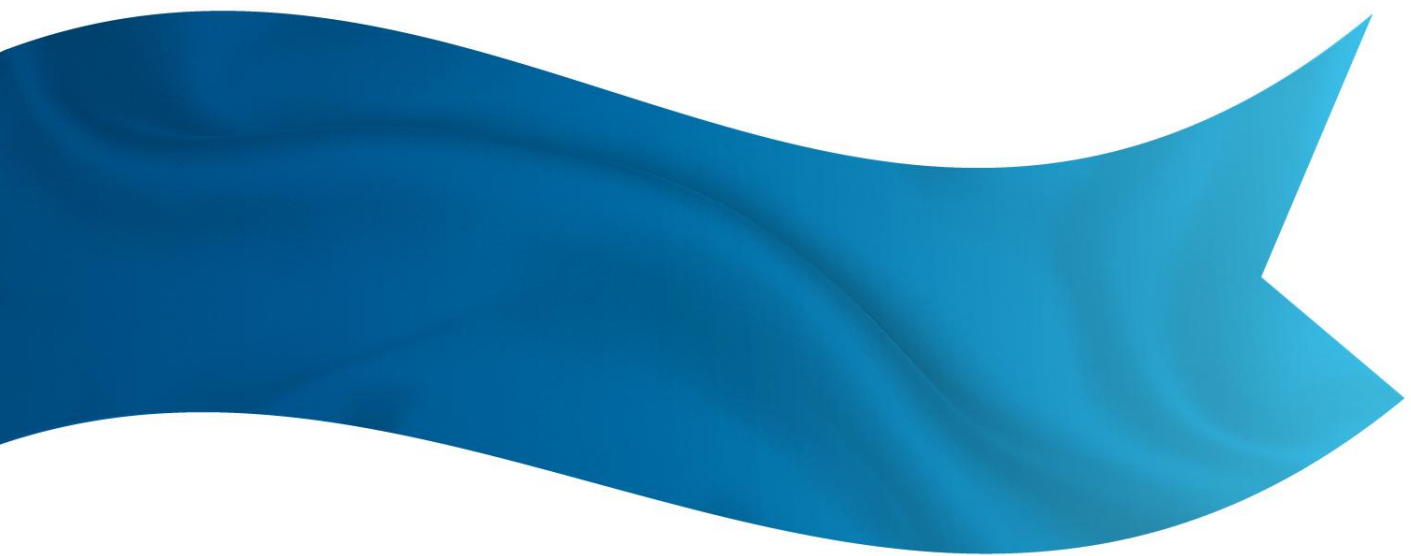


SANITAS GROUP

PUBLIC LIMITED LIABILITY COMPANY „SANITAS“

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 31 MARCH 2013**

PREPARED ACCORDING TO INTERNATIONAL
FINANCIAL REPORTING STANDARDS,
AS ADOPTED BY THE EUROPEAN UNION



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Public limited liability company „SANITAS“
UNAUDITED INTERIM CONDENSED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2013

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, I Saulius Mecislovas Zemaitis, General Manager of public limited liability company „SANITAS“ (hereinafter SANITAS), hereby confirm that, to the best of my knowledge, the attached unaudited interim condensed consolidated and separate financial statements for the period ended 31 March 2013, prepared in accordance with IAS 34 Interim Financial Reporting, give a true and fair view of the assets, liabilities, financial position and profit or loss of SANITAS group and SANITAS.

General Manager



Saulius Mecislovas Zemaitis

General Information

Board of Directors

Mr. Robert Roswell Chai-Onn (Chairman of the Board)

Ms. Seana-Lyn Carson

Mr. Marcin Jedrzejuk

Mr. Tadeusz Pietrasz

Mr. Leszek Wojtowicz

Management

Mr. Saulius Mecislovas Zemaitis (General Manager)

Registered office and company code

Veiveriu str. 134 B,

LT-46352 Kaunas, Lithuania

Company code 134136296

The financial statements were approved and signed by the management on 31 May 2013.

Management:

Mr. Saulius Mecislovas Zemaitis



General Manager

Mrs. Kristina Mackeviciene



Representative of accounting service
provider

Statements of Comprehensive Income

	Notes	Group		Company	
		January – March 2013	January – March 2012	January – March 2013	January – March 2012
Revenue	3	120,936	96,899	6,049	5,169
Cost of sales		(60,072)	(37,009)	(3,702)	(2,830)
Gross profit		60,864	59,890	2,347	2,339
Other income		1,319	1,104	32	114
Selling and distribution expenses		(25,143)	(26,290)	(972)	(1,343)
Regulatory affairs expenses		(2,544)	(1,515)	(118)	(55)
Research and development expenses		(201)	(320)	-	(18)
Administrative expenses		(5,434)	(6,664)	(1,562)	(1,581)
Other expenses		(1,152)	(862)	(28)	(23)
Operating profit (loss)		27,709	25,343	(301)	(567)
Finance income	4	3,996	530	1,963	569
Finance costs	4	(3,671)	(6,571)	(1,128)	(1,975)
Share of result from associated company		3,022		-	
Profit (loss) before tax		31,056	19,302	534	(1,973)
Income tax benefit (expense)	5	(2,591)	(7,597)	9	283
Profit (loss) for the period		28,465	11,705	543	(1,690)
Other comprehensive income (expense):					
Exchange differences on translating foreign operation		(20,366)	11,785	-	-
Other comprehensive income for the period		(20,366)	11,785	-	-
Total comprehensive income (expense) for the period		8,099	23,490	543	(1,690)
Basic and diluted earnings per share (in LTL)		0.92	0.38	-	-

The notes on pages 11 to 17 are an integral part of these financial statements.

Balance Sheets

	Notes	Group		Company	
		As at 31 March 2013	As at 31 December 2012	As at 31 March 2013	As at 31 December 2012
ASSETS					
Non-current assets					
Property, plant and equipment	6	200,936	208,004	53,746	54,665
Intangible assets	7	104,888	108,112	986	987
Investment in subsidiary		-	-	308,068	308,068
Investment in associate		513,323	524,489	-	-
Other non-current financial assets		3	4	3	3
Deferred tax asset		9,919	10,012	26	21
Total non-current assets		829,069	850,621	362,829	363,744
Current assets					
Inventories		67,818	58,140	4,637	4,331
Prepaid income tax		966	-	-	-
Trade receivables		92,724	58,347	5,582	4,462
Other receivables		5,564	6,266	1	1
Prepayments and deferred expenses		2,567	2,245	151	147
Cash and cash equivalents		37,811	47,341	2,743	3,031
Total current assets		207,450	172,339	13,114	11,972
Assets held for sale		659	594	-	-
Total assets		1,037,178	1,023,554	375,943	375,716

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Balance Sheets (cont'd)

	Notes	Group		Company	
		As at 31 March 2013	As at 31 December 2012	As at 31 March 2013	As at 31 December 2012
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
Translation reserve		10,330	30,696	-	-
Retained earnings		441,517	413,052	9,883	9,340
Total equity		734,150	726,051	292,186	291,643
Non-current liabilities					
Financial lease obligations		327	407	-	-
Deferred tax liability		3,417	3,181	227	231
Deferred income from subsidies		12,402	12,612	12,402	12,612
Employee benefit liability		4,097	4,198	-	-
Total non-current liabilities		20,243	20,398	12,629	12,843
Current liabilities					
Current portion of non-current financial lease obligations		651	900	-	-
Current loans		182,508	204,612	66,248	67,764
Trade payables		59,184	26,328	3,129	1,679
Advances received		108	167	-	-
Income tax payable		85	1,000	-	-
Other current liabilities		37,702	40,807	1,751	1,787
Employee benefit liability		372	372	-	-
Provisions		2,175	2,919	-	-
Total current liabilities		282,785	277,105	71,128	71,230
Total equity and liabilities		1,037,178	1,023,554	375,943	375,716

The notes on pages 11 to 17 are an integral part of these financial statements.

Statements of Changes in Equity

						Group
	Share capital	Share premium	Legal reserve	Translation reserve	Retained earnings	Total
Balance as at 31 December 2011	31,106	248,086	3,111	(25,976)	417,496	673,823
Other comprehensive income	-	-	-	11,785	-	11,785
Net profit for the period	-	-	-	-	11,705	11,705
Total comprehensive income for the period	-	-	-	11,785	11,705	23,490
Balance as at 31 March 2012	31,106	248,086	3,111	(14,191)	429,201	697,313
Balance as at 31 December 2012	31,106	248,086	3,111	30,696	413,052	726,051
Other comprehensive (expense)	-	-	-	(20,366)	-	(20,366)
Net profit for the period	-	-	-	-	28,465	28,465
Total comprehensive income (expense) for the period	-	-	-	(20,366)	28,465	8,099
Balance as at 31 March 2013	31,106	248,086	3,111	10,330	441,517	734,150

						Company
	Share capital	Share premium	Legal reserve	Retained earnings	Total	
Balance as at 31 December 2011	31,106	248,086	3,111	24,561	306,864	
Net (loss) for the period	-	-	-	(1,690)	(1,690)	
Total comprehensive (expense) for the period	-	-	-	(1,690)	(1,690)	
Balance as at 31 March 2012	31,106	248,086	3,111	22,871	305,174	
Balance as at 31 December 2012	31,106	248,086	3,111	9,340	291,643	
Net income for the period	-	-	-	543	543	
Total comprehensive income for the period	-	-	-	543	543	
Balance as at 31 March 2013	31,106	248,086	3,111	9,883	292,186	

The notes on pages 11 to 17 are an integral part of these financial statements.

Cash Flow Statements

	Group		Company	
	January – March 2013	January – March 2012	January – March 2013	January – March 2012
Cash flows from (to) operating activities				
Profit (loss) before tax	31,056	19,302	534	(1,973)
Adjustments for non-cash items:				
Depreciation and amortization	4,903	5,386	774	764
Loss (gain) from disposal, write-off and impairment of non-current assets	135	(60)	9	5
Loss from sale of Sanitas Pharma a.s.	121	-	-	-
Result from associate company	(2,996)	-	-	-
Change in allowance and write-off of trade and other receivables	(18)	3	-	-
Change in allowance and write-off of inventories	1,218	464	179	(14)
Unrealised foreign currency exchange (gain) loss	(3,723)	2,175	(1,837)	1,973
Interest expenses	3,549	4,728	1,128	1,407
Interest (income)	(273)	(297)	(126)	(233)
Other non-cash items	(1,072)	(4,655)	-	(514)
	32,900	27,046	661	1,415
Change in working capital:				
(Increase) decrease in inventories	(12,466)	1,624	(485)	(159)
(Increase) decrease in trade and other receivables and deferred charges	(36,071)	14,867	(1,124)	(672)
Increase (decrease) in trade and other payables and advances received	33,092	3,520	1,471	1,064
(Decrease) in employee benefits and provisions	(725)	-	-	-
Income tax (paid)	(4,321)	(4,304)	-	-
Net cash flows from operating activities	12,409	42,753	523	1,648
Cash flows from (to) investing activities				
(Acquisition) of non-current tangible assets	(2,832)	(2,746)	(22)	(283)
(Acquisition) of non-current intangible assets	(58)	(235)	(51)	(13)
Proceeds from sale of non-current assets	-	307	-	17
(Cash) in subsidiary disposed	(148)	-	-	-
Interest received	272	297	126	236
Net cash flows (to) from investing activities	(2,766)	(2,377)	53	(43)

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Cash Flow Statements (cont'd)

	Group		Company	
	January – March 2013	January – March 2012	January – March 2013	January – March 2012
Cash flows from (to) financing activities				
(Repayments) of loans	(16,973)	-	-	-
(Payment) of finance lease liabilities	(297)	(277)	-	(9)
Interest (paid)	(3,064)	-	(817)	-
Dividends (paid)	(47)	(7)	(47)	(7)
Net cash flows (to) financial activities	(20,381)	(284)	(864)	(16)
Net increase (decrease) in cash and cash equivalents	(10,738)	40,092	(288)	1,589
Net foreign exchange difference	1,208	1,205	-	-
Cash and cash equivalents at the beginning of the period	47,341	24,310	3,031	1,964
Cash and cash equivalents at the end of the period	37,811	65,607	2,743	3,553
Supplemental information of cash flows:				
Property, plant and equipment acquisition financed by finance lease	-	-	-	-

The notes on pages 11 to 17 are an integral part of these financial statements.

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 31 March 2013 and 31 December 2012 the shareholders of the Company were:

	31 March 2013		31 December 2012	
	Number of shares held (thousand)	Percentage	Number of shares held (thousand)	Percentage
Valeant Pharmaceuticals International, Inc	30,921	99.4%	30,921	99.4%
Other	185	0.6%	185	0.6%
Total	31,106	100.00%	31,106	100.00%

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

Name	Main activities	Country of incorporation	% of equity interest	
			January – March 2013	January – March 2012
Subsidiary companies				
Jelfa S.A.	Production and trade of medicines	Poland	100	100
Laboratorium Farmaceutyczne Homeofarm sp. z o.o.	Production and trade of medicines	Poland	100	100
Emo - Farm sp. z o.o.	Production and trade of medicines and cosmetics	Poland	100	-
Sanitas Pharma a.s.	Marketing, sales and regulatory affairs services	Slovakia	-	100
Associate company				
Valeant IPM sp. z o.o.	Intellectual property management	Poland	36.56	36.56

In March 2013 AB Sanitas controlled company Jelfa S.A. sold 100% of shares of Slovak subsidiary Sanitas Pharma a.s. (under liquidation) for LTL 21 thousand. The share purchase agreement was executed between Jelfa S.A. and Polish company Domanski Zakrzewski Palinka Spolka Komandytowa.

On 30 October 2012 Group's subsidiary Jelfa S.A. acquired 100% of Emo-Farm sp. z o.o. shares from related party ICN Polfa Rzeszow S.A. This was a transaction between entities under common control, as Emo-Farm sp. z o.o. before and after acquisition is controlled by Valeant Pharmaceuticals International, Inc.

As at 31 March 2013 the number of employees of the Group was 927 (as at 31 December 2012 – 988). As at 31 March 2013 the number of employees of the Company was 109 (as at 31 December 2012 – 109).

The interim condensed financial statements were approved and signed by the Management on 31 May 2013.

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 31 March 2013 are as follows:

Basis of preparation

The interim condensed consolidated and separate financial statements for the period ended 31 March 2013 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 2012.

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 2012.

3. Segment information

For management purposes, the Group is organised into business units on their products, and has four reportable operating segments: injectables, 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. 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 31 March 2013 and 2012, respectively:

	Group											
	Injectables		Tablets		Ointments		Eye drops, syringe		Unallocated		Total	
	1Q 2013	1Q 2012	1Q 2013	1Q 2012	1Q 2013	1Q 2012	1Q 2013	1Q 2012	1Q 2013	1Q 2012	1Q 2013	1Q 2012
Toll manufacturing sales	370	1,828	1,629	2,376	140	-	473	112	-	-	2,612	4,316
Own products sales	14,298	13,517	23,966	38,099	33,690	40,342	380	329	45,990	296	118,324	92,583
Total revenue	14,668	15,345	25,595	40,475	33,830	40,342	853	441	45,990	296	120,936	96,899
Profit (loss) before taxes*	4,466	2,200	10,156	14,851	20,934	8,660	193	92	(4,693)	(6,501)	31,056	19,302

* 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 31 March 2013 and 2012, respectively:

	Company											
	Injectables		Tablets		Ointments		Eye drops, syringe		Unallocated		Total	
	1Q 2013	1Q 2012	1Q 2013	1Q 2012	1Q 2013	1Q 2012	1Q 2013	1Q 2012	1Q 2013	1Q 2012	1Q 2013	1Q 2012
Toll manufacturing sales	289	499	842	336	-	-	473	112	-	-	1,604	947
Own products sales	2,007	1,748	1,511	1,496	483	476	540	501	(96)	1	4,445	4,222
Total revenue	2,296	2,247	2,353	1,832	483	476	1,013	613	(96)	1	6,049	5,169
Profit (loss) before taxes*	(785)	(1,168)	140	313	234	232	202	52	743	(1,402)	534	(1,973)

* 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 2013 and 2012. 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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The Group's and Company's revenue from external customers by geographical location for the period ended 31 March 2013 and 2012 detailed below:

Group						
	Toll manufacturing sales		Own products sales		Total	
	1Q 2013	1Q 2012	1Q 2013	1Q 2012	1Q 2013	1Q 2012
Russia	-	-	54,115	20,239	54,115	20,239
Poland	102	86	48,524	54,914	48,626	55,000
Ukraine	-	-	5,287	4,108	5,287	4,108
Lithuania	-	-	4,078	3,832	4,078	3,832
Czech Republic	307	-	2,625	2,251	2,932	2,251
Germany	1,171	1,533	-	-	1,171	1,533
Bulgaria	-	-	971	1,110	971	1,110
Slovakia	132	-	541	2,510	673	2,510
Latvia	289	1,754	159	218	448	1,972
Hungary	-	-	417	859	417	859
Switzerland	390	402	-	-	390	402
Kazakhstan	-	-	245	515	245	515
Belarus	-	-	241	136	241	136
Georgia	-	-	209	719	209	719
Kyrgyzstan	-	-	140	140	140	140
Great Britain	140	-	-	-	140	-
USA	81	74	-	-	81	74
Moldova	-	-	41	64	41	64
Vietnam	-	-	-	426	-	426
Uzbekistan	-	-	-	57	-	57
Unallocated	-	467	731	485	731	952
	2,612	4,316	118,324	92,583	120,936	96,899

Company						
	Toll manufacturing sales		Own products sales		Total	
	1Q 2013	1Q 2012	1Q 2013	1Q 2012	1Q 2013	1Q 2012
Lithuania	-	-	4,078	3,832	4,078	3,832
Germany	876	317	-	-	876	317
Latvia	289	499	159	218	448	717
Slovakia	132	-	-	-	132	-
Czech Republic	307	-	-	-	307	-
Poland	-	-	208	172	208	172
Netherlands	-	131	-	-	-	131
	1,604	947	4,445	4,222	6,049	5,169

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4. Financial activity, net

	Group		Company	
	January – March 2013	January – March 2012	January – March 2013	January – March 2012
Foreign currency exchange gain, net	3,723	-	1,837	-
Interest income	147	297	-	336
Fines and overdue interests	126	233	126	233
	3,996	530	1,963	569
Interest (expenses)	(3,549)	(4,392)	(1,128)	(1,406)
Foreign currency exchange (loss), net	-	(2,175)	-	(565)
Loss on sale of Sanitas Pharma a.s.	(121)	-	-	-
Other financial (expenses)	(1)	(4)	-	(4)
	(3,671)	(6,571)	(1,128)	(1,975)

5. Income tax benefit (expenses)

	Group		Company	
	January – March 2013	January – March 2012	January – March 2013	January – March 2012
Current year income tax	(2,451)	(6,486)	-	-
Prior year current income tax correction	-	(101)	-	-
Deferred tax income (expenses)	(140)	(1,010)	9	283
Income tax (expenses) benefit charged to the profit and loss	(2,591)	(7,597)	9	283

6. Property, plant and equipment

During the period ended 31 March 2013, the Group acquired non-current fixed assets with a cost of LTL 3,070 thousand (for the period ended 31 March 2012 – LTL 2,711 thousand). Assets with a net book value of LTL 1,207 thousand were disposed and written off by the Group during the first quarter of the year 2013 (for the period ended 31 March 2012 – LTL 76 thousand), resulting in a net loss on disposal and write-off of LTL 126 thousand (for the period ended 31 March 2012 net gain of LTL 60 thousand).

During the period ended 31 March 2013, the Company acquired non-current fixed assets with a cost of LTL 22 thousand (for the period ended 31 March 2012 – LTL 283 thousand). Assets with a net book value of LTL 0 thousand were disposed and written off by the Company during the period ended 31 March 2013 (for the period ended 31 March 2012 – LTL 20 thousand), resulting in a net result on disposal and write-off of LTL 0 thousand (for the period ended 31 March 2012 – net gain of LTL 17 thousand).

7. Intangible assets

During the period ended 31 March 2013 the Group acquired non-current intangible assets with a cost of LTL 61 thousand (for the period ended 31 March 2012 – LTL 235 thousand). Assets with a net book value of LTL 9 thousand were written off by the Group during the period ended 31 March 2013 (for the period ended 31 March 2012 – LTL 5 thousand), resulting in a net loss on write-off of LTL 9 thousand (for the period ended 31 March 2012 net loss of LTL 5 thousand).

During the period ended 31 March 2013 the Company acquired non-current intangible assets with a cost of LTL 51 thousand (for the period ended 31 March 2012 – LTL 13 thousand). Assets with a net book value of LTL 9 thousand were written off by the Company during the period ended 31 March 2013 (for the period ended 31 March 2012 – LTL 2 thousand), resulting in a net loss on write-off of LTL 9 thousand (for the period ended 31 March 2012 net loss of LTL 2 thousand).

8. Related party transactions

In the period ended 31 March 2013 and 2012 the Group and the Company had transactions and balances with the following related parties:

Valeant Pharmaceuticals International, Inc. (the shareholder of the Company);
 Jelfa S.A. (the subsidiary of the Company);
 Laboratorium Farmaceutyczne Homeofarm sp. z o.o. (the subsidiary of the Company);
 Emo - Farm sp. z o.o. (the subsidiary of the Company);
 Sanitas Pharma a.s. (the ex-subsiary of the Company);
 Valeant IPM sp. z o.o. (the associate of the Company);
 ICN Polfa Rzeszow S.A. (the affiliate of Valeant Pharmaceuticals International, Inc.);
 PharmaSwiss, UAB (the affiliate of Valeant Pharmaceuticals International, Inc.);
 Valeant Polska sp. z o.o. (the affiliate of Valeant Pharmaceuticals International, Inc.);
 PharmaSwiss d.o.o. (the affiliate of Valeant Pharmaceuticals International, Inc.);
 PharmaSwiss SA (the affiliate of Valeant Pharmaceuticals International, Inc.);
 Valeant LLCC Moscow (the affiliate of Valeant Pharmaceuticals International, Inc.).

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The Group's and the Company's transactions with related parties in the period ended 31 March 2013 and related balances as at 31 March 2013 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.	209	960	128	1,196
The Company's and the Group's transactions				
ICN Polfa Rzeszow S.A.	-	113	-	6,630
PharmaSwiss, UAB	-	911	-	-
Valeant IPM sp. z o.o.	-	1,015	-	59,618
PharmaSwiss SA	-	57	-	-
The Group's transactions				
Valeant Pharmaceuticals International, Inc.	-	-	-	416
ICN Polfa Rzeszow S.A.	49,613	2,306	21,175	142,033
Valeant IPM sp. z o.o.	403	14,445	344	8,648
PharmaSwiss SA	1,351	37,460	1,341	37,138
Valeant Polska sp. z o.o.	496	-	583	2
PharmaSwiss d.o.o	2	-	2	-
Valeant LLC Moscow	1,073	-	1,077	-

The Group's and the Company's transactions with related parties in the period ended 31 March 2012 and related balances as at 31 March 2012 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.	288	691	21,976	648
Sanitas Pharma a.s.	-	50	-	-
The Company's and the Group's transactions				
Valeant Pharmaceuticals International, Inc.	-	-	-	35,228
ICN Polfa Rzeszow S.A.	-	14	-	26,039
PharmaSwiss, UAB	-	1,500	-	1,000
Valeant IPM sp. z o.o.	-	-	-	21,741
The Group's transactions				
ICN Polfa Rzeszow S.A.	59,309	24,174	23,588	126,692
PharmaSwiss, UAB	2	-	-	-
Valeant IPM sp. z o.o	335	17,000	530	20,910