2012

Interim Report
January to June 2012

santhera Pharmaceuticals

Report on the Six Months Ending June 30, 2012, and Interim Consolidated Financial Statements

Content

Santhera Reports Stable Product Sales and Substantially Reduced Expenses in First Half Year of 2012

In the first six months of 2012, Santhera generated net sales of CHF 1.7 million with Catena®. The net cash burn was significantly reduced to CHF 7.2 million resulting in a net loss of CHF 5.5 million. As of June 30, 2012, Santhera had cash reserves of CHF 16.2 million, which secure the funding of the current operations into 2013 and well beyond the expected decision by the European Medicines Agency (EMA) on the Marketing Authorization Application (MAA) in Leber's Hereditary Optic Neuropathy (LHON).

Main achievements in 2012:

- **Stable Catena® sales in Canada and through named patient and special access programs in Europe and other territories**
- **Preparations for product commercialization in LHON in Europe following potential approval by the EMA**

Cash reserves of CHF 16.2 million by mid-year 2012

As of June 30, 2012, Santhera had cash and cash equivalents of CHF 16.2 million (end of 2011: CHF 23.4 million) and no debts. Net change in cash in the first half year of 2012 was substantially reduced to CHF –7.2 million (2011: CHF –12.3 million) in line with management guidance. Total equity amounted to CHF 37.4 million by mid-year 2012 (2011: CHF 54.5 million).

Stable product revenues and substantially reduced expenses in first half of 2012

In the first six months of 2012, Catena® generated net sales of CHF 1.7 million, slightly higher than in the same period in 2011 (CHF 1.6 million). The majority of sales continue to originate from Canada (CHF 1.5 million) while the remainder are sales under named patient and special access programs in Europe and the rest of the world.

Operating expenses were markedly reduced to CHF 7.1 million (first half of 2011: CHF 15.6 million) as a result of the refocused operations and restructuring of the Company. The expenses for research and development accounted for CHF 3.5 million, while expenses for marketing and sales amounted to CHF 1.1 million including costs associated with the preparation of the launch in Europe in LHON. General and administrative expenses amounted to CHF 2.5 million. The lower expenses resulted in a substantially reduced operating result of CHF –5.6 million (first half of 2011: CHF –13.9 million). As a consequence, Santhera reports a net result of CHF –5.5 million (first half of 2011: CHF –15.0 million).

During the six-month period ending June 30, 2012, Santhera employed 23 full-time equivalents on average (first half of 2011: 46).

Outlook

A decision on the regulatory approval in LHON is expected by the end of 2012. As Santhera awaits the decision by EMA's Committee for Medicinal Products for Human Use, preparations for product commercialization following a positive opinion are continuing. Top line data from the exploratory Phase IIa study in MELAS syndrome are anticipated in the second half of 2012. This study with Catena® is conducted by the Columbia University of New York City.

Santhera continues to apply stringent cost controls and cash preservation measures. Based on the latest financial planning, the current programs are financed into 2013. The Company is in engaged discussions to extend and secure the financing of its operations.

Interim Consolidated Balance Sheet

in CHF thousands	Notes	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Assets			
Tangible assets		137	171
Intangible assets	5	24,569	24,856
Financial assets long-term		361	361
Deferred tax assets		276	139
Noncurrent assets	**10**	**25,343**	**25,527**
Prepaid expenses and accrued income		540	117
Inventories	6	2,418	2,391
Trade and other receivables		534	593
Cash and cash equivalents	7	16,227	23,406
Current assets		**19,719**	**26,507**
Total assets		**45,062**	**52,034**
Equity and liabilities			
Share capital	8	3,677	3,673
Capital reserves and share premium		274,190	274,012
Retained earnings		–233,610	–228,104
Treasury shares	8	–177	–177
Other components of equity		–6,688	–6,420
Total equity		**37,392**	**42,984**
Long-term finance lease liabilities	9	2,189	2,207
Pension liabilities		1,359	1,185
Total noncurrent liabilities		**3,548**	**3,392**
Trade and other payables		628	876
Short-term finance lease liabilities	9	35	34
Accrued expenses		3,225	4,514
Short-term provisions		234	234
Total current liabilities		**4,122**	**5,658**
Total liabilities		**7,670**	**9,050**
Total equity and liabilities		**45,062**	**52,034**

Interim Consolidated Income Statement (Unaudited)

for the half year ended June 30, in CHF thousands	Notes	2012	2011
Net sales	10	1,697	1,626
Cost of goods sold		–165	–180
Gross profit		**1,532**	**1,446**
Other operating income	11	23	258
Research and development	12,13	–3,539	–9,129
Marketing and sales	12,13	–1,119	–1,329
General and administrative	12,13	–2,448	–5,094
Other operating expenses	12,13	–20	–77
Operating expenses	12,13	**–7,126**	**–15,629**
Operating result		**–5,571**	**–13,925**
Financial income		230	1,355
Financial expenses		–296	–2,188
Result before taxes		**–5,637**	**–14,758**
Income taxes		131	–257
Net result		**–5,506**	**–15,015**
Basic and diluted loss per share (in CHF)		**–1.50**	**–4.10**

Interim Consolidated Statement of Comprehensive Income (Unaudited)

for the half year ended June 30, in CHF thousands	Notes	2012	2011
Net result		**–5,506**	**–15,015**
Currency translation differences		–268	–813
Other comprehensive result		**–268**	**–813**
Total comprehensive result		**–5,774**	**–15,828**

Interim Consolidated Statement of Cash Flows (Unaudited)

for the half year ended June 30, in CHF thousands	Notes	2012	2011
Result before taxes		–5,637	–14,758
Depreciation of tangible assets		51	125
Amortisation of intangible assets		38	219
Expenses for share options	12,13	178	720
Change in pension liabilities		174	76
Change in long-term provisions		0	–98
Change in short-term provisions		0	–185
Taxes paid		–5	–42
Change in net working capital		–2,001	1,859
Total financial result		67	833
Interest received		28	61
Interest paid		–16	–34
Cash flow from operating activities		**–7,123**	**–11,224**
Investments in tangible assets		–17	–87
Disposal of tangible assets		0	2
Investments in intangible assets		–14	0
Cash flow from investing activities		**–31**	**–85**
Capital increases	8	4	0
Amortization of finance lease		–18	–17
Cash flow from financing activities		**–14**	**–17**
Effects of exchange rate changes on cash and cash equivalents		–11	–957
Net increase/(decrease) in cash and cash equivalents		**–7,179**	**–12,283**
Cash and cash equivalents at January 1		23,406	43,682
Cash and cash equivalents at June 30		**16,227**	**31,399**

Interim Consolidated Statement of Changes in Equity (Unaudited)

in CHF thousands	Notes	Share capital	Capital reserves and share premium	Retained earnings	Treasury shares	Translation differences	Total
Balance at January 1, 2011		**3,660**	**272,315**	**−200,267**	**−177**	**−5,904**	**69,627**
Net result		0	0	−15,015	0	0	−15,015
Currency translation differences		0	0	0	0	−813	−813
Total comprehensive result for the period		**0**	**0**	**−15,015**	**0**	**−813**	**−15,828**
Share-based payment transactions	12,13	0	720	0	0	0	720
Balance at June 30, 2011		**3,660**	**273,035**	**−215,282**	**−177**	**−6,717**	**54,519**
Balance at January 1, 2012		**3,673**	**274,012**	**−228,104**	**−177**	**−6,420**	**42,984**
Net result		0	0	−5,506	0	0	−5,506
Currency translation differences		0	0	0	0	−268	−268
Total comprehensive result for the period		**0**	**0**	**−5,506**	**0**	**−268**	**−5,774**
Share-based payment transactions	12,13	0	178	0	0	0	178
Capital increase from options exercised	8	4	0	0	0	0	4
Balance at June 30, 2012		**3,677**	**274,190**	**−233,610**	**−177**	**−6,688**	**37,392**

Notes to the Unaudited Consolidated Financial Statements

1 General Information

Santhera Pharmaceuticals Holding AG (the **Company** together with its subsidiaries **Santhera** or **Group**) is a specialty pharmaceutical company focused on the development and commercialization of products for the treatment of neuromuscular and mitochondrial diseases, an area which includes many orphan and niche indications with no current therapy.

The Company, having its primary listing of its registered shares (**Shares**) on the SIX Swiss Exchange, is a Swiss stock corporation and the parent company of the Group. Its purpose is to acquire, dispose and manage investments. The Company has its registered offices at Hammerstrasse 49 in CH-4410 Liestal, Switzerland.

The consolidated interim financial statements were approved for publication by the Board of Directors (**Board**) on August 30, 2012.

2 Summary of Significant Accounting Policies

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended December 31, 2011, except for the adoption of new standards and interpretations as of January 1, 2012, as noted below.

Basis of preparation

These consolidated interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the annual financial statements for the year ended December 31, 2011.

The presentation currency is Swiss Francs (CHF). All figures included in these financial statements and notes to the financial statements are rounded to the nearest CHF 1,000 except where otherwise indicated.

Uncertainties and ability to continue operations

Santhera is subject to various risks and uncertainties, including but not limited to the time of achieving profitability, the development and commercialization of products for the treatment of neuromuscular and mitochondrial diseases, which includes uncertainties of the outcome of clinical trials as well as significant regulatory approval requirements. Having filed a Marketing Authorization Application (MAA) with the European Medicines Agency (EMA) in Leber's Hereditary Optic Neuropathy (LHON) in 2011, Santhera is awaiting a regulatory decision, expected by the end of 2012.

A positive outcome of the MAA is decisive for Santhera and its ability to continue its operations. Whether or not the Company can continue its operations subsequently depends on being able to raise additional capital in order to fund the activities until revenues reach a level to sustain positive cash flows.

A negative outcome of the MAA could significantly impact the Company's potential to obtain additional funds and continue as a going concern.

Efforts in raising additional funds are currently in process with the Company having engaged a renowned international investment bank to expand its current basis of financing. Currently the Board and management believe that it is appropriate to assume a positive outcome for the Marketing Authorization and the fund raising activities.

These financial statements are therefore prepared on a going concern basis, under the conditions described above.

Changes in accounting policies

Various standards and interpretations of the International Financial Reporting Standards (IFRS) have been revised or were introduced with effective date January 1, 2012. The following standards were adopted but did not have any impact or lead to additional disclosures:

- IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements (effective July 1, 2011). The amendment requires additional disclosure about financial assets that have been transferred but not derecognized. The amendment affects disclosure only and has no impact on the Group's financial position or performance.
- IAS 12 Deferred tax - Recovery of underlying assets amendments to IAS 12 (effective January 1, 2012): IAS 12 has been updated to include a presumption that deferred tax on investment property measured using the fair value model in IAS 40 and on nondepreciable assets measured using the revaluation model in IAS 16, should always be measured on a sale basis. Santhera has not accounted for any investment property.

3 Seasonality

The operating result is not subject to significant seasonal variations during the financial year.

4 Exchange Rates of Principal Currencies

	Income statement in CHF (average rates)		Balance sheet in CHF (rates as of period end)	
	six months ended June 30, 2012	six months ended June 30, 2011	June 30,2012	December 31, 2011
1 euro (EUR)	1.2048	1.2699	1.2015	1.2167
1 US dollar (USD)	0.9288	0.9061	0.9553	0.9396
1 Canadian dollar (CAD)	0.9230	0.9270	0.9321	0.9212

5 Intangible Assets

The decrease of CHF 0.3 million in intangible assets primarily results from exchange rate differences on the major intangible asset Catena®/Sovrima® (INN: idebenone) in various indications, an asset which, from the merger in 2004, is to a large extent denominated in EUR. Catena® is approved in Canada under conditions (NOC/c) for the treatment of Friedreich's Ataxia (FA) and is being investigated in five indications. In July 2011, the EMA accepted Santhera's filing of a MAA in LHON. A regulatory decision is expected in the second half of 2012, subsequent to the approval of these financial statements. Catena®/Sovrima® is also being developed in a Phase III international pivotal study for the treatment of Duchenne Muscular Dystrophy (DMD) as well as in proof-of-concept studies in the indications MELAS syndrome and Primary Progressive Multiple Sclerosis.

Impairment testing of intangible assets

Intangible assets are tested for impairment annually (as per December 31), as well as when circumstances could indicate and raise reasons to believe that the carrying value might be impaired. Santhera's impairment test for intangible assets is based on value-in-use calculations using a risk-adjusted Net Present Value model which is a customary model used in the pharmaceutical industry for the valuation of intangible assets.

IFRS requires the consideration of the relationship between market capitalization and book values, among other factors, when reviewing for indicators of impairment. On June 30, 2012, the market capitalization of Santhera was below the book value of its equity as was the case on December 31, 2011. As of June 30, 2012, the underlying key assumptions for the impairment testing remained unchanged and the Catena®/Sovrima® projects had progressed according to the Company's plans in the first half year 2012. Accordingly, there were no indicators requiring an impairment testing. As long as development of Catena®/Sovrima® can be advanced and the potential of regulatory approval in a major market for one of the above-mentioned indications remains intact, no impairment is deemed necessary.

Based on the current situation, the Company has not identified new triggers for impairment. However, significant uncertainties remain as to whether a final and successful regulatory approval in a major market can be achieved (see under note 2 "Uncertainties and ability to continue operations"). Therefore, at balance-sheet date a respective risk of a potential impairment to the carrying amount of Santhera's intangible assets still remains.

6 Inventories

This position consists mainly of the value of active pharmaceutical ingredients for Catena®/Sovrima® which is kept by Santhera as stock for market supply, development, potential launch as well as general inventory risk management purposes (security stock).

7 Cash and Cash Equivalents

in CHF thousands	June 30, 2012	December 31, 2011
Cash at banks and on hand		
In CHF	4,605	9,461
In EUR	731	4,487
In USD	1,111	2,093
In CAD	971	931
Short-term money market deposits		
In CHF	4,003	4,001
In EUR	4,806	2,433
Total at period end	**16,227**	**23,406**

In accordance with Santhera's treasury management policies, cash and cash equivalents in foreign currencies are to a large extent kept in line with planned expenses over the relevant planning horizon.

8 Share Capital

Ordinary share capital

During the reporting period ending June 30, 2012, 3,975 Shares were issued out of conditional share capital upon the exercise of stock options under the Executive Incentive Plan (EIP). No Shares were issued in the same period for 2011. As a result the issued nominal share capital amounted to CHF 3,677,438, divided into 3,677,438 Shares as of June 30, 2012.

Authorized share capital

On the occasion of the Annual Shareholders' Meeting on April 23, 2012, the shareholders approved an extension of the authorized share capital of the Company. The Board is authorized to increase the share capital at any time until April 22, 2014 through the issuance of up to 1,800,000 Shares with a nominal value of CHF 1 each.

Conditional share capital

As of June 30, 2012, the Company had conditional share capital, pursuant to which the share capital may be increased by

(i) a maximum amount of CHF 700,000 through the issuance of up to 700,000 Shares, with the exercise of option rights. This part of the conditional share capital was increased from CHF 631,271 to CHF 700'000 by the shareholders at the Annual Shareholders' Meeting on April 23, 2012.

(ii) a maximum amount of CHF 600,000 by issuing up to 600,000 Shares through the exercise of warrants/options and/or notes granted in connection with bonds or similar debt instruments linked with option and/or conversion rights granted by the Company.

9 Long- and Short-Term Finance Lease Liabilities

In September 2009, Santhera Pharmaceuticals (Switzerland) AG moved to a new rental building. Some installations were built-in following the Company's specifications and financed through a finance lease liability in accordance with IAS 17. The total financial lease liability amounted to TCHF 2,224 as at June 30, 2012, split into a long- and short-term portion (long-term TCHF 2,189, short-term TCHF 35). At December 31, 2011, the total financial lease liability amounted to TCHF 2,241 (long-term TCHF 2.207 million, short-term TCHF 34).

At the end of June 2012, Santhera Pharmaceuticals (Switzerland) AG signed an addendum to its existing operating lease contract for the premises in Liestal according to which the annual lease payment was reduced by almost 50%, starting April 1, 2013. As per June 30, 2012, the commitment for operating leases of buildings of Santhera and its facilities in Liestal (Switzerland), Charlestown (US) and Montreal (Canada) is as follows:

in CHF thousands	2012	2011
Within 1 year	431	744
1 year through 5 years	180	474
After 5 years	0	0
Total at period end	**611**	**1,218**

10 Segment and Geographic Information

Segment information

Santhera operates in one business segment, namely development and commercialization of products for the treatment of neuromuscular and mitochondrial diseases. The Board, the Executive Management and the Management Team, being the chief operating decision makers, assess the reporting data and allocate resources as one segment on a an aggregated consolidated level according operating expenses by function. Santhera generates revenue from sales of Catena® primarily for the treatment of FA mainly in Canada, but also some revenues by prescriptions for DMD and LHON patients. Geographic revenue information is based on location of the customer.

Geographic information

six months ended June 30, in CHF thousands	2012	2011
Net sales:		
North America	1,544	1,495
Europe	153	131
Total	**1,697**	**1,626**
Noncurrent assets (excluding financial instruments and deferred tax assets):		
EU	20,824	20,825
Switzerland	3,881	8,475
North America	1	4
Total	**24,706**	**29,304**

11 Other Operating Income

This amount results mainly from the sale of noncore assets in the reporting period 2012. Income generated in the same period in 2011 resulted predominantly from the reimbursement of development expenses for omigapil in Congenital Muscular Dystrophies by the Association Française contre les Myopathies in France.

12 Operating Expenses by Function

six months ended June 30, in CHF thousands	2012	2011
Research (preclinical)	0	−865
Development	−3,539	−8,264
Total research and development expenses	**−3,539**	**−9,129**
Of which non-cash-relevant expenses for share-based payments	−94	−176
Marketing and sales	**−1,119**	**−1,329**
Of which non-cash-relevant expenses for share-based payments	−28	−110
Business development and licensing	0	−513
Finance and administration	−2,448	−4,581
Total general and administrative expenses	**−2,448**	**−5,094**
Of which non-cash-relevant expenses for share-based payments	−56	−434
Other operating expenses	**−20**	**−77**
Total operating expenses	**−7,126**	**−15,629**

The reduction in operating expenses is mainly due to the implementation of restructuring measures in 2011.

13 Operating Expenses by Nature

six months ended June 30, in CHF thousands	2012	2011
External research and development expenses	−1,649	−6,315
Patent and license expenses	−313	−211
Marketing expenses	−694	−418
Employee expenses	−3,352	−6,512
Of which non-cash-relevant expenses for share-based payments	−178	−720
General and administrative expenses	−1,041	−1,785
Depreciation and amortization	−57	−311
Other operating expenses	−20	−77
Total operating expenses	**−7,126**	**−15,629**

14 Stock Option Plans

Santhera has established employee stock option plans (**ESOP**), the ESOP 2004, the ESOP 2008, the ESOP 2010, the 2006 Executive Incentive Plan (**EIP**) and the 2011 Board stock option plan (**BSOP**) to align the long-term interests of the Board, the Executive Management, employees and consultants. Options granted under these stock option plans are equity settled. New grants are only possible currently under the ESOP 2010 and BSOP.

In the reporting period ended June 30, 2012, a total of 76,500 options with exercise prices between CHF 4.41 and CHF 6.34 were granted. This compares to 16,500 options granted in the period ending June 30, 2011, at exercise prices between CHF 7.36 and CHF 9.40. End of May and beginning of June 2012, a plan modification was offered to the employees and the members of the Board. The offer enabled the option holder to have options granted before January 1, 2012, modified according to the terms under the ESOP 2010 and BSOP respectively, effective on July 1, 2012. As a consequence, in total a number of 148,014 options (ESOP 2004 28,239 options; ESOP 2008 47,300 options; ESOP 2010 69,475 options and BSOP 3,000 options) have been amended accordingly. Terms and conditions of the stock option plans remain the same except for the vesting period which has been reduced to one year. The intention of this modification is to create a retention incentive for employees and members of the Board. For accounting purposes this transaction will be treated as a modification and the remaining costs in relation to the originally granted options will be expensed within one year after July 1, 2012 (TCHF 160). The incremental fair value of the modified grant will be expensed over the same period of time (TCHF 269).

The fair value of stock options is determined at each grant date by using the Hull-White option pricing model. For the calculation of the fair value of stock options granted during the reporting period in 2012, the same range of valuation parameters as disclosed in the financial statements as of December 31, 2011, was applied, except for the expected volatility (extended to 65%) and the CHF risk-free interest rate (from 0.74 to 0.85%). The non-cash relevant expenses for all unvested stock options in the reporting period 2011 amounts to TCHF 178 compared to TCHF 720 in the same period in 2011.

Options outstanding

six months ended June 30, number of options	2012	2011
At January 1	**501,061**	**521,843**
Granted[1]	76,500	16,500
Forfeited	–4,925	–3,217
Expired	–175	0
Exercised	–3,975	0
At June 30[2]	**568,486**	**535,126**

1 The weighted average fair value of the stock options granted during the reporting period in 2012 was CHF 2.43 (CHF 3.90 in the reporting period 2011)

2 Based on the closing price of CHF 4.01 of the Santhera shares on June 30, 2012, a total of 58,045 stock options were in the money, whereof all were vested.

15 Contracts for Clinical Development

Santhera has entered into contracts for clinical development with, e.g., clinical research organizations and clinics. Santhera compensates these service providers for their services usually on a monthly basis. It has the right to terminate such agreements at any time at its sole discretion. In case of early termination, Santhera has to pay for all cost which is incurred by the respective counterparty. The expected payments for these contracts are as follows:

as of June 30, in CHF thousands	2012	2011
Within 1 year	1,658	4,334
1 year through 5 years	1,355	1,632
After 5 years	0	0
Total at period end	**3,013**	**5,966**

16 Related Party Transactions

During the reporting period 2012, a total of 9,000 options were granted to members of the Board and 15,000 options were granted to a member of the Executive Management. In the same period in 2011, a total of 4,500 options were granted to members of the Board and no options were granted to members of the Executive Management. End of May and beginning of June 2012, 23,000 options (BSOP 3,000 options; ESOP 2010 8,000 options; ESOP 2008 4,000 options; ESOP 2004 8,000 options) were offered for modification, effective July 1, 2012, for members of the Board and 41,144 options for the member of the Executive Management (see note 14 “Stock Option Plans”).

17 Subsequent Events

In July 2012, Santhera was informed by BioLineRx, Jerusalem, Israel, that it had decided to terminate the preclinical melanocortin-4 receptor antagonist program and, consequently returns all rights to develop sublicense and commercialize the compound to the Company. No financial effects are expected from this event.

Report on the Review of Interim Condensed Consolidated Financial Statements

Introduction

As independent auditors we have reviewed the interim condensed consolidated financial statements (balance sheet, income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity and explanatory notes) of Santhera Pharmaceuticals Holding AG for the period from January 1, 2012 to June 30, 2012 (pages 4 – 16). The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting." Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting."

Emphasis of matter

We draw attention to note 5 "Intangible Assets" to the interim condensed financial statements, which describes a material uncertainty regarding the valuation of the related intangible assets. Our conclusion is not qualified in respect of this matter.

We draw attention to note 2 "Uncertainties and ability to continue operations" to the financial statements which indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern if it could not raise additional capital in order to fund the Company's future operations. The Company's ability to obtain further funds depends significantly on the outcome of the filing with the regulatory authorities for one of the Company's applications. Our conclusion is not qualified in respect of this matter.

If the Company were unable to continue as a going concern, its financial statements would need to be prepared on a liquidation basis.

Ernst & Young AG

Jürg Zürcher Licensed audit expert (Auditor in charge)	David Haldimann Licensed audit expert

Forward-Looking Statements

This Interim Report expressly or implicitly contains certain forward-looking statements concerning Santhera Pharmaceuticals Holding AG and its business. Such statements involve certain known and unknown risks, uncertainties and other factors, which could cause the actual results, financial condition, performance or achievements of Santhera Pharmaceuticals Holding AG to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. There can be no guarantee that any of the development projects described will succeed or that any new products or indications will be brought to market. Similarly, there can be no guarantee that Santhera Pharmaceuticals Holding AG or any future product or indication will achieve any particular level of revenue. In particular, management's expectations could be affected by, among other things, uncertainties involved in the development of new pharmaceutical products, including unexpected clinical trial results; unexpected regulatory actions or delays or government regulation generally; the Company's ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing and other political pressures. Santhera Pharmaceuticals Holding AG is providing the information in this Interim Report as of the date of the publication, and does not undertake any obligation to update any forward-looking statements contained herein as a result of new information, future events or otherwise.

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