



**Interim Financial Statements
as at June 30, 2005**

prepared according to International
Financial Reporting Standards (IFRS)

Nine-month Report 2004/2005

Dear Shareholder,

We are delighted to again be able to report very positive results for Sanochemia Pharmazeutika AG in the third quarter of 2004/2005. We have been successful in extending the upward trend both in terms of sales and bottom lines figures.

In a three-quarters on three-quarters comparison (1 October 2004 – 30 June 2005) we grew group sales revenues by 12% to reach €2.3m (from €19.8m). A central role was played by both increased demand reported by the Synthesis division (Production) and the international expansion of our radiological activities.

EBIT of €3.1m (up from -€0.9m) is indicative of a sustained improvement in terms of profitability. The disproportionately lower costs as a percentage of sales resulted from favourable synergy effects in Procurement and Sales in addition to increased contract manufacturing volumes with high margins.

Pre-tax profits (EBT) reached €6.5m (after -€0.9m) – an historical high. Net profits also improved markedly to €5.0m (-€2.3m) yielding earnings per share of €0.49 compared with -€0.22 a year earlier.

The improvement in profitability pushed cash flow from current operations from €1.6m to €1.1m. Negative cash flow from/for investment activity was attributable to higher investment levels which rose to €4.8m (from -€4.0m). Cash flow from financing activities of -€1.9m (down from €0.9m) was largely linked to the repayment of short-term financial liabilities and loans. The equity ratio rose to 69.7% from 67.8% a year previously.

At 30 June 2005 the headcount stood at 174 or 17 higher than a year earlier. Many of the new hires were in the R&D department and part of our aim to increase our innovative strength and underpin future growth.

These results for the first three quarters highlight our steadily improving profitability and, as such, continue the trend of positive results seen over recent periods.

SALES (Human pharmaceuticals)

Sales revenues T€8,717 (Q1-3/04: T€7,229): + 20.57%

Positive EBIT of T€386 (Q1-3/04: T€-918)

Despite the difficult market conditions prevailing, our sales division (human pharmaceuticals) was able to post an encouraging boost in revenues as marketing efforts – particularly for our radiological products – picked up momentum. A rise in interest was particularly noticeable among our international customers. Sales of €8.7m (€7.2m) resulted in another quarter of positive EBIT (€0.4m as opposed to -€0.9m) in spite of higher costs for rollout and regulatory activities. Strict cost controlling combined with synergy effects in Production and Purchasing have led to consistent and improving profitability over the first three quarters of the current financial year.

The vast majority of divisional sales (94%) were generated by radiological products. The top seller was Scanlux, a speciality imaging agent developed in-house, that is currently registered

in 23 countries. Intensified marketing efforts are planned in order to fully tap the sales potential of this product. We anticipate initiating registration steps in the US later this year.

PRODUCTION

Sales revenues: T€13,521 (T€12,536 in Q1-3/04): + 7.86 %

EBIT: T€6,034 (T€3,725 in Q1-3/04): + 62 %

The production of premium quality active pharmaceutical ingredients (API) and drugs continues to be our most successful segment. After a developmental period of nearly two years, our efforts to grow our synthesis business are now bearing fruit. For example, we have been able to establish a strong market position and high revenues with torsemide (cardiovascular) in addition to the synthetically produced API galantamine. High plant utilisation rates and an increase in our own production activities (as opposed to contract manufacturing) at the plant in Neufeld have not only reduced our dependence on third parties but have also seen margins rise.

Sales revenues in this segment rose 7.7% to €3.6m (from €2.6m). The operating result climbed 62% to reach €6.0m (€3.7m). The disproportionate rise in divisional profitability was due to the high operating performance in the earlier period which was only partially offset by costs of development and sales.

RESEARCH & DEVELOPMENT

Revenues: T€2 (T€38 in Q1-3/04)

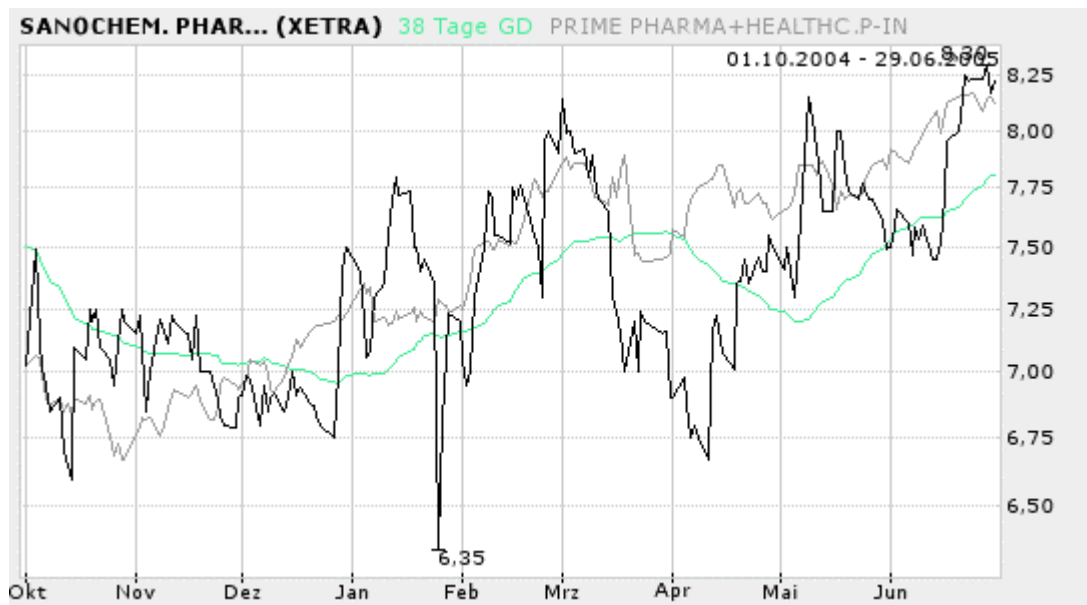
EBIT: T€1,589 (T€ -1,543 in Q1-3/04)

The R&D division reported no notable revenues and consequently an operating loss of T€ 1,589 (T€ 1,543). The volumes of expenses and investment remained largely unchanged at €3.5m (€3.4m) and were therefore well below the levels forecast. As a result of project postponements a proportion of the R&D spendings initially scheduled for 2004/05 will now fall due in the subsequent fiscal year.

Our most advanced product candidates are galantamine and galantamine derivatives (for the indication neuropathic pain), tolperisone (back pain) and PVP hypericin (oncology). The last of these was only added to our development pipeline during the third quarter. This new product development provides Sanochemia with a foothold in a new market – that of bladder carcinoma diagnosis. A Phase II trial has already been started. Clinical Phase III is forecast to start in the first half of 2006. This addition represents a major broadening of the imaging agent portfolio of our subsidiary *Sanochemia Diagnostics International*.

Our most advanced candidate is tolperisone in the indication back pain. As planned, registration documents for this key project were filed in Switzerland during the third quarter. Following closely on the heels of the filing in Germany, we are now busy preparing API manufacturing capacities in anticipation of regulatory approvals within 12 months. Additional preparatory work has postponed the start of the clinical phase III for the US market by several months.

SANOCHEMIA SHARE PRICE



Sanochemia shares (ISIN AT0000776307) are traded in the Prime Standard of the Frankfurt Stock Exchange. Over the course of the quarter the share price recovered well to close the period (30 June 2005) at €8.22 or 16.93% higher than three months earlier. This gain was in line with comparable indices such as the Prime Pharma & Healthcare Performance Index (plus 15.60%) over the same period. In contrast, the TecDAX added only 9.32% during the quarter.

OUTLOOK

We are very satisfied with developments over the first nine months of the current financial year. Our ambitious targets for 2004/05 were and are clearly defined: to improve our operating result and achieve sustainable profitability. Progress to date enables us to reaffirm our guidance for the 2004/05 full financial year: sales revenues of €30m with a strong positive operating result.

The Board of Management

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**REVIEW REPORT
(TRANSLATION)**

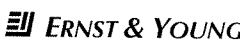
To the Members of the Management Board and
the Supervisory Board of
Sanochemia Pharmazeutika AG

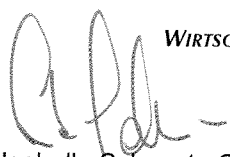
We have reviewed the accompanying consolidated quarterly financial statements of Sanochemia Pharmazeutika AG as of June 30, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

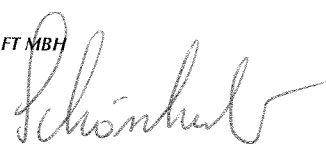
We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400, "Engagements to Review Financial Statements" as issued by the International Auditing and Assurance Standards Board (IASB) of the International Federation of Accountants (IFAC). These standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.


Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated quarterly financial statements of Sanochemia Pharmazeutika AG as of June 30, 2005 do not give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

Vienna, August 12, 2005

 ERNST & YOUNG
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT MBH


Mag. Isabella Schwartz-Galle
(Wirtschaftsprüferin)


ppa. Mag. Ernst Schönhuber
(Wirtschaftsprüfer)



IFRS Consolidated Profit and Loss Account

	04/2005-06/2005	04/2004-06/2004	10/2004-06/2005	10/2003-06/2004
Note	T€	T€	T€	T€
Sales revenues	(1) 7.087	6.951	22.250	19.803
Changes in inventory	-309	-88	-128	-57
Own work capitalised	526	643	1.477	1.608
Write-back of investment grants	41	38	123	114
Other operating income	(2) 1.164	281	2.432	940
	8.509	7.825	26.154	22.408
Costs of materials and services <i>of which Research & Development T€ -32, 10/2003-06/2004 T€ -40</i>	(3) -2.171	-2.717	-7.344	-6.823
Personnel expenses <i>of which Research & Development T€ -768, 10/2003-06/2004 T€ -552</i>	(3) -1.977	-2.296	-5.687	-5.314
Amortisation of intangible assets and depreciation of fixed assets <i>of which Research & Development T€ -91, 10/2003-06/2004 T€ -152</i>	(3) -967	-1.138	-2.935	-3.444
Other operating expenses <i>of which Research & Development T€ -2,615, 10/2003-6/2004 T€ -2,622</i>	(3) -2.551	-2.593	-7.114	-7.710
Operating result	843	-919	3.074	-883
Interest paid	-100	-209	-383	-589
Interest earned	156	173	492	345
Other financial income/expenses	1.396	-1.981	3.355	263
Income from financing activities	1.452	-2.017	3.464	19
Pre-tax profit	2.295	-2.936	6.538	-864
Income taxes	-239	-496	-1.545	-1.417
Net profit	2.056	-3.432	4.993	-2.281
Earnings per share in EUR	(4) 0,20	-0,34	0,49	-0,22
Weighted number of shares issued	10.155.598	10.155.598	10.155.598	10.155.598

SANOCHEMIA PHARMAZEUTIKA AG
30 June 2005 and 30 September 2004

IFRS Consolidated Balance Sheet

ASSETS	<i>Note</i>	30.6.05 <u>T€</u>	30.9.04 <u>T€</u>
Cash and cash equivalents		16.133	11.336
Securities	(5)	8.551	6.588
Receivables from research subsidies	(6)	922	1.163
Accounts receivable - trade		10.164	5.934
Accounts receivable - affiliated companies	(7)	0	7
Other receivables and assets		2.965	4.190
Inventory		<u>8.492</u>	<u>7.942</u>
Current assets		47.227	37.160
Leasehold improvements		8.011	8.323
Property, plant and equipment		7.349	7.852
Other equipment, furniture & fixtures		871	960
Property, plant and equipment under construction		<u>641</u>	<u>147</u>
Tangible assets		16.872	17.282
Goodwill		3.418	3.418
Capitalised development costs		5.687	4.209
Other intangible assets		<u>8.832</u>	<u>10.050</u>
Intangible assets		17.937	17.677
Deferred tax assets	(8)	<u>1.375</u>	<u>2.628</u>
Non-current assets		<u>36.184</u>	<u>37.587</u>
Total ASSETS		<u>83.411</u>	<u>74.747</u>

IFRS Consolidated Balance Sheet

LIABILITIES & SHAREHOLDERS' EQUITY	<i>Note</i>	30.6.05 <u>T€</u>	30.9.04 <u>T€</u>
Bank loans and overdrafts	(9)	3.948	6.981
Accounts payable - trade		1.166	2.061
Accounts payable - affiliated companies	(10)	212	99
Other liabilities and accruals		5.148	5.597
Other provisions		<u>70</u>	<u>70</u>
Current liabilities		10.544	14.808
Bank loans and overdrafts	(11)	5.533	4.426
Employee benefit provisions		576	552
Deferred income	(12)	<u>6.954</u>	<u>0</u>
Non-current liabilities		13.063	4.978
 Investment grants		 1.696	 1.819
Share capital		10.156	10.156
Additional paid-in capital		48.761	48.761
Gain/loss available for sale securities		3	2
Foreign currency translations		-28	-3
Profit and loss account		<u>-784</u>	<u>-5.774</u>
Shareholders' equity	(13)	<u>58.108</u>	<u>53.142</u>
 Total LIABILITIES & SHAREHOLDERS' EQUITY		 <u>83.411</u>	 <u>74.747</u>

IFRS Consolidated Cashflow Statement

	10/04-06/05 T€	10/03-06/04 T€
Net income before taxes	6.538	-863
Depreciation of fixed and intangible assets	2.935	3.444
Write-down / write-up of securities	61	17
Gain/loss from the disposal of fixed and intangible assets	-1	-8
Gain/loss from the disposal of securities		
Interest payments	383	598
Interest receipts	-492	-255
Receipts from securities	-115	-209
Non-realised gains/losses through currency translation	-19	4
Reversal of investment grants	-123	-114
Change in inventory	-550	-1.532
Change in receivables, other assets, accruals and deferrals	-3.145	57
Change in receivables from research grants	241	-397
Change in accounts payable - including those due to affiliated companies	-781	-1.987
Change in other liabilities including accruals	6.181	2.778
Change in employee benefit provisions	24	62
Cashflow from current operating activities	11.137	1.595
Interest payments	-319	-598
Interest receipts	533	255
Receipts from securities	191	209
Income tax payments	-3	8
Cash flow from operating activities	11.539	1.469
Investments in intangible assets	-1.781	-1.730
Investments in fixed assets	-1.007	-2.232
Purchase of securities	-12.388	-3.529
Receipts from the disposal of fixed assets	4	8
Receipts from the disposal of securities	10.365	3.510
Cash flow used for investment	-4.807	-3.973
Raising of long-term borrowings	1.333	1.601
Repayment of short-term borrowings	-1.555	-962
Financing from research grants	0	300
Repayment of research promotion loans	-1.704	-5
Cashflow from / used for financing activity	-1.926	934
Change in cash and cash equivalents		
Cash and cash equivalents		
Balance at beginning of period	11.336	12.190
Change in funds during the period	4.806	-1.570
Influence of exchange rate differences on financial assets	-9	4
Balance at end of period	16.133	10.624

Sanochemia Pharmazeutika AG

Notes to the Interim Financial Statements at 30 June 2005 Prepared according to International Financial Reporting Standards (IFRS)

I. 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 consumption 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 30 June 2005 have been prepared in accordance with International Accounting Standards (IFRS) applicable for the 2004/2005 financial year issued by the International Accounting Standards Committee (IASC) and adopted by the International Accounting Standards Board (IASB). In interpreting IFRS, the interpretations of the Standing Interpretation Committee (SIC) as taken over by the International Financial Reporting Interpretation Committee (IFRIC) were applied.

The company's balance sheet date is 30 September.

The consolidated interim financial statements are based on the independent financial statements of Sanochemia Pharmazeutika AG and its consolidated subsidiaries: Sanochemia Diagnostics Deutschland GmbH, Neuss, Sanochemia Diagnostics UK Ltd., London, in which the Company holds a 50% stake, and Sanochemia Diagnostics International Ltd., Zug (in which the Company holds a 99.7% interest).

On 22 December 2003 our subsidiary Sanochemia Diagnostics International Ltd., Zug, Switzerland, founded the company Sanochemia Corporation registered in Delaware, USA. This wholly-owned subsidiary began operational business in April 2004 and was consolidated for the first time at 30 June 2004.

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 and authorised options are held by the company's executive officers at 30 June 2005:

	Share holding	Option
Dr. Josef Böckmann	9,750	15,000
Anton Dallos	7,840	15,000
Herbert Frantsits	7,670	15,000
Dr. Werner Frantsits	2,000	0
Eveline Frantsits	1,350	0
Wolfgang Stein	680	0
Dr. Johannes Respondek	2,000	0
Maximilian Hudl ¹⁾	<u>200</u>	<u>0</u>

- 1) Maximilian Hudl was appointed a member of the Board of Management at the last meeting of the Supervisory Board on 11.05.2005.

Due to the lack of relevant IFRS rules, those of US-GAAP, and APB Opinion No. 25 "Accounting for stock issued to employees" in particular, have been applied to and for the valuation of share options held by leading employees. Valuation is based on the intrinsic value i.e. the difference between the price of Sanochemia's stock at the time of valuation and the exercise price (the issuing price of €21.50).

Due to the option plan, the exercising of options is conditional upon the average share price in the month prior to the annual shareholders meeting in January exceeding the issue price (1999) by an additive minimum of 15% p.a. Up to a quarter of each option can be exercised in the month after the annual shareholders' meeting of each respective financial year up to 2007/08.

The share options will be included in the accounts for the first time when the conditions for the exercising of the options are determined to have been met. No inclusion of the share options in the financial statements shall precede this. At 30 June 2005, no inclusion of the share options in the financial statements was required.

Accounting and valuation principles

The interim financial statements have generally been prepared according to the same accounting 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.

II. NOTES TO THE PROFIT AND LOSS ACCOUNT

OPERATING RESULT

(1) SALES REVENUES

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

(2) OTHER OPERATING INCOME

in T€	<u>10/2004-06/2005</u>	<u>10/2003-06/2004</u>
Income from the disposal and write-up of tangible and intangible assets	4	10
Reversal of deferred income	0	15
Forschungsförderungsfond der gewerblichen Wirtschaft	83	397
Personnel costs passed on to third parties	219	338
Income through currency differences	72	25
Other income	2,054	155
Total	<u>2.432</u>	<u>940</u>

(3) RESEARCH AND DEVELOPMENT COSTS

In T€	<u>10/2004-06/2005</u>	<u>10/2003-06/2004</u>
Material costs	32	40
Personnel costs	768	552
Depreciation of fixed assets and amortisation of intangible assets	91	152
Other operating expenses	2,615	2,622
Total	<u>3,506</u>	<u>3,366</u>

(4) EARNINGS PER SHARE

The earnings/losses per share (rounded to two decimal places) for the quarters 10/2004 – 06/2005 amount to EUR 0.49 (10/2003 – 06/2004: EUR -0.22 per share) arising out of profits in the amount of T€ 4,993 (10/2003 – 06/2004: T€ -~~24~~,281).

III. NOTES TO THE BALANCE SHEET

Significant balance sheet items are discussed below.

ASSETS

(5) MARKETABLE SECURITIES

The securities are made up predominantly of investments in fixed interest rate bonds and investment funds.

All securities have been classified as "available for sale" in accordance with IAS 39 and are initially booked at their acquisition cost, thereafter at their respective current market value. Temporary changes in market value are included in revaluation reserves so as not to influence the operating result. When disposing of these securities, the appropriate reserve is reversed either as a gain or a loss from the disposal of financial assets.

(6) RECEIVABLES FROM RESEARCH PROMOTION PROGRAMMES

<u>In T€</u>	<u>30/06/2005</u>	<u>30/09/2004</u>
Forschungsförderungsfonds für die gewerbliche Wirtschaft, Vienna	52	293
Wirtschaftsservice Burgenland AG	870	870
Total	922	1.163

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.

(7) RECEIVABLES DUE FROM AFFILIATED COMPANIES

<u>in T€</u>	<u>30.06.2005</u>	<u>30.09.2004</u>
Sanochemia Diagnostics Int., Neuss	0	7

(8) DEFERRED TAXES

Deferred tax assets for the Austrian company have been calculated on the basis of the 25% Corporation Tax rate valid in Austria since 1 January 2005.

SHAREHOLDERS' EQUITY AND LIABILITIES

CURRENT LIABILITIES

(9) LOANS DUE TO BANKS

The following overview shows the non-current financial liabilities due to banks in terms of currencies and interest rates:

in T€	30.06.2005	30.09.2004	Interest rate
Bank loans and overdrafts	0	23	10%
Bank loans and overdrafts	742	738	6% - 7%
Bank loans and overdrafts	1,241	4,742	3.39% – 5.5%
Research promotion loans	1,965	1,478	3.63% - 5.5%
Total	<u>3,948</u>	<u>6,981</u>	

The liabilities due to banks listed above are secured by guarantees and pledges provided by Sanochemia Ltd., Malta.

(10) LIABILITIES DUE TO AFFILIATED COMPANIES

in T€	30.06.2005	30.09.2004
Sanochemia Diagnostics Int., Neuss	105	0
Medinger GmbH, Vienna	107	99
Total	<u>212</u>	<u>99</u>

NON-CURRENT LIABILITIES

(11) LIABILITIES DUE TO BANKS

The following analysis sets forth non-current bank loans according to currency and interest rates:

In T€	30.06.2005	30.09.2004	Interest rate
Loans linked to research promotion grants	2,900	2,932	3.63% - 5.50%
Loans linked to ERP grants	1,300	1,494	4.00%
Bank loans	<u>1,333</u>	<u>0</u>	5.00%
Total	<u>5,533</u>	<u>4,426</u>	

The loans outstanding as of 30 June 2005 are, *inter alia*, secured by a guarantee provided by the Sanochemia Ltd., Malta, and by a pledge on the buildings on non-owned land (Neufeld an der Leitha) in the maximum amount of T€ 1,453.

(12) DEFERRED INCOME

Deferred income in an amount of T€ 6,954 reflect a prepayment for galantamine deliveries in the period up to 30.9.2009.

(13) SHAREHOLDERS' EQUITY

in T€	Equity Capital	Capital reserves	Gain/loss available for sale securities	Currency translation differences	Net profit/loss for the year	Total
Balance at 01.10.2003	10,156	48,761	42	7	-3,916	55,050
Valuation of securities	0	0	-40	0	0	-40
Currency translation differences	0	0	0	-10	0	-10
Consolidated net result	0	0	0	0	-1,858	-1,858
Balance at 30.09.2004	10,156	48,761	2	-3	-5,774	53,142
Valuation of securities	0	0	1	0	0	1
Currency translation differences	0	0	0	-25	0	-25
Consolidated net result	0	0	0	0	4,990	4,990
Balance at 30.06.2005	10,156	48,761	3	-28	-784	58,108

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 EUR 1.00 per share.

At the close of this reporting period (30 June 2005), the Company has approved capital in the amount of EUR 5,077,799 (previous year: T€ 1,244).

The capital reserves include the premium from the issue of shares. There has been no change in this reserve since the previous period.

IV. OTHER INFORMATION

CASH FLOW STATEMENT

The cash flow statements are prepared according to IAS 7 and show changes in "cash and cash equivalents" in the course of the first quarter of the business year.

SEGMENT REPORTING

The following analysis takes into account the reorganisation which took place after the completion of the expansion of the pharmaceutical production facilities during the 2003/2004 financial year.

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. Following the expansion of the pharmaceutical production plant at the Neufeld site in Austria all responsibility for production has been concentrated and all revenues are reported in this segment. This also includes research and development expenditure relevant to production that was previously recoded under R&D. The figures for the previous financial year have been restated to allow valid comparisons to be made.
 - **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 revenues have as yet been generated through contract R&D activities.
 - **Reconciliation**, previously referred to as Administration, is a segment created to record all income, expenses, assets and liabilities which cannot be directly allocated to the remaining segments.
- Cost accounting between the segments is calculated using the market rates and conditions applicable to transactions with third parties.

DIVISIONAL RESULTS

<i>in T€</i>	Human Pharmaceuticals		Production		R&D		Reconciliation		TOTAL	
	01.10.04 – 30.06.05	01.10.03 – 30.06.04	01.10.04 – 30.06.05	01.10.03 – 30.06.04	01.10.04 – 30.06.05	01.10.03 – 30.06.04	01.10.04 – 30.06.05	01.10.03 – 30.06.04	01.10.04 – 30.06.05	01.10.03 – 30.06.04
<i>Sales revenue – ext.</i>	8,717	7,229	13,521	12,536	2	38	10	0	22,250	19,803
<i>Sales revenue – int.</i>	12	2,536	3,164	3,379	0	0	-3,176	-5,915	0	0
Total sales revenue	8,729	9,765	16,685	15,915	2	38	-3,166	-5,915	22,250	19,803
Operating performance	9,260	10,260	18,645	16,013	1,917	1,823	-491	-5,688	29,331	22,408
Operating result	386	-918	6,034	3,725	-1,589	-1,543	-1,757	-2,147	3,074	-883
Investment	189	54	848	2,066	1,534	1,572	218	269	2,789	3,961
Depreciation & amortisation	676	1,175	1,936	1,886	91	152	232	231	2,935	3,444
Segment assets	13,694	14,656	33,199	33,474	6,709	4,510	29,809	25,068	83,411	77,708
Segment liabilities	429	1,771	448	525	156	289	22,574	20,747	23,607	23,332

FINANCIAL INSTRUMENTS

Derivative financial instruments

During the six months 10/2004 – 06/2005, the Company invested in derivative financial instruments in the form of forward exchange contracts through the agency of Amafin Asset Management und Finance S.A., Zug, Switzerland – as it had in previous financial periods. Amafin Asset Management und Finance S.A. is an independent asset management company. In accordance with the terms and conditions of Bank Leu for handling option and futures contracts, the bank concludes options and futures contracts on behalf of Sanochemia albeit it in its own name. These transactions involve Sanochemia as the writer of both put and call options. The option premium received through option sales are deposited in a term account.

In accordance with IAS 39, financial instruments are recorded at their market value (without deduction of any transaction costs which would be incurred) on the balance sheet date.

The risks attached to foreign currency transactions lie in the purchase of one currency against another. The leverage on the contractual volume assigned to Amafin Asset Management und Finance S.A. is limited to the five-fold amount of the sum invested by Sanochemia. Amafin Asset Management und Finance S.A. uses a stop loss in the event of an adverse exchange rate trend amounting to 5% of the capital plus premium received. This effectively limits the risks involved.

Interest rate, foreign exchange and credit risks

There has been no significant change in the risks mentioned above since 30.09.2004 as a result of there being no changes made to the investment criteria applied by Amafin Asset Management und Finance S.A., Zug, for investing in foreign exchange options and forward exchange contracts.

	30.06.2005	30.09.2004
	T€	T€
Foreign exchange options		
Other receivables arising out of foreign exchange options	1,536	2,372
Other liabilities arising out of foreign exchange options	3,678	4,446

The foreign exchange options and forward exchange contracts have had the following impact on the company's financial position for the period 1 October 2004 to 30 June 2005:

	T€
Foreign exchange options	
Expenditure arising out of foreign exchange options	9,072
Income arising out of foreign exchange options	12,301
Forward exchange contracts	
Loss	95

Gain

11

EVENTS AFTER THE BALANCE SHEET DATE

No reportable events have occurred since the balance sheet date.

CONFIRMATION OF THE BOARD OF MANAGEMENT ON CONFORMITY OF FINANCIAL STATEMENTS TO IFRS STANDARDS

The Board of Management hereby confirms that the financial statements at 30 June 2005 have been prepared in accordance with the principle of fair presentation in strict compliance with IFRS standards.

Vienna, 12 August 2005

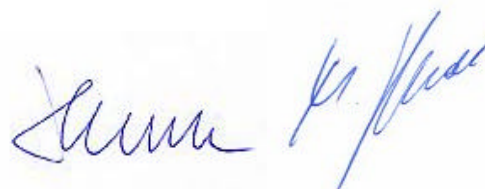
The Board of Management:



Herbert Frantsits



Anton Dallos



Dr. Josef Böckmann

Maximilian Hudl