and factoring contracts.

Foreign exchange risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group and Company operating activities (when revenue or expense are denominated in a different currency from the Group's and the Company's functional currencies).

As a result of Group operations in Poland, the Group's balance sheet can be affected by movements in PLN/LTL exchange rate. However currency translation risk from the translation of Poland subsidiaries financial statements to the Group reporting currency were not taken into account in further disclosures.

The Group and the Company seeks to mitigate the effect of its structural currency exposure by keeping the assets and the liabilities denominated in the same currency, which is the functional currency for each individual entity.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, which include foreign exchange transactions and other financial instruments.

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The credit risk related to receivables is managed by each Group company separately trading only with recognised, creditworthy third parties. According to the Group's and the Company's policy all customers wishing to trade on credit terms are subject to credit verification procedures. For transactions that do not occur in the countries, where the Group has affiliates, the Group and the Company does not offer credit terms without the approval of the Head of Commercial operations and Chief Financial Officer. In addition, outstanding receivable balances are monitored on a weekly basis by the Group management. For the justified cases, the sales are stopped or prepayment for deliveries is required. When possible, factoring without a right to recourse is used as additional security mean for trade accounts receivable in country of operation. The Group also uses credit insurance for domestic and export trade protecting its trade accounts receivable. The Group does not hold collateral as security.

5 customers with the greatest outstanding receivable balances represented 54% of total Group receivables as at 30 June 2011 (43% as at 31 December 2010). The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables, which is disclosed in the balance sheet.

11. Related party transactions

In the period ended 30 June 2011 and 2010 the Group and the Company had transactions and balances with the following related parties:

Amber Trust II (the shareholder of the Company);
Citigroup Venture Capital International Jersey Limited (the shareholder of the Company);
Invalda, AB (the shareholder of the Company);
Natural persons (the shareholders of the Company);
HBM Pharma s.r.o. (the ex-subsidiary of the Company);
Jelfa S.A. (the subsidiary of the Company);
Laboratorium Farmaceutyczne Homeofarm sp. z o.o. (the subsidiary of the Company);
Sanitas Pharma a.s. (the subsidiary of the Company);
Acena, UAB (the affiliate of Invalda, AB);
Baltic Amadeus Infrastrukturos Paslaugos, UAB (the affiliate of Invalda, AB)

The Group's and the Company's transactions with related parties in the period ended 30 June 2011 and related balances as at 30 June 2011 were as follows:

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
The Company's transactions				
Jelfa S.A.	2,816	5,225	21,849	16,586
Sanitas Pharma a.s.	7	254	3	148
The Company's and the Group's transactions				
Amber Trust II	-	-	-	260
Citigroup Venture Capital International Jersey Limited	-	-	-	345
Invalda, AB	-	-	-	870
Natural persons	-	-	-	147
Acena, UAB	-	28	-	-

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all amounts are in thousand LTL unless otherwise stated

The Group's and the Company's transactions with related parties in the period ended 30 June 2010 and related balances as at 30 June 2010 were as follows:

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
The Company's transactions				
HBM Pharma s.r.o.	322	7,428	220	20,553
Jelfa S.A.	1,731	9,515	42	30,716
Laboratorium Farmaceutyczne Homeofarm sp. Z.o.o	3	19	-	18
Sanitas Pharma a.s.	-	22	-	22
The Company's and the Group's transactions				
Amber Trust II	-	76	-	2,588
Citigroup Venture Capital International Jersey Limited	-	-	-	3,187
Invalda, AB	-	257	-	8,754
Natural persons	-	47	-	1,610
Acena, UAB	-	32	-	-
Baltic Amadeus Infrastrukturos Paslaugos, UAB	-	1	-	1

12. Post balance sheet events

On 19 August 2011 the controlling Company shareholders (Invalda, AB, Baltic Pharma Limited, Citi Venture Capital International Jersey Limited, Amber Trust II and certain other persons) sold 87.2% Company shares to Valeant Pharmaceuticals International, Inc. (NYSE/TSX: VRX) for EUR 10.06 for each share held. At the same date Valeant Pharmaceuticals International, Inc. announced, that it already owns 92.02% shares of the Company and that it will launch a mandatory tender offer to buy up the remaining Company shares from the minority shareholders.

Following the transaction with Valeant Pharmaceuticals International, Inc. the Company members of the Management Board Ashwin Roy, Darius Sulnis, Martynas Cesnavicius, Martin Oxley and Tomas Nauseda, and the members of the Audit Committee Edgaras Kateiva, Kustaa Aima and Raimondas Rajeckas resigned on 19 August 2011.

Extraordinary General Shareholders Meeting on election of the new members of the Management Board and the Audit Committee of the Company for the new term of office of 2011 – 2015 is being convoked on 7 September 2011.

all amounts are in thousand LTL unless otherwise stated

SIX MONTHS' INTERIM CONSOLIDATED REPORT FOR THE PERIOD ENED 30 JUNE 2011

Period for which Six Months' Consolidated Report is prepared

1. Reporting period

The six months' interim consolidated report is prepared for the first half of 2011.

Short presentation of Public limited liability company „SANITAS" and its enterprises (hereinafter „SANITAS Group")

2. Main data about Public limited liability company „SANITAS"

Public limited liability company „SANITAS" (hereinafter „SANITAS" or „the Company")	
Legal form	Public limited liability company
Registration date	June 30, 1994
Registration place	Kaunas Municipality Board
Register, in which data about the company are stored	Register of legal entities of Republic of Lithuania
Code	1341 36296
Registered office	Veiveriu str. 134 B, LT-46352 Kaunas, Lithuania
Phone number	+37037226725
Fax number	+37037223696
E-mail	sanitas@sanitasgroup.com
Website	www.sanitasgroup.com

3. Contacts of other enterprises of SANITAS Group

Jelfa SA (hereinafter „Jelfa")	
Legal form	Limited liability company
Registration date	December 2, 1991
Register, in which data about the company are stored	National court register, Wroclaw branch
Code	66687
Registered office	Wincentego Pola str. 21, 58-800 Jelenia Gora, Poland
Phone number	+48756433100
Fax number	+48757524455
E-mail	jelfa@sanitasgroup.com
Website	www.sanitasgroup.com

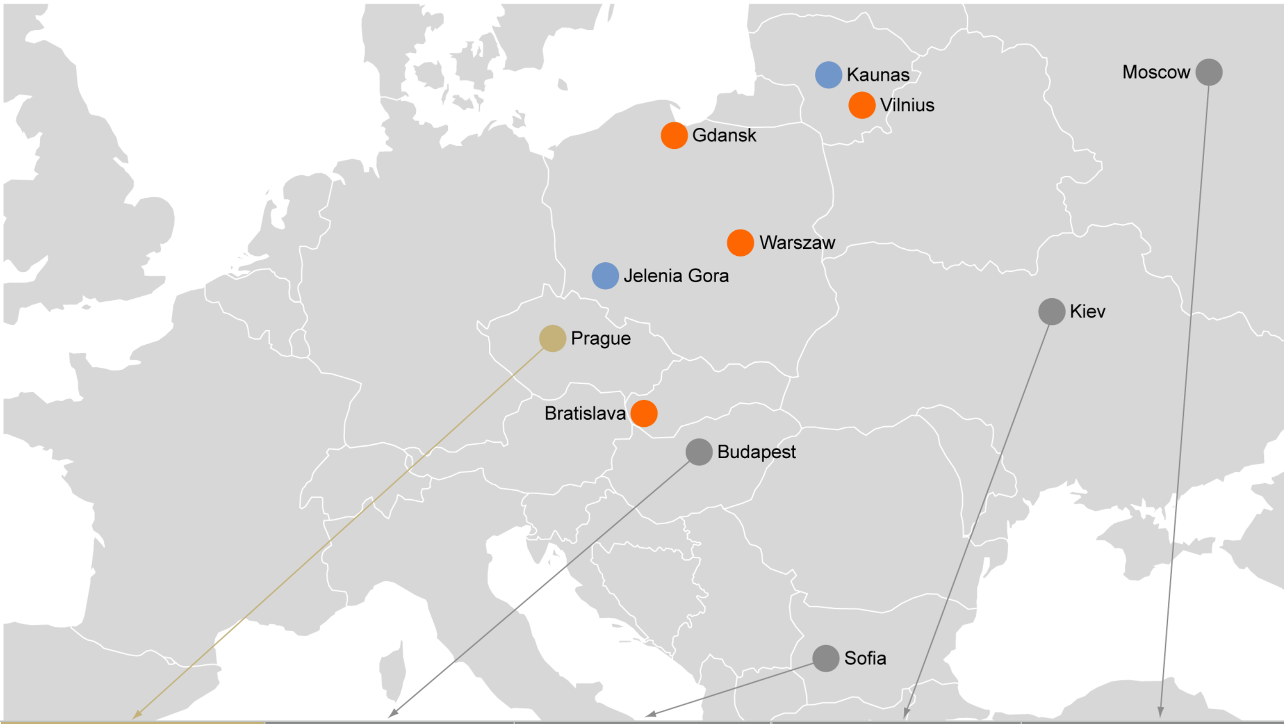
Pharmaceutical Laboratory HOMEOFARM Sp. z o.o. (hereinafter „Homeofarm")	
Legal form	Limited liability company
Registration date	December 12, 2002
Register, in which data about the company are stored	National court register, Gdansk branch
Code	00001442971
Registered office	Janka Wisniewskiego str. 13, 81-335 Gdynia, Poland
Phone number	+48585533303
Fax number	+48585538947
E-mail	homeofarm@sanitasgroup.com
Website	www.sanitasgroup.com

Sanitas Pharma a.s. (hereinafter „Sanitas Pharma")	
Legal form	Limited liability company
Registration date	May 15, 2010
Register, in which data about the company are stored	District court in Zilina, Slovakia
Code	45 563 811
Registered office	Bajkalska str. 5, 83104 Bratislava, Slovakia
Phone number	+421244631899
Fax number	+421244631899
E-mail	sanitaspharma@sanitasgroup.com
Website	www.sanitasgroup.com

4. Structure of SANITAS Group. Portfolios held

SANITAS is the sole shareholder of Jelfa. Jelfa is the sole shareholder of Homeofarm and Sanitas Pharma holding full portfolios in these companies.

5. Affiliates and representative offices of enterprises comprising SANITAS Group



Czech Rep.	Hungary	Bulgaria	Ukraine	Russia
Address: Mezi vodami 639/27, 14000 Prague 4 – Modrany	**Address:** Nagy Lajos Király tér 5. 3/14, H-4032 Debrecen	**Address:** Nikolay Kopernik str. 21, entr. B, fl . 4, flat 10, 1111 Sofia	**Address:** Vasylkivska str. 1, building 2, office 207, 03040 Kiev	**Address:** Korovyi Val 7 of. 80, 119049 Moscow
Tel: +420 225 153 026 **Fax:** +420 225 152 004	**Tel / Fax:** +36 52 785 421	**Tel / Fax:** +359 2 979 94 10	**Tel / Fax:** +38 044 461 91 96	**Tel / Fax:** +7 495 510 28 79
E-mail: office.cz@ sanitasgroup.com	**E-mail:** office.hu@ sanitasgroup.com	**E-mail:** office.bg@ sanitasgroup.com	**E-mail:** office.ua@ sanitasgroup.com	**E-mail:** office.ru@ sanitasgroup.com

Manufacturing Facilities	Sanitas Pharma Affiliate Office
Jelfa's Representative Offices	Other Group Locations

all amounts are in thousand LTL unless otherwise stated

6. The main activity of SANITAS Group

The main activities of SANITAS Group are:

- manufacture and sale of various generic medicine;
- development of new products;
- toll manufacturing.

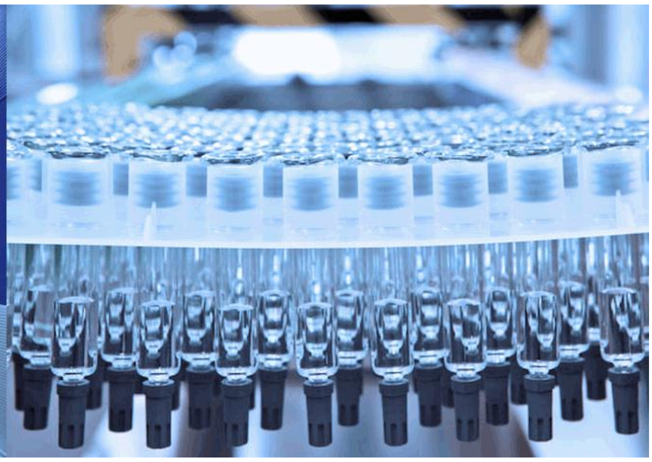
7. Participation in activity of organizations

SANITAS is a member of Lithuanian Association of manufactures of medicines and Lithuanian Association of trade numbers and barcodes. Jelfa is a member of Klub Eksportera - Polish Association of foreign trade.

8. Short history of SANITAS Group

History of SANITAS Group reaches as early as 1922, when pharmaceutical laboratory Sanitas was established in Kaunas city (Lithuania) and used to manufacture cosmetics. In the course of time, the laboratory was intensely developed, its owners were changing. History of the present SANITAS started in 1994, after privatization of the Company. Manufacture was reformed according to the requirements of Good Manufacturing Practice (hereinafter GMP) and developed further.

In May 2004, SANITAS acquired shares of another Lithuanian manufacturer of pharmaceutical preparations Endokrininiai preparatai, AB. In spring 2005 in the territory of this company, at Veiveriu str. 134, Kaunas, according to project “Modernization of manufacture of public limited liability company „SANITAS”, which was partially financed by Structural Funds of the European Union, building of new modern factory of medicine manufacture was started. Project was finished in September 2008. The newly installed equipment increased capacities of manufacture and expanded assortment – completely new lines of eye drops and disposable syringes were installed.

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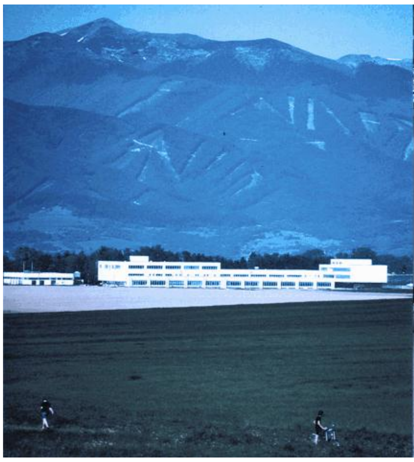

In July 2005, SANITAS acquired manufacturer of generic medicines, limited liability company HBM Pharma s.r.o (previously known as Hoechst- Biotika s.r.o) (hereinafter HBM), established in Martin city, Slovakia. Acquisition of HBM was the first step to creation of SANITAS Group and at the same time strong step into markets of the Central Europe. At the end of 2006 HBM established office in Prague, Czech Republic, which later was re-registered to affiliate.

In 2006, SANITAS went through a life-transforming transaction when it acquired Jelfa in Poland, a company several times larger than SANITAS was at the time. Jelfa was well established in Poland, had world class production facilities, including one of the largest ointment plants in Europe but was in need of modernisation, particularly in terms of its product portfolio and culture. Over the subsequent few years, Jelfa has been integrated into SANITAS Group and been transformed from a production-oriented company to a modern market-oriented pharmaceutical company focused on improving the health and wel being of patients. The acquisition of Jelfa added over 100 formulations to SANITAS products offering as well as giving the Group a significant presence in Poland, Russia, Ukraine and the wider region.

The acquisition of Jelfa was partly financed by an issuance of new shares by SANITAS, which led to international private equity funds CVCI (Citigroup's private equity unit focusing on developing markets) and Amber Trust (Baltic-focused private equity fund managed by Danske Capital and Firebird LLC) becoming shareholders of the company.

Over the last few years, SANITAS Group has been expanding its footprint in Central and Eastern Europe. The Group established its own presence in Hungary and Bulgaria in 2005, and Czech and Slovakia in 2007.

On 23 December 2008 Jelfa acquired 100% stock of shares of Homeofarm, a niche dermatology / dermacosmetics company based in Gdansk, northern Poland. This acquisition has complemented the Group assortment and pipeline in this segment, consolidating the Group position as one of the leading dermatology players in Poland and the region.

On 27 April 2010 the agreement on sale of HBM was signed between SANITAS and Latvian company SIA Liplats 2000. The parties agreed only on sale of manufacturing site located in Martin. Marketing, sales and regulatory divisions located in Bratislava and Prague were separated from HBM and transferred to newly established HBM subsidiary Sanitas Pharma. On 16 June 2010 SANITAS subsidiary Jelfa acquired 100% of Sanitas Pharma shares. The transaction on sale of HBM between the Company and Latvian company SIA Liplats 2000 was closed on 8 July 2010.

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Today SANITAS Group is a fully modernised, patient and doctor-oriented organisation based in the European Union, which develops registers, manufactures and sells a comprehensive portfolio of branded generic and specialty pharmaceuticals. In its core therapy areas SANITAS Group services specialists in Poland, Russia and the wider Central and Eastern European region with its own field force of over 250 experienced medical representatives.

On 19 August 2011 Valeant Pharmaceuticals International, Inc. (NYSE/TSX: VRX) bought 87.2% of the Company shares from Invalda, AB, Baltic Pharma Limited, Citi Venture Capital International Jersey Limited, Amber Trust II and certain other persons (Note 14).

9. Aims. Values

SANITAS Group aims to be a leading player in its strategic therapeutic areas by offering a comprehensive portfolio of treatments and formulations.

Key values are:

- Quality;
- Integrity;
- Innovation;
- Local knowledge;
- Customer focus;
- Value.

Information on SANITAS Authorised Capital and Securities

10. Composition of SANITAS authorised capital, rights granted by shares

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Portion of the authorised capital, %	Voting rights granted
Ordinary registered shares	31,105,920	1	31,105,920	100	1 share grants 1 vote

SANITAS shares grants the following property and non-property rights to the shareholders:

1. To receive a part of the Company's profit (dividends);
2. To receive a part of assets of the Company in liquidation;
3. To receive shares without payment if the authorised capital is increased out of the Company funds except in cases provided in the Law on companies of the Republic of Lithuania;
4. To have pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Shareholders Meeting decides to withdraw the pre-emption right for all the shareholders, according to the Law of companies of the Republic of Lithuania;
5. To lend to the Company in the manner and procedure prescribed by law;
6. To leave all or part of the shares for the other persons by will;
7. To sell or otherwise transfer the shares to the proprietorship of other persons;
8. To attend the General Shareholders Meetings;
9. To vote at the General Shareholders Meetings (1 fully paid share of one Litas nominal value grants 1 vote);
10. To receive the information concerning economic activity of the Company, following the order set by the Articles of Association;
11. To file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the General Manager and Management Board members of their obligations prescribed by the laws and the Articles of Association as well as in other cases laid down by laws;
12. To receive funds of the Company in cases when the authorised capital of the Company is reduced for the purpose of disbursement of funds of the Company to the shareholders;
13. To submit the questions related to the agenda of the General Shareholders Meeting to the Company in advance;
14. To authorize natural or legal person to represent his interests in relations with the Company and other persons;
15. Shareholders may exercise other property and non-property rights.

The obligations of SANITAS shareholders do not differ from the one set in the Law on companies of the Republic of Lithuania, except cases specified in the Articles of Association of the Company.

all amounts are in thousand LTL unless otherwise stated

11. SANITAS own shares

During the reporting period SANITAS did not acquire and did not transfer or held its own shares. Jelfa, Homeofarm and Sanitas Pharma nor other persons acting under authorization of SANITAS subsidiaries did not acquire and did not hold SANITAS shares.

12. Dividends paid to SANITAS shareholders

The General Shareholders Meeting decides upon dividends payments and sets amount of dividends. Persons have a right to get dividends if they are the shareholders of the Company at the end of rights accounting day or have the right to get dividends on other legal grounds at that day. For the financial year 2010, 2009 or 2008 the Company did not pay any dividends.

13. Data about securities trading

Only shares of SANITAS are traded on regulated market. Since 21 November 2005, the ordinary registered shares of the Company were admitted to the Baltic Main List of NASDAQ OMX Vilnius AB (hereinafter NASDAQ) i.e. previously known as Vilnius Stock Exchange. Until 21 November 2005 the Company's shares were traded on the Current List of NASDAQ.

Main characteristics of the Company's shares listed in the Baltic Main List:

Type of shares	ISIN code	Ticker	Number of shares	Nominal value, LTL	Total nominal value, LTL	Voting rights granted
Ordinary registered shares	LT0000106171	SAN1L	31,105,920	1	31,105,920	1 share grants 1 vote

Main information about Company's security trading during last five years is as follows:

	2011	2010	2009	2008	2007
Opening price, EUR	5.500	2.760	2.517	8.399	3.939
Highest price, EUR	9.920	6.024	3.331	10.122	10.542
Lowest price, EUR	4.810	2.731	1.767	2.027	3.765
Last price, EUR	9.555	5.496	2.760	2.517	8.660
Average price, EUR	8.922	4.212	2.418	6.329	5.762
Traded volume	1,914,877	861,185	1,477,584	1,267,264	3,204,531
Turnover, million EUR	17.09	3.75	3.57	8.02	18.46
Capitalisation, million EUR	297.22	170.96	85.85	78.29	269.37

14. SANITAS shareholders

Total number of the shareholders as at 30 June 2011 was about 1,537 (as at 30 June 2010 - 1,592; as at 30 June 2009 – 1,535).

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all amounts are in thousand LTL unless otherwise stated

Shareholders, who held more than 5% of the Company's authorised capital or votes by the right of ownership or acting jointly with other shareholders as at 30 June 2011:

<table>
<tr><th rowspan="2">Name of the shareholder (legal form, address of registered office and code of the enterprise)</th><th rowspan="2">Number of ordinary registered shares owned by the right of ownership</th><th rowspan="2">Share of the authorised capital, %</th><th colspan="3">Share of votes, %</th></tr>
<tr><th>Share of votes given by the shares owned by the right of ownership, %</th><th>Indirectly owned votes, %</th><th>Share of votes directly and indirectly held by shareholders that are acting jointly, %</th></tr>
<tr><td>Invalda, AB, Seimyniskiu str. 1A , Vilnius, c. 121304349</td><td>8,253,612</td><td>26.53</td><td>26.53</td><td>-</td><td>26.53</td></tr>
<tr><td>Citigroup Venture Capital International Jersey Limited, 26 New street, St. Helier JE2, Channel islands, c. 90207</td><td>5,461,260</td><td>17.56</td><td>17.56</td><td>-</td><td rowspan="2">37.86</td></tr>
<tr><td>Baltic Pharma Limited, Ugland house, South Church str., George town, c. 218089</td><td>6,314,502</td><td>20.30</td><td>20.30</td><td>-</td></tr>
<tr><td>Amber Trust II S.C.A, 8-10 me Mathias Hardt, L-1717, Luxembourg, c. B103.888</td><td>4,003,147</td><td>12.87</td><td>12.87</td><td>-</td><td>-</td></tr>
</table>

On 23 May 2011 the controlling shareholders (Invalda, AB, Citigroup Venture Capital International Jersey Limited, Baltic Pharma Limited, Amber Trust II S.C.A and certain other persons signed a definitive share sale and purchase agreement for the sale of their entire shareholding in the company to Valeant Pharmaceuticals International, Inc. („Valeant"). As at 19 August 2011 the transaction was finished and Valeant acquired up to 27,122,593 ordinary registered shares in SANITAS, representing 87.2% of its authorised capital.

15. Limitations of SANITAS securities transferring

On 12 January 2009 shareholders agreement between Amber Trust II S.C.A, Citigroup Venture Capital International Jersey Limited, Baltic Pharma Limited, Invalda, AB, Darius Sulnis, Tomas Nauseda, Jonas Bielinis, Nerijus Nauseda, Arunas Tuma, Alvydas Dirvonas, Darius Zaromskis, Donatas Jazukevicius and the Company (hereinafter "the Shareholders agreement") was signed. It prescribes restrictions to some of the Shareholders agreement parties to transfer SANITAS shares, other than as permitted under the Shareholders agreement. The Shareholders agreement expired on the completion of the share sale and purchase agreement with Valeant as at 19 August 2011 (Note 14).

16. Special rights of control possessed by SANITAS shareholders and description of these rights

In the Shareholders agreement it is agreed that each of the shareholders Amber Trust II S.C.A, Baltic Pharma Limited and Citigroup Venture Capital International Jersey Limited are entitled to elect 1 representative to the Company's managing body – the Management Board. The special rights of control possessed by SANITAS shareholders lapsed on 19 August 2011 after the completion of the share sale and purchase agreement with Valeant (Note 14).

17. Limitations of the Company's shareholders voting rights

The Shareholders agreement establishes a requirement not to initiate and not to vote for the amendments of Articles of Association resulting in change of number of members of the Management Board. There are no other limitations for SANITAS shareholders voting rights known to the Company. Since signing the Shareholders Agreement group of shareholders acting in concert terminated. Limitations of the Company's shareholders voting rights lapsed on 19 August 2011 after the completion of the share sale and purchase agreement with Valeant (Note 14).

all amounts are in thousand LTL unless otherwise stated

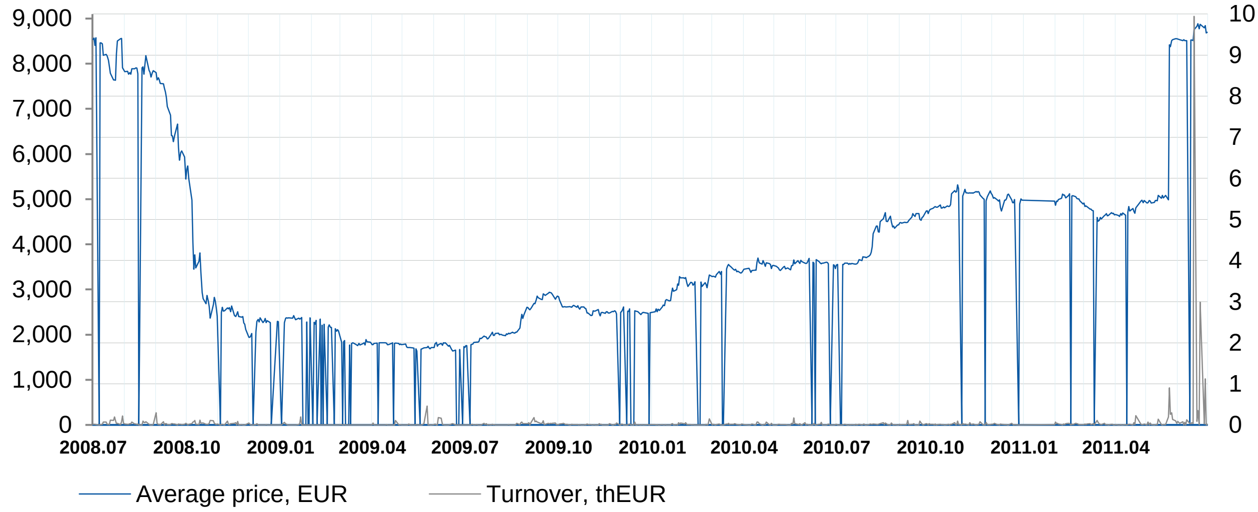
18. SANITAS shareholders agreements known to the Company according to which transferring of the securities and/or voting rights can be limited

No other agreements, except the Shareholders agreement are known to the Company.

19. SANITAS agreements with intermediaries of public trading in securities

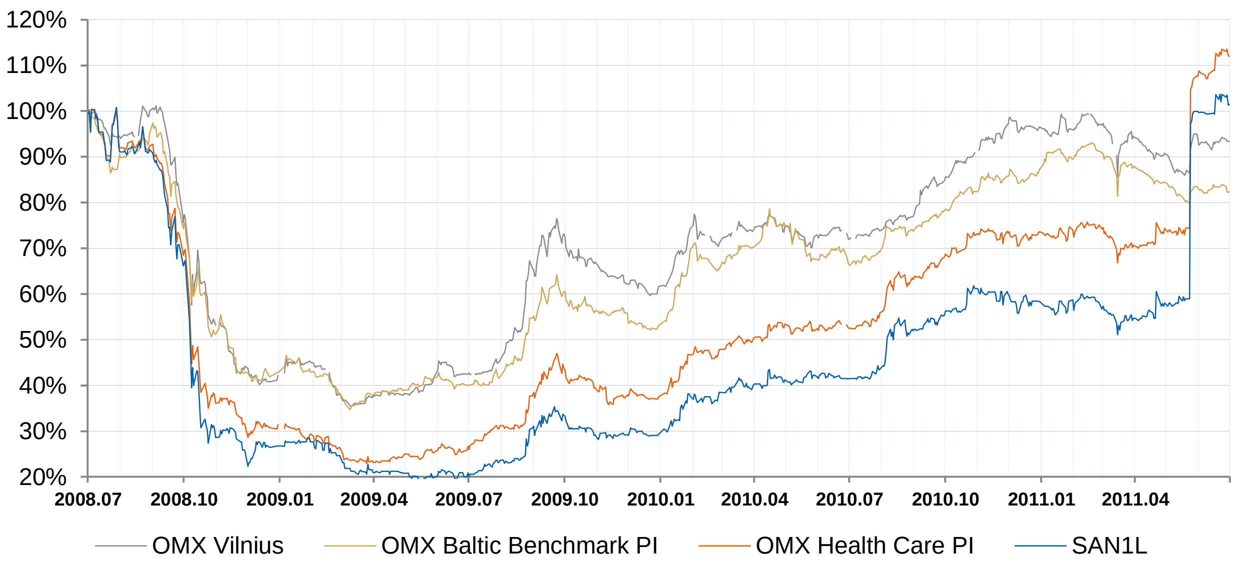
The Company has an agreement with FMI Finasta, AB on the management of shares accounting, custody and accounting of securities and funds, accepting and executing orders.

20. The changes of SANITAS share price and turnover



Source: http://www.nasdaqomxbaltic.com

21. The changes of SANITAS share price and of NASDAQ indexes



Source: http://www.nasdaqomxbaltic.com

Information on SANITAS Management

22. The Company's managing bodies

The Company has the General Shareholders Meeting, single person managing body –the General Manager and collegial executive body – the Management Board. The Supervisory Board is not formed in the Company.

22.1. The Management Board

The Management Board is formed from 5 members and is elected by the General Shareholders Meeting for the 4 years period. The Management Board has all powers and authority provided under the applicable laws and which are normally appropriate for the Management Boards in practice, including the competence to decide on the following issues:

1. A material change in the business of the Company;
2. Any merger, consolidation or acquisition, or sale, lease or other disposal of the Company, or all or substantially all of the Company's assets;
3. The establishment of any new subsidiary of the Company;
4. Any joint ventures between the Company and another entity;
5. Any transaction giving rise to contingent liabilities not provided in the budget in excess of EUR 250,000 (two hundred fifty thousand);
6. A sale of any subsidiaries of the Company or of all or substantially all the assets of any of the Company's subsidiaries;
7. Approval of the Company's annual operating plan and budget and any material deviation there from;
8. Capital expenditure in excess of EUR 250,000 (two hundred fifty thousand) not provided in the budget, in one transaction or a series of transactions during any year;
9. Sale of assets of the Company with a book value in excess of EUR 250,000 (two hundred fifty thousand) not provided in the budget in one transaction or a series of transactions during any year;
10. Borrowings in excess of EUR 250,000 (two hundred fifty thousand) not provided in the budget in one transaction or a series of transactions during any year and the establishment of any mortgage, pledge or lien over any asset of the Company where the book value of the asset exceeds EUR 250,000 (two hundred fifty thousand);
11. Any transaction with any officer, Management Board member or other interested party, or close relatives of any such interested party;
12. Any transaction with a shareholder or close relatives of a shareholder;
13. The constitution of any committee of the Management Board or the Management Board of any subsidiary of the Company;
14. Any transaction not in the ordinary course of business;
15. Any change in the signatory rights on behalf of the Company;
16. Appointment or change of the General Manager and the Chief Financial Officer;
17. Payment to any employee of remuneration in excess of EUR 50,000 (fifty thousand) (after tax) in any one year;
18. Other decisions prescribed to the competence of the Management Board of the Company provided under the applicable laws, resolutions of the General Shareholders Meeting or Articles of Association.

The Management Board elects and removes the Manager of the Company, fixes his remuneration, other terms of employment contract, approves his office regulations, assigns to him incentives and penalties. An employment contract with the Manager of the Company on behalf of the Company is signed by the chairman of the Management Board or other member authorized by the Management Board.

Decisions made by the Management Board is considered as lawful if more than a half of the all elected Management Board members vote in favour of it, except for the matters referred to in clauses 3 – 5, 7 – 9, 10 – 11, 13 – 15, 17 above requiring qualified majority of 3/5 (three fifths) of the Management Board members attending the Management Board meeting and for matters referred to in clauses 1 – 2, 6, 12 and 16 above, requiring more than 4/5 (four fifths) majority vote of the Management Board members attending the Management Board meeting.

Election and revocation order of the Management Board does not differ from the order set in the Law on companies of the Republic of Lithuania. Rules of election and replacement of the members of the Company's Management Board and other issues related to the work of the Management Board are specified in SANITAS Management Board Work Regulations. The latest version of SANITAS Management Board Work Regulations was approved by the Management Board on 28 April, 2009.

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22.2. The General Manager

The General Manager is elected and dismissed by the Management Board. The competence of the General Manager does not differ from that set in the Law on companies of the Republic of Lithuania. The General Manager has a right to issue an authorisation for the employee of the Company or the third person, following the Lithuanian legal order, to perform the legal actions related to the activity of the Company on its behalf and in its name.

22.3 The General Shareholders Meeting

The competence of the General Shareholders Meeting and the order of its convocation do not differ from that set in the Law on companies of the Republic of Lithuania, except cases specified in SANITAS Articles of Association. The General Shareholders Meeting has an exclusive right to adopt the following resolutions regarding:

1. Amendment to the Articles of Association of the Company;
2. Amendment to the rights associated with any of the shares of the Company;
3. Issuance of bonds and debentures, including convertibles;
4. Issuance of new equity or capital, including shares, rights, options, warrants to purchase shares (or other convertible or quasi-equity securities), provided each shareholder has a pre-emptive right to subscribe for the newly issued shares or rights;
5. De-listing of the shares, new public listing of the shares on any stock exchange;
6. Any reduction, repayment or buyback of the shares of the Company or any shares of its subsidiaries;
7. Declaration and payment of any dividends or other distributions;
8. Liquidation, dissolution or winding up of the Company including appointment of the liquidator;
9. Appointment and change of the audit company for the Company, establishment of payment conditions for audit services;
10. Approval of the set of annual financial accounts and the report on the Company's operation, including the report of the Management Board;
11. Issuance of shares or other securities under the employee stock option plan and its rules and regulations, and any other future stock option or incentive plans as approved by the Management Board;
12. Decisions on the reorganization, transformation or restructuring of the Company;
13. Decision to revoke for all the shareholders the pre-emptive right in acquiring the shares or convertible debentures of the Company of a specific issue;
14. Other decisions prescribed to the competence of the General Shareholders Meeting of the Company provided under the applicable laws.

A decision is deemed to be adopted by the General Shareholders Meeting when more shareholders vote in favour of it than against it except for the following cases: adoption of decisions under clauses 3 – 7 and 9 – 12 above require a 2/3 (two thirds) majority vote, whilst adoption of decisions under clauses 1 – 2, 8 and 13 require a 5/6 (five sixths) majority vote of the shareholders present in the General Shareholders Meeting.

22.4. The Audit Committee

The Audit Committee consists of 3 members, 1 of them is independent. The term of office of the Audit Committee coincides with the term of office of the Management Board. Members of the Audit Committee are elected by the General Shareholders Meeting at the proposal of the Management Board. The main functions of the Audit Committee are:

1. To provide the Management Board of the Company with recommendations related to selection, repeated appointment and cancellation of an external audit company as well as the terms and conditions of the agreement with the audit company;
2. To observe the process of carrying out an external audit;
3. To observe how the external auditor and audit company follow the principles of independence and objectivity;
4. To observe the process of preparation of financial reports of the Company;
5. To observe the efficiency of systems of internal control, risk management and internal audit, if such functions exist in the Company. Should there be no internal audit authority in the Company, the need for one should be reviewed at least annually;
6. To review efficiency of external audit process and responsiveness of management of the Company to recommendations and remarks made in the external auditor's management letter;
7. To fulfill other functions specified in the legal acts of the Republic of Lithuania and the recommendations of the Code of management of companies listed with NASDAQ.

The Audit Committee is a collegial body, taking decisions during meetings. The Audit Committee may take decisions and its meeting is considered as valid, when at least 2 (two) members of the Audit Committee participate in it. The decision is passed when at least 2 (two) of the participating members of the Audit Committee vote for it.

23. Data about members of the Management Board, members of the Audit Committee, Managing and Finance Directors

Ashwin Roy
Chairman of the Management Board

Education: Master degree in Economics (First Class) from King's College, University of Cambridge, UK; UK qualified Chartered Accountant.

Work experience: PricewaterhouseCoopers, London, UK – Assistant Manager, Audit and Transaction Support (1996-2000); Societe Generale Asset Management, London & Paris – Fund Manager (2000 – 2001).

Participation in the activity of other companies:

Name of organization, position taken	Shares held in other companies (more than 5 %)
Citi Venture Capital International – Director;	-
Eurasian Brewery Holdings Limited (Jersey, English islands) – Director;	-
Silja Line Oy (Finland) - Member of the Supervisory Board;	-
AS Tallink Grupp (Estonia) - Member of the Supervisory Board;	-
Huvepharma AD (Bulgaria) – Director.	-

Darius Sulnis
Member of the Management Board

Education: Master degree of faculty of Economics, Vilnius University.

Work experience: FMI Finasta, AB – Director (1994 – 2002); Invalda Real Estate, UAB (current name of the company Invalda Nekilnojamojo Turto Valdymas, UAB) – Director (2002 – 2006).

Participation in the activity of other companies:

Name of organization, position taken	Shares held in other companies (more than 5 %)
Invalda, AB – Member of the Management Board, President;	2,36% of authorized capital, 7.88% of votes, with persons acting in concert 26.85% votes
Invaldos Nekilnojamojo Turto Fondas, AB – Member of the Management Board;	-
Vilniaus Baldai, AB – Member of the Management Board;	-
SIA Dommo (Latvia) – Chairman of the Supervisory Board;	-
SIA Burusula (Latvia) – Chairman of the Supervisory Board;	-
Umega, AB – Member of the Management Board;	-
Tiltra Group, AB – Member of the Supervisory Board;	-
Golfas, UAB;	31.00
Lucrum Investicija, UAB.	100.00 (all voting rights are transferred)

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all amounts are in thousand LTL unless otherwise stated

Martynas Cesnavicius
Member of the Management Board

Education: Banking and finances, faculty of Economics, Vilnius University.

Work experience: Pemco Kuras, UAB – Financial Controller (1996 – 1998); Moller Invest – General Manager (1998 – 2003); Vilnius Audi Center – Director (2002 – 2003).

Participation in the activity of other companies:

Name of organization, position taken	Shares held in other companies (more than 5 %)
Laisvas Nepriklausomas Kanalas, UAB – Member of the Management Board;	-
Litagra, UAB – Member of the Management Board;	-
Atradimu Studija, UAB – Member of the Management Board;	31.00
Profinance, UAB;	50.00
Amilina, AB – Member of the Management Board;	-
Premia KPC, AB – Member of the Management Board;	-
Snaige, AB – Chairman of the Management Board;	-
Malsena Plius, UAB – Chairman of the Management Board;	-
TEO, AB – Member of the Audit Committee;	-
Amber Trust II S.C.A – Advisor.	-

Tomas Nauseda
Member of the Management Board

Education: Master degree in Finance, Concordia University, Wisconsin (USA).

Work experience: JSC Guaranty Bank, USA – Loan Manager (1999); Dujasta, UAB – Development Director (2000).

Participation in the activity of other companies:

Name of organization, position taken	Shares held in other companies (more than 5 %)
Baltvesta, UAB;	33.00
Sirijus, UAB;	50.00
Umega, AB;	7.83
Lauko reklamos tinklas, UAB;	30.00
Aikstentis, UAB;	8.00
Siryjo lines, UAB;	30.63
Investita, UAB;	33.00
BFVG nekilnojamas turtas, UAB;	33.00
TNJ investments, UAB.	100.00

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all amounts are in thousand LTL unless otherwise stated

Martin Oxley
Member of the Management Board

Education: Edinburgh University, M.A (Honors) Modern Languages & Philosophy; Social history; 'A' levels: French, German, History, Business studies.

Work experience: GlaxoSmithKline – Commercial Director; Bristol-Mayers Squibb – Country Manager; Polpharma – President; Pliva Krakow – President.

Participation in the activity of other companies:

Name of organization, position taken	Shares held in other companies (more than 5 %)
British Polish Chamber of Commerce – General Manager;	-
Fundacja FIT – President.	-

Edgaras Kateiva
Independent member of the Audit Committee

Education: Bachelor degree in International Business Management, Concordia International University Estonia, Master degree in International Trades, Vilnius University.

Work experience: Arthur Andresen, UAB – Staff/Experienced Staff (1999 – 2001); Litagra, UAB - Finance Manager (2001 –2002); Alytaus Tekstilė, AB – Chief Financial Officer (2003), Skalmantas, UAB - Chief Financial Officer (2003-2004), Sofa Brands, UAB - Managing Director (2006 - now).

Participation in the activity of other companies:

Name of organization, position taken	Shares held in other companies (more than 5 %)
Sofa Brands, UAB – Member of the Management Board;	-
Maciuliskes Community – Member of the Management Board;	-
Silmesta, UAB	34,7%
Lignarius, UAB	50%

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all amounts are in thousand LTL unless otherwise stated

Raimondas Rajeckas
Member of the Audit Committee

Education: Bachelor degree in Business Management, Master degree in Accounting and Audit, Vilnius University.

Work experience: Invalda, AB – Accountant (1998 – 2000); Gildeta, AB – Accountant (2000 – 2002); Invaldos Nekilnojamojo Turto Valdymas, UAB – Finance Director (2000-2001); Galincius, AB – Finance Director (2001); Valmeda, AB – Finance Director (2001-2006); Kelioniu Viesbuciai, UAB – Finance Director (2004-2006).

Participation in the activity of other companies:

Name of organization, position taken	Shares held in other companies (more than 5 %)
Invalda, AB – Chief Accountant;	-
Aktyvo, UAB – Director;	-
Investiciju tinklas, UAB – Director;	-
Aktyvus valdymas, UAB – Director;	-
Fortina, UAB – Director;	-
Finansu rizikos valdymas, UAB – Director;	-
Iniciatyvos fondas VsI – Director;	-
MBGK, UAB – Director;	-
MGK Invest, UAB – Director;	-
Rovelija, UAB – Director;	-
RPNG, UAB – Director;	-
Regenus, UAB – Director;	-
Invetex, AB – Chief Accountant, Chairman of the Management Board.	-

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all amounts are in thousand LTL unless otherwise stated

Kustaa Aima
Member of the Audit Committee

Education: Master degree in Economics, Helsinki University.

Work experience: Bankers BBL, Finland – Director (1998 – 2003); Danske Capital, Finland – Director (2000 – 2009).

Participation in the activity of other companies:

Name of organization, position taken	Shares held in other companies (more than 5 %)
Amber Trust Management SA (Luxembourg) – Vice Chairman of the Management Board;	-
Amber Trust II Management SA (Luxembourg) – Chairman of the Management Board;	-
Kaima Capital OY (Finland) – Managing Director;	100.00
Kaima Capital Eesti Oü (Estonia) – Member of the Management Board;	100.00
KJK Fund SICAV – SIF (Luxembourg) – Chairman of the Management Board;	-
Cumulant Capital Fund Management Oy (Finland) – Member of the Management Board;	-
Litagra, UAB – Member of the Management Board;	-
BAN Insurance (Latvia) – Deputy Chairman;	-
SALVA Insurance (Estonia) – Member of the Supervisory Board;	-
Premia Foods (Estonia) – Member of the Supervisory Board;	-
AS Tallink Group (Estonia) – Member of the Supervisory Board;	-
Tallink Silja Oy (Finland) – Member of the Management Board;	-
AS PKL (Estonia) – Member of the Supervisory Board.	-
KJK Capital OY (Finland) – Managing Director, Chairman of the Management Board;	-
KJK Management SA (Luxembourg) – Chairman of the Management Board;	-
AS Baltika (Estonia) – Member of the Supervisory Board.	-

Saulius Jurgelenas
General Manager

Education: Faculty of Economics, Vilnius University.

Work experience: Vilnius Consult – Financial Consultant; Kraitene, UAB – Finance Director, Managing Director; Endokrininiai preparatai, AB – Managing Director.

Participation in the activity of other companies:

Name of organization, position taken	Shares held in other companies (more than 5 %)
Jelfa – Chairman of the Supervisory Board;	-
Sanitas Pharma – Member of the Supervisory Board.	-

Nerijus Drobavicius
Chief Financial Officer

Education: Bachelor degree in Business Administration; Master degree in Banking and Finance, Vytautas Magnus University.

Work experience: Arthur Andersen; Danske bankas UAB (previously known as Sampo bankas, UAB).

Participation in the activity of other companies:

Name of organization, position taken	Shares held in other companies (more than 5 %)
Jelfa – Member of the Management Board.	-

Participation in SANITAS authorised share capital as at 30 June 2011:

Name, surname		
	Position held	Portion of the capital and votes held, %
Management Board		
Ashwin Roy	Chairman	-
Tomas Nauseda	Member	0.08
Martynas Cesnavicius	Member	-
Martin Oxley	Member	-
Darius Sulnis	Member	0.79
Audit Committee		
Edgaras Kateiva	Independent member (since 18.04.2011)	-
Raimondas Rajeckas	Member	-
Kustaa Aima	Member	-
Administration		
Saulius Jurgelenas	General Manager	-
Nerijus Drobavicius	Chief Financial Officer	-

Following the transaction with Valeant (Note 14) SANITAS members of the Management Board Darius Sulnis and Tomas Nauseda transferred their shares on 19 August 2011.

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Beginning and end of the term of office of members of the Management Board and members of the Audit Committee:

Name, surname		
	Beginning of the term in office	End of the term in office
Management Board		
Darius Sulnis	28.04.2010	2014
Tomas Nauseda	28.04.2010	2014
Martynas Cesnavicius	28.04.2010	2014
Martin Oxley	28.04.2010	2014
Ashwin Roy	28.04.2010	2014
Audit Committee		
Edgaras Kateiva	18.04.2011	2014
Raimondas Rajeckas	12.10.2010	2014
Kustaa Aima	28.04.2010	2014
Algirdas Valancius	28.04.2010	05.04.2011
Alina Naujokaitiene	28.04.2010	05.04.2011

Following the transaction with Valeant (Note 14) SANITAS members of the Management Board Ashwin Roy, Darius Sulnis, Martynas Cesnavicius, Martin Oxley and Tomas Nauseda, and the members of the Audit Committee Edgaras Kateiva, Kustaa Aima and Raimondas Rajeckas resigned as at 19 August 2011.

Data about cash payments, other transferred property and given warranties jointly to all members of the Management Board, members of the Audit Committee, members of administration and average extent belonging to each member of the collegial bodies and administration during the reporting period:

	Remuneration, LTL	Tantiemes, other payments made from profit, LTL	Other transferred property
Members of the Management Board jointly	-	-	-
Each member of the Management Board (average)	-	-	-
Members of the Audit Committee jointly	22,267*	-	-
Each member of the Audit Committee (average)	7,422*	-	-
Members of Administration (General Manager and Chief Financial Officer) jointly	463,067	-	-
Each member of Administration (average)	231,534	-	-

* The ex-chairman of the Audit Committee Alina Naujokaitiene was paid salary as SANITAS lawyer. Average amount of remuneration for each member of the Audit Committee was paid for one member of the Audit Committee.

all amounts are in thousand LTL unless otherwise stated

SANITAS group activity review

24. Non-financial activity review

24.1. Manufacturing

SANITAS Group produces medicines in various drug forms:

- Sterile medicine products which are packed in ampoules (solutions in ampoules, suspensions and lyophilised products);
- Tablets and capsules (non-coated tablets, film coated tablets, sugar coated tablets and capsules;
- Semisolids drug forms which are packed in tubes (ointments, creams, gels, lotions, emulsions);
- Eye drops.

SANITAS Group annual production capacities:

- Injectables (ampoules, vials, syringes) – 150 million;
- Solid forms – 1,350 million units;
- Ointments (tubes) – 50 million;
- Eye drops – 15 million.

In the first half of 2011 Kaunas manufacturing site is in full operation, manufacturing all transferred products and starting new projects with new contractors.

Production of SANITAS manufacturing site:

Product			
	2009-06-30	2010-06-30	2011-06-30
Sterile medicine products in ampoules	11.4 million	6.7 million	8.1 million
Tablets and capsules	8.6 million	29.2 million	34.1 million
Eye drops	-	0.07 million	0.4 million

In the first half of 2011 Jelfa continued production and focused on gathering new potential projects. Jelfa has launched the first commercial batch of injectable product to the Ukrainian market.

Production of Jelfa:

Product			
	2009-06-30	2010-06-30	2011-06-30
Sterile medicine products in ampoules	34.3 million	29.6 million	22.3 million
Tablets and capsules	325.3 million	302.0 million	299.6 million
Semisolids drug forms in tubes	9.3 million	13.6 million	13.8 million

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all amounts are in thousand LTL unless otherwise stated

On 8 July 2010 transaction on sale of SANITAS subsidiary HBM was closed. By this transaction manufacturing site located in Martin, Slovakia was divested.

Production of HBM:

Product			
	2009-06-30	2010-06-30	2011-06-30
Sterile medicine products in ampoules	37.9 million	23.7 million	-
Tablets and capsules	94.1 million	115.7 million	-

24.2. Employees and human resources policy

24.2.1. Human resources policy

Human Resources management has been unified within SANITAS Group and applicable to all its employees.

On the basis of the existing remuneration system an internal motivation principals of SANITAS Group and taking into account the latest salary survey data, the base salary of the employees of SANITAS Group was revised during the reported period.

Management motivation remained unchanged in the first half of 2011. The Phantom Share Option Plan approved in 2009 is still in force. Some newly employed managers joined the Phantom Share Option Plan recently.

Social guarantees and benefits are foreseen in local acts of SANITAS Group companies. According to the bargaining agreement of Jelfa some its employees have additional employment guarantees. The bargaining agreements of SANITAS Group companies foresee jubilee payments and other payments. Any new important decisions in the area of social guarantees have not been taken within the reported period.

Trainings policy remains an important part of Human Resources policy of SANITAS Group. Due to the very specific activity of the Group companies and high requirements of pharmaceutical industry, the knowledge of SANITAS Group employees has to be constantly updated. Participation in various international exhibitions allows to the employees to observe the progress of industry and get familiar with experience of other companies. According to the annual training plan, within the reported period Group employees participated in various courses and conferences. During the internal trainings employees shared their job experience with their colleagues from other SANITAS Group companies.

24.2.2. Employees' statistics

135 employees worked at SANITAS on 30 June 2011, number of employees increased by 7 comparing with 30 June 2010 and decreased by 49 comparing with 30 June 2009. The total headcount in SANITAS Group decreased by 215 employees in comparison with 30 June 2010 and by 276 in comparison with 30 June 2009.

Reduction of SANITAS Group headcount in the first half of 2011 was basically influenced by divestment of SANITAS Slovak subsidiary HBM on 8 July 2010 (244 employees worked in HBM as of 30 June 2010). Reduction of SANITAS Group and the Company headcount in 2009 was influenced by headcount optimization process. As a result, mutual basis agreements for employment termination were signed with some of the employees. The headcount changes were planned and controlled.

Headcount in SANITAS Group companies as at 30 June 2009, 2010 and 2011:

	2009	2010	2011
SANITAS	184	128	135
HBM*	326	244	-
Jelfa	894	936	959
Homeofarm	18	11	8
Sanitas Pharma	-	42	44
Total	**1,422**	**1,361**	**1,146**

* SANITAS subsidiary until 08.07.2010

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all amounts are in thousand LTL unless otherwise stated

Average headcount in SANITAS Group companies as at 30 June 2009, 2010 and 2011:

	2009	2010	2011
SANITAS	187	129	133
HBM	336	282	-
Jelfa	903	928	950
Homeofarm	18	17	8
Sanitas Pharma	-	42	44
Total	**1,444**	**1,398**	**1,135**

Summary of employees by levels of positions as at 30 June 2009, 2010 and 2011 is as follows:

	SANITAS			SANITAS Group		
	2009	2010	2011	2009	2010	2011
Top managers	8	8	8	25	28	26
Specialists	82	66	74	691	735	656
Workers	94	53	53	706	598	464
Total	**184**	**128**	**135**	**1,422**	**1,361**	**1,146**

Summary of employees by education as at 30 June 2009, 2010 and 2011 is as follows:

	SANITAS			SANITAS Group		
	2009	2010	2011	2009	2010	2011
University education	83	71	76	568	618	602
College education	33	23	24	477	432	299
Secondary education	66	34	35	367	305	205
Incomplete secondary education	2	-	-	10	6	40
Total	**184**	**128**	**135**	**1,422**	**1,361**	**1,146**

Summary of average monthly salary before taxes as at 30 June 2009, 2010 and 2011 is as follows:

	SANITAS			SANITAS Group		
	2009	2010	2011	2009	2010	2011
Top managers	23,442	21,903	19,705	39,338	22,420	24,198
Specialists	3,696	3,730	4,148	4,948	5,114	5,571
Workers	2,064	1,957	2,110	2,559	2,915	3,293

24.3. Environment

Environmental issues were considered in all areas of the activity of SANITAS Group during the reporting period: in the processes of medicines production, quality control, technical service and general activity. In particular water and energy were economized, atmosphere and soil were preserved from the possible pollution.

SANITAS stokehold burnt 165,000 nm^3 of natural gas during the first half of 2011 (165,000 nm^3 during the first half of 2010 and 196,284 nm^3 during the first half of 2009).

During the reporting period SANITAS used 9,000 m^3 water (6,000 m^3 during the first half of 2010 and 11,000 m^3 during the first half of 2009).

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Manufacture and daily waste accumulated in the territory of SANITAS sorted, recorded and taken out by waste administering companies (Toksika, UAB, Super Montes, UAB, Tekasta, UAB) so minimizing a possible danger to the environment. During the first half of 2011 SANITAS accumulated about 47.91 tons of waste (41 tons during the first half of 2010 and 43.16 tons during the first half of 2009). 0.7 tons of them were hazardous (0.6 tons during the first half of 2010 and 0.6 tons during the first half of 2009).

SANITAS repaired the rain water and oil traps bowl, the result – less index of rain water pollution. The Company was also controlling the surface, the domestic wastewater pollution and performing a basic analysis of pollution parameters.

Jelfa's industrial waste amounted 120.11 tons during the first half of 2011, while in 2010 it amounted to 131.40 tons and in 2009 – 113.10 tons. On the packages of products launched into foreign markets Jelfa puts eco – labels in order to identify packaging material and inform how to deal with packaging waste.

Jelfa began to exchange one of the chillers on the Ampoules Department in connection with the liquidation of harmful refrigerant (chlorofluorocarbon), which is dangerous for the ozone layer of atmosphere. The entire task (for all chillers of Jelfa) is planning to implement and complete in 2014.

Sanitas Pharma is a part of the Group with main responsibilities for the Regulatory Affairs, Sales and Marketing, i.e. non production business. Due to that Sanitas Pharma does not produce directly any waste. Nevertheless – the environmental issues are considered as a very important part of the prosperity. Sanitas Pharma is focused mostly on secondary effects: prevention of the pollution by the cars, energy saving, saving of the printed documents. The employees are regularly trained to behave in accordance with these secondary effects. Since January 2011 Sanitas Pharma is preparing the establishment of the Quality and Environmental Management System (ISO 9001, 14001).

Homeofarm continuously controlled its impact on environment. After Homeofarm's medicine production transferring to Jelfa, the company is manufacturing the smaller quantity of medicine products. Nevertheless Homeofarm has an obligation to register amounts of manufacture waste and to report them to a specialist companies responsible for recycling according to the applicable law. Homeofarm produced 0.368 tons of waste during the first half of 2011 (45.1 tons during the first half of 2010, 31.02 tons during the first half of 2009), 0.333 tons of them were hazardous (10.27 tons during the first half of 2010, 6.8 tons during the first half of 2009).

24.4. Research and development activity

The concentration on the therapeutic areas of dermatology, ophthalmology, diabetology, urology and hospital injectables in the first half of 2011 continued. Acquisition of 3 new dossiers was secured and one agreement extending territory was signed in order to strengthen the product portfolio in these therapeutic areas.

10 own developments in the field of dermatology, ophthalmology and hospital injectable were progressing whereas development of 3 dossiers for medicinal products and 1 dietary supplement has been finished. During the second half of 2011 it is planned to invest into 5 new product dossiers in order to ensure constant flow of new product launches in the core countries of SANITAS Group. Development of at least 2 new dossiers shall be started and 4 on-going projects shall be completed during 2nd half of 2011.

SANITAS Group received 46 approvals for marketing authorizations in the first half of 2011, it is planned to file more than 80 new applications in the second half of 2011.

Licensing – out activities coming out of own developments were continued. It is planned to complete few licensing – in deals and continue this new business activity in the future.

24.5. Purchases

Suppliers of SANITAS Group are divided into 2 groups; different purchasing strategies are applied to each of the group.

The first group consists of API, excipients and bulk suppliers. The most common features of this group – large quantity of suppliers and not big amount of items purchased from each of the supplier. By the end of 2010 SANITAS Group purchased API, excipients and bulk from 157 suppliers (193 suppliers in 2009), the total amount of purchased items was almost 400 (450 items in 2009). During the 6 months of 2011 API, excipients and bulk were purchased from 136 suppliers; the total amount of purchased items was 350. Despite the fact possibility to decrease number of suppliers is limited, as each production site produces different products, procurement department constantly works on decreasing as small amount of items purchased from each supplier does not give a lot of possibilities to use SANITAS Group purchasing power.

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The second group consists of packaging suppliers. For this group twice smaller amount of suppliers - 69 in 6 months of 2011 (82 by the end of 2010) and large amount of items purchased from each of the supplier are typical. Especially big amount of items is purchased from printing houses, as for each finished product different boxes and leaflets are used. It was purchased about 1,500 of different packaging items in 2010 and 1200 in 6 months of 2011. Several packaging suppliers are common for all SANITAS Group – it brings possibility to negotiate better purchasing prices on Group level. Boxes, leaflets and labels are purchased from local printing houses in Lithuania and Poland. As competition level in printing industry is very high it allows getting good purchasing conditions and flexible delivery terms.

SANITAS Group's purchases of raw and packaging materials in the first half of 2009, 2010 and 2011:

	2009	2010	2011
SANITAS	1,141	1,541	2,226
HBM	7,928	12,793	-
Jelfa	21,043	29,563	29,083
Total	**30,112**	**43,897**	**31,309**

24.6. Competitors

The main competitors of SANITAS Group are other pharmaceutical manufacturers supplying generic medicine to Central and Western European markets. Raising import from other EU countries increases competition for food supplements produced by SANITAS.

The main SANITAS competitors on Lithuanian market producing solid forms of medicinal products are Liuks, UAB, Sopharma, Grindex, Actavis, Zentiva, KRKA, Lannacher, the main competitors producing injective preparations – Sandoz, KRKA, Ranbaxy. In the market of food supplements SANITAS competes with many food supplements producers. As the main competitors having products with the similar composition or indication in this segment could be mentioned Valentis, UAB, Aconitum, UAB, Vitabiotics, Vitabalans. The main SANITAS competitors in ointments market are Grindex, Actavis, Spirig, GlaxoSmithKline, Shering.

24.7. Sales and products distribution

The products, launched in year 2011 contributed by LTL 466 thousand to 2011 sales. The products, launched during 2008-2010 contributed LTL 23,015 thousand to the first half of 2011 Group sales (LTL 17,322 thousand to the total first half of 2010 Group sales). In the first half of 2009, products launched during 2008 – 2009 contributed LTL 9,451 thousand to the total Group sales.

More detail information about the first half Group sales is presented in the Unaudited interim condensed consolidated and the separate financial statements Note 3 Segment information.

25. Financial activity review

The Group sales in the first half of 2011 were 5% lower than in prior year due to significant decrease in toll manufacturing sales (- 72%). This relates to sold subsidiary company HBM Pharma s.r.o., which was sold on 8 July 2010. Own products sales increased by 13% during the first six months of 2011. Decreased toll manufacturing sales and increased own products sales contributed to the higher gross margin, which reached 63.4% in the first half of 2011 (54.0% one year ago).

Nevertheless, the Group operating profit significantly decreased in 2011 due to experienced one-off LTL 17,016 thousand costs, accounted in the administrative expenses. The Group accounted LTL 3,535 costs related to the Company shares sale process (Note 14). Moreover, as on 19 August 2011 the majority of the Company shares have been sold for EUR 10.06 each and the liability for the approved 805,000 phantom share options could be reasonably measured, the Group accounted LTL 13,481 thousand accrual for phantom option holders.

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all amounts are in thousand LTL unless otherwise stated

SANITAS Group's key financial ratios as well as their dynamics in the first half of 2008 – 2011:

	2008	2009	2010	2011
Revenues	193,629	153,320	177,276	169,155
% Growth	16.1%	-20.8%	15.6%	-4.6%
Cost of sales	(83,299)	(73,560)	(81,626)	(61,966)
Gross profit	**110,330**	**79,760**	**95,650**	**107,189**
% Growth	32.0%	-27.7%	19.9%	12.1%
% Margin	57.0%	52.0%	54.0%	63.4%
Selling and distribution expenses	(46,623)	(39,556)	(41,822)	(45,061)
% of Revenues	24.1%	25.8%	23.6%	26.6%
Regulatory affairs expenses	(8,231)	(6,566)	(5,518)	(7,125)
% of Revenues	4.3%	4.3%	3.1%	4.2%
Research and development expenses	(1,621)	(758)	(1,024)	(1,116)
% of Revenues	0.8%	0.5%	0.6%	0.7%
Administrative expenses	(17,570)	(17,201)	(15,438)	(32,393)
% of Revenues	9.1%	11.2%	8.7%	19.1%
Result of other operating activity	379	584	842	241
EBIT	**36,664**	**16,263**	**32,690**	**21,735**
% Growth	-7.1%	-55.6%	101.0%	-33.5%
% Margin	18.9%	10.6%	18.4%	12.8%
Finance activity, net	(16,067)	(18,807)	(12,526)	(8,992)
EBT	**20,597**	**(2,544)**	**20,164**	**12,743**
% Growth	-28.0%	-112.4%	892.6%	36.8%
% Margin	10.6%	-1.7%	11.4%	7.5%
Income tax	(622)	5,018	(2,856)	(6,645)
Net profit (loss)	**19,975**	**2,474**	**17,308**	**6,098**
% Growth	-9.4%	-87.6%	599.6%	-64.8%
% Margin	10.3%	1.6%	9.8%	3.6%

	2008	2009	2010	2011
Return on Equity	5.9%	0.9%	5.2%	1.6%
Return on Assets	2.7%	0.4%	2.5%	1.0%
Liquidity ratio	39.0%	37.9%	97.9%	82.9%
Quick ratio	25.0%	23.5%	73.0%	53.2%
Basic and diluted earnings (loss) per share (in LTL)	0.64	0.08	0.56	0.2
Price to earnings, LTL	40.77	74.75	21.14	154.05

Details about the Group investments to property plant and equipment and intangible assets during the first half of 2011 is disclosed in the Unaudited interim condensed consolidated and the separate financial statements Note 7 Property plant and equipment and Note 8 Intangible assets.

all amounts are in thousand LTL unless otherwise stated

26. Plans and forecasts

The Group introduced 45 new products in 2010 and plans to launch over 100 new products in 2011. Number of the dermatology products launched in 2010 and some of those to be launched in 2011 forms a full product line for complete treatment of specific diseases. The Group continues to develop product pipeline putting special attention to ophthalmology and dermatology lines. Further growth of the Group is planned via sales development in existing markets and new products introduction.

The Group launched number of ophthalmology products in 2010 and plans to continue launches in 2011. Most of ophthalmology products will be produced in SANITAS, Lithuania thus improving capacity utilization.

On 19th August 2011 the Company shares were sold to Valeant. The Company may review its plans and may adjust them if needed in order to achieve the best strategic fit with the new shareholder.

27. Main risks and risk management

Main operational risks of the Group includes the changes in the legal regulations and regulatory procedures, competition with other pharmaceutical companies in the markets of operations, development of new products, reliability of raw material suppliers and other contractual partners, production capacity management and experienced and skilled employees attraction and retentions. Top management of the Group monitors the implementation of the processes and the procedures, which mitigates these risks.

Main financial risks, to which SANITAS Group is exposed are interest rate, liquidity, foreign exchange and credit risks. The detail information about these risk management is presented in the Unaudited interim condensed consolidated and the separate financial statements Note 10 Financial risk management objectives and policies.

28. Main features of internal controls and risk management system for consolidated financial reports preparation

SANITAS Group management assures that Group accounting and finance departments employees have relevant competence, experience and up-to-date knowledge needed for consolidated financial reports preparation. The control of prepared reports quality is performed by segregation of duties. All consolidated financial reports are prepared by SANITAS accounting or finance departments employees and are reviewed in a detail way and approved by Head of Group Accounting and Chief Financial Officer. SANITAS has the Audit Committee, which supervises the reporting process and prepares the reports to the General Shareholders Meeting twice a year.

29. Related party transactions

In the first half of 2011 SANITAS Group had related party transactions with its subsidiaries (Jelfa and Sanitas Pharma), the shareholder of the Company Invalda, AB and its associates (Acena, AB) the shareholders Amber Trust II, Citigroup Venture Capital International Jersey Limited and other shareholders, who are natural persons. More details of these transactions are presented in the Unaudited interim condensed consolidated and the separate financial statements Note 11 Related party transactions.

Other information

30. Order of amendment of SANITAS Articles of Association

The Articles of Association of the Company may be amended on the basis of the decision adopted by the General Shareholders Meeting with the 5/6 (five sixths) majority votes of the shareholders present in the General Shareholders Meeting. After the General Shareholders Meeting has adopted the decision to change the Articles of Association, the whole text of the changed Articles of Association is laid out with the signature of the person authorized by the General Shareholders Meeting. Amended Articles of Association must be registered in the Register of Legal Entities according to the terms specified in the law.

31. Significant agreements the party to which SANITAS is and which would come into force, be amended or terminated in the case of change of control of the Company

The Company is not a party of significant agreements that would come into force, be amended or terminated in case of change of control of the Company, except the credit agreement signed between the Company and Swedbank, AB dated 13 July 2007 (hereinafter „the Credit agreement"). According to the Credit agreement the Company is required to notify Swedbank, AB within 5 (five) calendar days of a change of CEO, 10% of the shareholders of the Company or die (lapse) the party, which guaranteed the fulfillment of the obligations under this Credit agreement.

32. Information about the prejudicial transaction, which had or will likely have a negative impact on the Company's operating results

The Company is not a party of the prejudicial transaction that had or will likely have a negative impact on the Company's operating results.

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

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

34. Data about the Company's publicly disclosed information

SANITAS publicly announced all information as it is required by law for listed companies (annual, interim information, transaction (-s) in issuer's securities concluded by the manager of the issuer, material events and etc.). It is possible to become familiar with the publicly disclosed information on NASDAQ and the Company's webpages.

35. Main events of the first half of 2011

- On 18 April 2011 the Company's Ordinary General Shareholders Meeting was held, it resolved questions assigned to the competence of the General Shareholders Meeting, approved SANITAS Consolidated and Separate the Company's financial statements, annual report for 2010, the Company's loss distribution for 2010 and the new wording of Internal rules of Audit Committee. The General Shareholders Meeting reduced the number of SANITAS Audit Committee members from four to three and elected Edgaras Kateiva as an independent member of SANITAS Audit Committee.

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- On 23 May 2011 funds advised by Citi Venture Capital International (through the legal entities Citigroup Venture Capital International Jersey Limited and Baltic Pharma Limited), Invalda AB, Amber Trust II S.C.A. and certain other persons (together the „Controlling Shareholders"), signed a definitive share sale and purchase agreement for the sale of their entire shareholding in the Company to Valeant. Pursuant to the share sale and purchase agreement, Valeant will acquire up to 27,122,593 ordinary registered shares in SANITAS, representing 87.2% of its authorised capital. The transaction is subject to certain conditions that must be satisfied before it can be completed, including the approval of relevant competition authorities.
- On 8 June 2011 SANITAS announced that Valeant submitted applications to the Competition Council of the Republic of Lithuania and the Polish Office for Competition and Consumer Protection for clearance of the proposed transaction.
- On 9 June 2011 SANITAS announced that Valeant submitted an application to the Antimonopoly Committee of Ukraine for clearance of the proposed transaction.

36. Authorities of SANITAS managing bodies to issue or acquire shares

According to the Articles of Association of the Company, SANITAS General Shareholders Meeting has an exclusive right to adopt resolutions regarding:

1. Issuance of new equity or capital, including shares, rights, options, warrants to purchase shares (or other convertible or quasi-equity securities), provided each shareholder has a pre-emptive right to subscribe for the newly issued shares or rights;
2. Any reduction, repayment or buyback of the shares of the Company or any shares of its subsidiaries;
3. Issuance of shares or other securities under the employee stock option plan and its rules and regulations, and any other future stock option or incentive plans as approved by the Management Board;
4. Decision to revoke for all the shareholders the pre-emptive right in acquiring the shares or convertible debentures of the Company of a specific issue.

SANITAS shareholders have the following rights:

1. To receive shares without payment if the authorized capital is increased out of the Company funds except in cases provided in the Law on companies of the Republic of Lithuania;
2. To have pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Shareholders Meeting decides to withdraw the pre-emption right for all the shareholders, according to the Law on companies of the Republic of Lithuania;
3. To sell or otherwise transfer the shares to the proprietorship of other persons.

37. Compliance with the Governance code for the companies

Disclosure from the Company concerning the compliance with the Governance Code for the companies listed on the regulated market of NASDAQ was publicly announced and provided to the Lithuanian Securities Commission together with the annual report for 2010. No changes took place in the said information within the first half of 2011.