SANOCHEMIA Pharmazeutika AG

The Specialty Pharma Company

3-Month Report 2008/09
01. October - 31. December 2008

prepared in accordance with International Financial Reporting Standards (IFRS)

Board of Management Report

Dear Shareholder

"We have got off to a good start in the new financial year, even if the prevailing circumstances have become more difficult. We have submitted registration dossiers, completed new synthesis development processes and undertaken the preparations for clinical Phase 2 studies. Our diagnostics division has achieved a 7% increase in sales revenues, while our synthesis operations experienced a forecast decline in revenues and earnings as a result of a production campaign spanning more than one quarter."

European registration dossiers submitted for tolperisone and MRT imaging agent
Following the successful launches in Germany during the past financial year, we are now focussing our activities increasingly on the marketing of our new growth drivers. During the period under review, applications for SANOCHEMIA's tolperisone formulation have been submitted under the DCP in other European markets including those for countries such as Spain and Italy which, due to the size of their respective markets, are expected to have a significant impact on sales revenues. Submissions in Northern European markets (Scandinavia and the Baltic States) will be overseen by our marketing and sales partner, Orion Pharma GmbH. The necessary preparations are well underway such that we expect to secure marketing authorisations and launches in these selected European markets within a period of two years.

The DCP filing for SANOCHEMIA's first MRT imaging agent represents a major step towards Europe-wide sales of this highly promising product. We aim to launch this, our most innovative, imaging agent shortly after the expected receipt of the relevant marketing authorisations. Having been marketed in Germany under the brand name MR-Lux® since April 2008, this product has already been commercially successful given sales revenues of one million euros in a period of nine months. We have now reached agreement on pricing in Switzerland, as a result of which we are planning to launch MR-Lux® in March of this year. The FDA registration procedure (ANDA) for Scanlux®, our leading imaging agent, is proceeding on schedule.

Synthesis:
Weak first quarter | progress made with new development processes

In line with expectations, lower capacity utilisation accounted for a decline in sales revenues and bottom-line results in the synthesis production segment. As had been noted in previous financial years, galantamine production campaigns tend to span multiple quarters and are invoiced in their entirety in the second quarter of any given financial year. This entails lower sales revenues in the first quarter compared to the previous, traditionally strong, fourth quarter, and an associated impact on the development of segment results due to the fact that synthesis products are generally characterised by high volumes and margins.

As a result, we all the more pleased to be able to report progress in the pursuit of new development projects. Although smaller in scale, these are nonetheless expected to reduce our degree of dependency on large customers in the near future. One example of this growing independence was the successful conclusion of a pilot project for a pharmaceutical company in Germany during the period under review. Following the GMP-conform production of a new active pharmaceutical ingredient for use in the treatment of cardiac insufficiency, we are now able to offer the manufacture of this synthesis product on an industrial scale. This could lead to initial sales revenue contributions as early as the current financial year and possible follow-up projects. In light of our in-depth expertise and long years of experience in the field of chiral synthesis, we see ourselves as a strong partner to the Life Science industry and are increasingly making our knowledge in the area of process development available to partners.

Innovations – Secrelux® and PVP hypericine
Secrelux® and PVP hypericine are our two most important development projects which we intend to make the focus of clinical trial programmes during the course of 2009. Both projects offer realistic prospects of success.

with the aim of initiating a clinical Phase 3 study of Secrelux® exploring its use in the new indication, S-MRCP.

SANOCHEMIA holds European and US patents for PVP hypericine covering the substance, its synthesis and use in the diagnosis and treatment of various conditions. SANOCHEMIA aims to start a clinical Phase 2a trial (dose-ranging trial) for the diagnosis and treatment of bladder cancer in 2009.

Financial year to date and outlook

The different rates at which the Company's segments are developing are likely to continue: We expect to see further improvements in results in the human pharmaceuticals segment following new registrations and launches. The production segment is forecast to achieve significantly better results in the coming quarters, with the synthesis production business expected to develop particularly favourably.

We assume that the general economic situation will remain difficult, the future development of which is not currently foreseeable. Nonetheless, we shall continue to strive for a further improvement in terms of business development during the 2008/2009 period.

Vienna, February 2009 The Board of Management

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MANAGEMENT REPORT

▪ Economic Environment

SANOCHEMIA has got off to a good start in the new financial year, even if the economic environment in which the Company operates has become less favourable. The economic crisis has had similar impacts on all major economic regions, with the Eurozone experiencing its first recession since the introduction of the common currency. Current economic forecasts indicate that the situation is not expected to improve rapidly. The consequences of this on the real economy are not easy to predict at present. Although the pharmaceutical industry is considered to be relatively resistant to economic downturns, growth is expected to slow considerably.

The financial and economic crises have also had an impact on the commercial environment relevant to SANOCHEMIA and could lead to an increase in the severity of the market risks we face. SANOCHEMIA expects to experience the burden of adverse exchange rate movements and a partial increase in pressure on margins as a result of increased competition in various national markets. The Company will nonetheless continue to pursue stable business development underpinned by its cost-cutting programme introduced in 2008.

▪ Report on earnings, financial and asset positions

Business development
The following summary of the Company's performance and operations should be read in the context of the consolidated interim financial statements and the accompanying notes. As in previous periods, the Group's financial statements have been prepared under IFRS in order to allow meaningful comparisons with prior periods to be made.

First Quarter (1 October – 31 December 2008)

Consolidated Profit and Loss Account (in T€)

Sales revenues: T€ 5,950 (PY: T€ 6,287)
EBIT: minus T€ 3,035 (PY: minus T€ 1,592)

Forecast volatility in timing of synthesis orders impacts on revenues and EBIT
Despite the expected decline in sales revenues as a result of billing arrangements, the synthesis production segment achieved turnover of T€ 5,950 (PY: T€ 6,287). The main sources of revenues were our radiological products, particularly the x-ray imaging agents.

As in previous years, the invoicing of a galantamine production campaign spanning more than one quarter undermines any meaningful comparisons across quarters such that the performance of this division should be evaluated on an annual basis. Given that synthesis products are generally characterised by high volumes and margins, this shortfall also had a significant impact on the development of bottom-line results. EBIT for the quarter of minus € 3.0m (PY: minus € 1.6m) were particularly affected by a combination of higher research and development project spendings, international registrations, cumulative depreciation of € 1.2m and currency translation expenses associated with open receivables and intra-Group loans in the amount of € 0.7m as a result of the decline of the pound sterling against the euro.

The positive financial result of T€ 20 (PY: minus T€ 858) did little to influence the pre-tax result of minus T€ 3,015 (PY: minus T€ 2,450). Due to the offsetting of deferred tax assets, there were no taxation effects in the period under review. The net result for the period of minus T€ 3,015 (PY: minus T€ 2,450) equates to minus € 0.29 per share (PY: minus € 0.22).

Financial and assets positions | cash flow
The financial and assets positions of SANOCHEMIA have not changed materially vis-à-vis the 2007/2008 Annual Report published on 20 January 2009. The operational cash flow in the first quarter of minus T€ 2,588 is on a par with that of the comparable quarter of the prior financial year (minus T€ 2,656).

In light of the high equity ratio of 61.5% and cash funds and available-for-sale securities in the amount of approximately € 20m, the Company regards its position as more than stable.

Segment reporting

HUMAN PHARMACEUTICALS
Sales revenues: T€ 4,097 (+7%)
EBIT: T€ 538 (- 2%)

This segment is mainly involved in the marketing of diagnostic products. Following a 7% increase, sales revenues in this segment rose to T€ 4,097 (PY: T€ 3,842). The main revenue driver, Scanlux®, achieved 9% higher revenues, for the first time reaching the two-million-euro mark in a single quarter. Despite higher marketing expenses, the operating result in this segment remained stable. EBIT of T€ 0.5m (PY: T€ 0.6m) indicate that the earnings position of the diagnostics division is sustainably profitable.

Scanlux®, an x-ray imaging agent, is SANOCHEMIA's key product in an international context and is expected to generate rapid revenue growth following a series of recent marketing authorisations. Sales of all other x-ray imaging agents are developing in line with forecasts, with the Company's first MRT imaging agent, MR-Lux®, experiencing a marked rise in demand. The first million euro of sales with this innovative imaging agent was achieved in a period of only nine months.

Viveo®, SANOCHEMIA's tolperisone formulation, was not able to achieve the same level of sales seen in the corresponding period of the prior year, one in which nearly half of all sales during the full year were generated by pipeline filling activities for the product's launch in Germany. In Q1 2008/2009, this product accounted for sales revenues of T€ 200, being forecast to generate around € 1m in the sales during the full period.

Strong growth reported by subsidiaries
All of SANOCHEMIA's local subsidiaries achieved significant increases in sales revenues.
In Germany, the largest and most important market of SANOCHEMIA Diagnostics, sales rose by 12% despite the difficult market conditions. This is largely accounted for by the launch of MR-Lux®, SANOCHEMIA's first MRT imaging agent.

The Austrian subsidiary also reported a marked rise in revenues during the first quarter. This was due to the acquisition of new customers.
The US subsidiary, which has for many years marketed the HIV-1 IFA confirmatory assay Fluorognost, also achieved higher revenue contributions. The outstanding quality and performance of this SANOCHEMIA product was recently confirmed in the course of a large-scale customer satisfaction survey. The level of acceptance enjoyed by Austrian products in the US market is expected to have a positive effect on the launch of Scanlux® planned for later this year. In the UK, sales and earnings in the first quarter fell by around 30% as a result of the decline of the pound sterling against the euro, without which this subsidiary would have achieved marginal increases.
Exports rose by 20% during the period under review, with major increases in demand coming from Arabian and North African markets. Russia may also soon become one of SANOCHEMIA's top markets.

PRODUCTION
Sales revenues: T€ 1,820 (PY: T€ 2,247)
EBIT: minus T€ 1,940 (PY: minus T€ 992)

The decline in production division revenues is accounted for by the volatile timing of synthesis orders, particularly those for galantamine. The current galantamine production campaign spans multiple quarters and is to be billed in full during the second quarter of 2008/2009, therefore leading to a temporary drop in sales revenues. Given that synthesis products are characterised by high margins and volumes, the impact of this shortfall on segment results was marked, with EBIT declining to minus T€ 1,940 (PY: minus 992).

It was possible, however, to complete a number of smaller development projects for other players in the life science industry during the period under review. Although these projects had little influence on sales or the bottom line in this segment during the first quarter, they may in turn lead to higher capacity utilisation rates in successive quarters and further reduce volatility and the Company's degree of dependence on large customers.

When completed, the new production plant for highly active pharmaceutical ingredients (HAPI) is expected to help secure new development projects and an increase in contract manufacturing activities.

Research & Development
Sales revenues: T€ 33 (PY: T€ 18)
EBIT: minus T€ 468 (PY: minus T€ 592)

The Research & Development segment reported no significant revenues in the period under review. R&D spendings during the quarter amounted to T€ 1,317 (PY: T€ 1,181).

The milestones achieved by this division in the first quarter included the submission of registration dossiers for tolperisone and SANOCHEMIA's MRT imaging agent, both of which were successfully launched in Germany during the previous financial year. These products are accorded excellent global marketing prospects and are expected to significantly boost sales revenues within the next two years.
The top-priority projects for 2009, PVP hypericine and Secrelux®, are to be the focus of clinical trials this year and are seen as the Company's next generation of revenue drivers. SANOCHEMIA is optimistic that the relevant clinical trials will progress rapidly.

- **Personnel**

The average headcount during the period under review was 187 (PY: 185).

- **Director's dealings**

Reference is made here to the Notes to the Consolidated Interim Financial Statements.

Opportunities and risk report

There have been no material changes relating to the risk environment in which the Company operates since the publication of the Annual Report 2007/2008 for the period to 30 September 2008 in which details of these risks are reported.

Outlook

The second quarter of 2008/2009 is forecast to see further dynamic development in the diagnostics division and a moderate improvement in terms of sales revenues in the production division.

Despite prevailing uncertainties with regard to the overall economic situation, the Board of Management expects business development in the full 2008/2009 to improve relative to 2007/2008.

The Europe-wide marketing of the new growth drivers Viveo® (tolperisone) and MR-Lux®, as well as the launch of Scanlux® in the US, are the keys to the future profitable growth of Sanochemia from 2009/2010.

▪ Consolidated profit and loss statements

IFRS, 10/2008 - 12/2008 and 10/2007 - 12/2007

in T€	Notes	10/08-12/08	10/07-12/07
Sales revenues	(1)	5,950	6,287
Other income	(2)	542	676
Reversal of investment grants		44	38
Change in inventory		431	-181
Own work capitalised		388	262
Operating performance		**7,355**	**7,082**
Cost of goods and services		-3,253	-2,874
Personnel expenses		-2,374	-2,188
Depreciation on tangible assets and amortisation of intangible assets		-1,225	-1,174
Other expenses		-3,538	-2,438
Operating result		**-3,035**	**-1,592**
Interest payments		-255	-294
Interest receipts		338	395
Other financial income / expenses		-63	-959
Financial result		**20**	**-858**
Pre-tax result		**-3,015**	**2,450**
Taxes on income		-2	77
Net profit for the year		**-3,017**	**-2,373**
of which:			
Shareholders of the parent company		-2,985	-2,285
Minority interests		-32	-88
		-3,017	**-2,373**
Undiluted earnings per share in €	(3)	-0.29	-0.22
Diluted earnings per share in €		-0.29	-0.22
Weighted average number of shares		10,155.598	10,155,598

Consolidated Balance Sheet

IFRS, 31 December 2008 and 30 September 2008

in T€	Notes	31. 12. 08	30. 09. 08
Assets			
Buildings on non-owned land		7,784	8,087
Property, plant and equipment		6,634	6,457
Other equipment, furniture and fixtures		1,277	1,232
Property, plant and equipment under construction		20,450	2,023
Tangible assets		**17,740**	**17,799**
Goodwill		3,391	3,391
Capitalised development costs		16,072	15,901
Other intangible assets		2,256	2,664
Intangible assets		**21,719**	**21,956**
Other financial receivables	(4)	4,553	2,346
Deferred tax assets		788	676
Non-current assets		**44,800**	**42,777**
Inventory	(5)	8,449	8,783
Accounts receivable - trade		2,819	5,519
Accounts receivable - affiliated companies	(6)	5,371	4,849
Other financial receivables	(7)	242	284
Other receivables and assets	(8)	1,286	1,092
Income tax receivable		296	296
Receivables from research grants	(9)	196	250
Available-for-sale securities	(10)	9,629	10,722
Cash and short-term deposits		10,772	14,296
Current assets		**39,060**	**46,091**
Total assets		**83,860**	**88,868**

Consolidated Balance Sheet

IFRS, 31 December 2008 and 30 September 2008

in T€		31. 12. 08	30. 09. 08
Equity and liabilities			
Equity held by the parent company			
Issued capital		10,156	10,156
Share premium		24,768	48,761
Net gain/loss on available-for-sale securities		-774	-440
Currency translation differences		1,256	463
Profit and loss account		15,878	18,863
		51,284	**53,810**
Minority interests		267	299
Total equity	(11)	**51,551**	**54,109**
Financial liabilities	(12)	11,740	11,720
Employee benefit provisions		1,327	1,308
Deferred income	(13)	1,663	2,442
Investment grants		1,118	1,195
Non-current liabilities		**15,848**	**16,665**
Financial liabilities	(14)	7,819	8,433
Accounts payable - trade		4,360	5,034
Other financial liabilities	(15)	1,638	2,521
Other liabilities and accruals	(16)	822	1,061
Deferred income	(17)	1,482	721
Investment grants		177	144
Income tax payable		163	180
Current liabilities		**16,461**	**18,094**
Total equity and liabilities		**83,860**	**88,868**

Consolidated Cash Flow Statement

IFRS, for the period from 10/08 to 12/08 and 10/07 to 12/07

in T€	10/08 - 12/08	10/07 - 12/07
Net income before taxes	-3,015	-2,449
Depreciation, amortisation and write downs of tangible and intangible assets	1,225	1,174
Proceeds from the disposal of tangible and intangible assets	0	-3
Income from the disposal of securities	83	-133
Interest payments	255	294
Interest receipts	-338	-395
Purchase of securities	-23	-9
Net gain / loss through foreign currency translation	770	170
Reversal of investment grants	-44	-33
Change in inventories	334	222
Change in receivables and other assets	-83	-1,968
Change in receivables from research grants	53	144
Change in accounts payable including those due to affiliated companies	-675	-246
Change in other liabilities and accruals	-1,142	720
Change in provisions for employee benefits	19	37
Net cash flow from current operating activities	**-2,581**	**-2,475**
Interest payments	-251	-270
Interest receipts	206	328
Receipts from the sale of securities	58	56
Income tax paid	-20	-295
Net cash flow from operating activities	**-2,588**	**-2,656**
Purchase of investments held for sale	-398	-315
Purchase in tangible assets	-507	-757
Purchase of securities	-6	-4,100
Receipts from the disposal of tangible assets	0	30
Receipts from the disposal of available-for-sale securities	569	4,147
Net cash flow from investment activities	**-342**	**-995**
Raising of current borrowings	0	2,330
Change in non-current borrowings	-548	-704
Repayment of non-current borrowings	-100	0
Proceeds from research grants	54	0
Net cash flow from financing activities	**-594**	**1,626**
Net change in cash and cash equivalents	**-3,524**	**-2,025**
Net cash and cash equivalents		
Balance at beginning of the period	14,296	24,328
Change in cash and cash equivalents	-3,524	-2,025
Balance at end of period as per Balance Sheet [1)]	10,772	-22,303

[1)] The available funds include cash on hand and on deposit

Consolidated Statement of Changes in Equity

for the period from 01 October 2007 to 31 December 2008 (IFRS)

in T€	Relating to the equity owned by shareholders of the parent company						Minority interests	Total equity
	Issued Capital	Share premum	Net gain/loss on available-for-sale financial assets	Foreign currency translation	Accumulated result	Profit/loss for the year		
Balance at 01.10.2007	**10,156**	**48,761**	**118**	**6**	**-1,681**	**57,360**	**559**	**57,919**
Valuation of available-for-sale financial assets	0	0	-558	0	0	-558	0	-558
Reallocationfrom capital reserves to cover accumulated losses	0	-23,993	0	0	23,993	0	0	0
Foreign currency translation	0	0	0	457	0	457	0	457
Total income/expenses for the year recognised directly in equity	0	-23,993	-558	457	23,993	-101	0	-101
Net result for the period	0	0	0	0	-3,449	-3,449	-260	-3,709
Consolidated result for the period	0	-23,993	-558	457	20,544	-3,550	-260	-3,810
Balance at 30.09.2008	**10,156**	**24,768**	**-440**	**463**	**18,863**	**53,810**	**299**	**54,109**
Valuation of available-for-sale financial assets	0	0	-334	0	0	-334	0	-334
Foreign currency translation	0	0	0	793	0	793	0	793
Total income/expenses for the year recognised directly in equity	0	0	-334	793	0	459	0	459
Net result for the period	0	0	0	0	-2,985	-2,985	-32	-3,017
Consolidated result for the period	0	0	-334	793	-2,985	-2,526	-32	-2,558
Balance at 31.12.2008	**10,156**	**24,768**	**-774**	**1,256**	**15,878**	**51,284**	**267**	**51,551**

Notes to the Interim Financial Statements at 31 December 2008

Prepared in accordance with International Financial Reporting Standards (IFRS)

GENERAL INFORMATION

Information on the Company

SANOCHEMIA Pharmazeutika AG, Vienna, and its subsidiaries are engaged in the production and sale of pharmaceuticals and diagnostics for human medicine and the synthetic production of galantamine, an active pharmaceutical ingredient used in a drug to treat Alzheimer's disease.

The consolidated financial statements of SANOCHEMIA Pharmazeutika AG at 31 December 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable for the 2008/2009 financial year and as intended for use within the EU. The rules of International Accounting Standards (IAS) 34 – Interim Financial Statements – have been applied.

The company's balance sheet date is 30 September.

The consolidated interim financial statements have been prepared consolidating the same subsidiaries as in the previous financial period.

The interim financial statements have been prepared in thousand euro (T€), figures indicated in the notes are expressed in thousand euro (T€), unless otherwise stated.

Shares held by Executive Officers

The following shares are held by the company's executive officers at 31 December 2008:

	Share holding
Anton Dallos	25,340
Herbert Frantsits	25,170
Maximilian Hudl	11,350
Werner Frantsits	2,100
Eveline Frantsits	1,350
Johannes Respondek	2,000
Heinrich Unger-Krayer	500
Günter Kahler	2,115

Accounting and valuation principles

The interim financial statements have generally been prepared according to the same accounting and valuation principles as applied in the last annual consolidated financial statements.

Fluctuations in the regularity of receipts and expenses with concomitant impact on quarterly results are confined to the area of synthesis production.

NOTES TO THE PROFIT AND LOSS ACCOUNT

OPERATING RESULT

(1) SALES REVENUES

For more detailed information on sales revenues refer to *SEGMENT REPORTING* under **Other information.**

(2) OTHER OPERATING INCOME

in T€	10/08-12/08	10/07-12/07
Income from the disposal and write-up of tangible and intangible assets	0	3
Reversal of deferred income	0	341
Forschungsförderungsfond der gewerblichen Wirtschaft	47	106
Personnel costs passed on to third parties	119	80
Income through currency differences	130	50
Other income	246	96
Total	542	676

(3) RESULT PER SHARE

Since the option rights were not exercisable, the diluted result per share is equal to the earnings per share. The number of shares issued remained unchanged.

The result per share (rounded to two decimal places) for the quarter 10/2008 – 12/2008 amount to € -0.29 (10/2007 – 12/2007: € -0.22 per share) arising out of losses in the amount of T€ -3,017 (10/2007 – 12/2007: EPS of T€ -2,373).

NOTES TO THE BALANCE SHEET

Significant balance sheet items are discussed below.

Non-current assets

(4) Other financial receivables

in T€	31.12.2008	30.09.2008
Other financial receivables	6,553	4,346
Valuation adjustments	-2,000	-2,000
Total	**4,553**	**2,346**

As detailed in the Annual Report 2007/2008, a significant proportion of the existing options have been assigned to Sanochemia Ltd., Malta, in the course of the Group's revision of its investment strategy. The increase in the position other financial receivables is accounted for by interest-based receivables, on the one hand, and the assigned options, on the other.

Current assets

(5) Inventory

in T€	31.12.2008	30.09.2008
Raw materials, excipients & supplies	3,809	4,159
Semi-finished goods amd work in progress	1,749	1,325
Finished goods	1,422	1,391
Traded goods	1,469	968
Prepayments to suppliers	0	940
Total	**8,449**	**8,783**

(6) Receivables due from affiliated companies

in T€	31.12.2008	30.09.2008
Alvetra und Werfft GmbH	1,531	1,113
J. Medinger & Söhne KG	1,649	1,595
Anton von Waldheim	2,191	2,141
Total	**5,371**	**4,849**

(7) Other Financial receivables

in T€	31.12.2008	30.09.2008
Forex options / forward exchange contracts	0	85
Interest receivable on securities	242	199
Total	**242**	**284**

(8) Other receivables and assets

in T€	31.12.2008	30.09.2008
Receivables due from the financial authorities	674	657
Deferred expenses	325	249
Other	287	186
Total	**1,286**	**1,092**

(9) Receivables from research promotion programmes

in T€	31.12.2008	30.09.2008
Forschungsförderungsfonds für die gewerbliche Wirtschaft, Vienna	196	250
Total	**196**	**250**

These receivables relate to research grants which have been awarded and for which a high degree of certainty exists that the preconditions for non-repayment can be met.

(10) Marketable securities

The securities are made up predominantly of investments in fixed interest rate bonds and investment funds. Securities with a carrying value of T€ 5,445 (previous year T€ 3,289) were pledged to cover certain financial liabilities. The change in the marketable value of the securities held has been fully reflected in the shareholders' equity.

Shareholders' equity and liabilities

(11) Shareholders' equity

For details of changes in shareholders' equity during the financial year refer to the relevant page of this report.

As in the previous financial year, on the balance sheet date the share capital consisted of 10,155,598 nonpar shares equivalent to an amount of € 1.00 per share.

At the close of this reporting period (31 December 2008), the company has approved capital in the amount of € 5,077,799.00 (previous year: T€ 5,078).

The capital reserves include the premium from the issue of shares. There has been no change in this reserve since the previous period. In accordance with Austrian regulatory requirements, this reserve can only be used to cover eventual losses.

Non-current Liabilities

The Company has no liabilities with a residual redemption period longer than five years.

(12) Liabilities due to banks (non-current)

The following analysis sets forth non-current bank loans according to currency and interest rates outstanding at 31 December 2008 and 30 September 2008 respectively:

in T€	31.12.2008	30.09.2008	Interest rate	Maturity
Loans linked to research promotion	143	457	3.63% - 5.5%	2009
Loans linked to ERP funds	5,428	5,428	1% - 1.25%	2009 - 2012
Equity financing	5,390	5,390	2%	31.05.2010
Other bank loans	1,913	1,645	6.75% - 8.5%	2009 - 2013
	12,874	**12,920**		
of which				
current portion of non-current loans	-1,134	-1,200		
Financial liabilities (non-current)	**11,740**	**11,720**		

The financial liabilities at 31 December 2008 set out above are secured as follows:

in T€	book value 31.12.2008	book value 30.09.2008
A guarantee in favour of Austria Wirtschaftsservice GmbH	2,500	2,500
A guarantee in favour of SANOCHEMIA Ltd., Malta	214	214
A liability due to the Republic of Austria (OeKB)	5,390	5,390
A guarantee and payment obligation of SANOCHEMIA Ltd., Malta	220	220

(13) Deferred income

An amount of T€ 1,663 (previous year: T€ 2,442) is carried as deferred income which relates to the non-current amount of a prepayment for galantamine deliveries for the period up to 30.09.2010 and a fixed payment due upon the signing of the licensing agreement with Orion Corporation. Licensing income has been deferred on a pro rata basis over the period up to 31.12.2020.

Current liabilities

(14) Loans due to banks and credit institutions

The following overview shows the current liabilities due to banks in terms of currencies and interest rates at 31 December 2008 and 30 September 2008 respectively:

in T€	31.12.2008	30.09.2008	Interest rate	Maturity
Bank loans and overdrafts	3,963	3,788	6% - 7%	on request
Bank loans and overdrafts	3,276	4,065	3.39% - 5.5%	on request
Bank loans and overdrafts	214	0	4%	on request
Research promotion loans	366	580	3.63% - 5.5%	within one year
Total	**7,819**	**8,433**		

The financial liabilities set out above are secured as follows:

in T€	book value 31.12.2008	book value 30.09.2008
A guarantee in favour of Österreichische Forschungsförderungsgesellschaft mbH	367	367
A guarantee and payment obligation of SANOCHEMIA Ltd., Malta	220	220
A guarantee in favour of SANOCHEMIA Ltd., Malta	948	948

(15) Liabilities due to affiliated companies

This position recognises forward exchange contracts concluded by the SANOCHEMIA Group applying a negative fair value. This position is explained in more detail under the point: Derivative financial instruments.

(16) Other liabilities and accruals

in T€	31.12.2008	30.09.2008
Provisions for employee benefits	153	152
Tax liabilities	98	107
Vacation entitlements	428	377
Special payments	143	425
Total	**822**	**1,061**

17) Deferred income

An amount of T€ 1,482 (previous year: T€ 721) has been carried as deferred income. This relates to that proportion of a prepayment for galantamine deliveries applicable to the following financial year and a fixed payment due upon the signing of a licensing agreement with Orion Corporation. The non-current proportion of this amount has been carried as detailed under Point 12 above.

OTHER INFORMATION

Research and development costs

in T€	10/08-12/08	10/07-12/07
Revenues	33	20
Changes in inventory	-19	-9
Miscellaneous income	447	315
Own work capitalised	388	263
Cost of materials	-34	-206
Personnel expenses	-301	-391
Depreciation of tangible assets and amortisation of intangible assets	-6	-20
Other operating expenses	-976	-564
Total	**-468**	**-592**

Cash Flow Statement

The cash flow statements are prepared in accordance with IAS 7 and show changes in the balance sheet position “cash and cash equivalents” over the course of the quarter.

SEGMENT REPORTING

The Company operates in the following business areas:

- **Human Pharmaceuticals** covers all pharmaceutical activities with the main focus being on the area of imaging with contrast agents for x-ray, CT and in-vitro diagnostics. These products are marketed and sold partly through subsidiaries (SANOCHEMIA Diagnostics) and through cooperation agreements with selected marketing partners.

- **Production** encompasses synthesis (synthetic galantamine, contract synthesis, internal requirements) and pharmaceutical production. This also includes research and development expenditure and income relevant to production.

- **Research and Development** concentrates on identifying and advancing substances for the treatment of central nervous system disorders and on the

innovative further development of tried-and-tested substances. This segment is largely responsible for the Company's own research and development activities. Only minimal externally-generated revenues have as yet obtained through contract R&D activities.

- **Reconciliation** is a segment created to record all income, expenses, assets and liabilities which cannot be directly allocated to the segments listed above.

Cost accounting between the segments is calculated using the market rates and conditions applicable to transactions with third parties.

Divisional results

in T€	Human Pharmazeuticals		Production		R & D		Reconciliation		Total	
	10/08-12/08	10/07-12/07	10/08-12/08	10/07-12/07	10/08-12/08	10/07-12/07	10/08-12/08	10/07-12/07	10/08-12/08	10/07-12/07
Sales revenue - ext.	4,097	3,842	1,820	2,427	33	18	0	0	5,950	6,287
Sales revenue - int.	538	9	1,889	1,533	0	2	-2,427	-1,544	0	0
Sales revenue	**4,635**	3,851	**3,719**	3,960	**33**	20	**-2,427**	-1,544	**5,950**	6,287
Operating performance	**4,976**	4,040	**4,229**	4,153	**849**	589	**-2,699**	-1,700	**7,355**	7,082
Operating result	**538**	550	**-1,940**	-992	**-468**	-592	**-1,165**	-558	**-3,035**	-1,592
Investment	**48**	0	**375**	692	**398**	289	**84**	91	**905**	1,072
Depreciation & amortisation	**436**	436	**674**	631	**6**	20	**109**	87	**1,225**	1,174
Segments assets	**10,387**	11,218	**24,029**	27,439	**18,418**	18,366	**31,026**	40,176	**83,860**	97,199
Segment liabilites	**2,241**	2,162	**3,776**	5,317	**2,611**	2,528	**23,681**	31,759	**32,309**	41,766

FINANCIAL INSTRUMENTS

Derivative financial instruments

In accordance with IAS 39, the carrying values of derivative forex instruments are recorded in the financial statements at their market value (without deduction of any transaction costs which would be incurred) on the balance sheet date. These relate to derivative financial instruments in the form of foreign exchange options. These options have a residual term to maturity of six months.

Foreign exchange options

in T€	31.12.2008	30.09.2008
Other receivables arising out of foreign exchange options	0	85
Other liabilities arising out of foreign exchange options	1,638	2,521

The options concluded on behalf and in the account of SANOCHEMIA during the course of the past financial year were concluded by Amafin Asset Management und Finance S.A., Zug, Switzerland. Amafin Asset Management und Finance S.A. acts as an independent asset manager. In the course of these transactions, SANOCHEMIA acts as the writer of options, selling both call and put options. As a result of its revised investment strategy, SANOCHEMIA terminated the asset management contract in the course of the period under review.

Interest rate, foreign exchange and credit risks

Foreign exchange risks continue to exist as a result of the remaining options yet to be exercised or expire. The implications of this strategy are explained in detail in the Notes to the Consolidated Financial Statements contained in the Annual Report 2007/2008.

The foreign exchange options and forward exchange contracts have had the following impact on the company’s financial position for the period 1 October 2008 to 31 December 2008:

Foreign exchange options

in T€	31.12.2008
Expenditure arising out of foreign exchange options	-552
Income arising out of foreign exchange options	896

Forward exchange contracts

in T€	31.12.2008
Loss	-177
Gain	0

EVENTS AFTER THE BALANCE SHEET DATE

No reportable events have occurred since the balance sheet date.

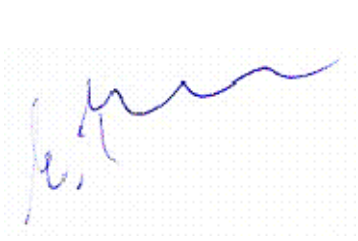
OTHER INFORMATION

▪ Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.”

Vienna, 24. February 2009
SANOCHEMIA Pharmazeutika AG

The Board of Management



Herbert Frantsits Anton Dallos Maximilian Hudl

▪ Financial calendar 2008/2009

26 March 2009	Annual Shareholders' Meeting, Eisenstadt, Austria
28 May 2009	Publication of Half-Year Report 2008/09 (Q2)
27 Aug. 2009	Publication of Nine-Month Report 2008/09 (Q3)