



OJSC "VEROPHARM"

CONSOLIDATED INCOME STATEMENT

FOR PERIOD ENDING 31 MARCH 2011

(in thousands of rubles)

	<u>3m2011</u>	<u>3m2010</u>
Revenue	1,382,915	962,935
Cost of sales	(423,555)	(261,138)
Gross profit	959,360	701,797
Selling, general and administrative expenses	(582,487)	(530,595)
Operating income	376,873	171,202
Interest expense	51	(19,009)
Foreign currency exchange gain/(loss)	(12,226)	1,505
Profit before income tax expense	364,698	153,698
Income tax expense	(26,356)	(32,530)
Net profit	338,342	121,168



OJSC “VEROPHARM”

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2011

(in thousands of rubles)

	<u>31.03.2011</u>	<u>31.12.2010</u>
ASSETS		
<u>NON-CURRENT ASSETS:</u>		
Property, plant & equipment, net	858,546	843,624
Goodwill	287,311	287,311
Intangible assets	69,357	73,651
Total non-current assets	<u>1,215,214</u>	<u>1,204,586</u>
<u>CURRENT ASSETS:</u>		
Inventories	1,322,336	1,248,904
Trade receivables	4,630,249	4,465,145
Other receivables and prepaid expenses	440,927	388,375
Loans receivable	115,384	174,994
Cash	109,275	19,126
Total current assets	<u>6,618,171</u>	<u>6,296,544</u>
TOTAL ASSETS	<u>7,833,385</u>	<u>7,501,130</u>
EQUITY AND LIABILITIES		
<u>EQUITY:</u>		
Share capital	9,993	10,000
Other reserves	500	500
Retained earnings	6,573,644	6,235,304
Total equity	<u>6,584,137</u>	<u>6,245,804</u>
<u>NON-CURRENT LIABILITIES:</u>		
Long-term borrowings	365,298	169,313
Deferred tax liability	(96,265)	40,555
Finance lease obligations	4,288	6,162
Total non-current liabilities	<u>273,321</u>	<u>216,030</u>
<u>CURRENT LIABILITIES:</u>		
Short-term borrowings	75,576	295,484
Trade payables	310,247	275,819
Other payables	286,228	251,576
Finance lease obligations, current maturities	8,146	8,312
Tax payable	295,730	208,105
Total current liabilities	<u>975,927</u>	<u>1,039,296</u>
TOTAL LIABILITIES	<u>1,249,248</u>	<u>1,255,326</u>
TOTAL EQUITY AND LIABILITIES	<u>7,833,385</u>	<u>7,501,130</u>



OJSC "VEROPHARM"
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDING 31 MARCH 2011
(in thousands of rubles)

	<u>3m2011</u>	<u>3m2010</u>
OPERATING ACTIVITIES:		
Profit for the year	338,342	121,168
Adjustments for		
Income tax	26,356	32,530
Interest expense	12,776	19,009
Interest income	(12,827)	-
Depreciation and amortization	38,603	27,464
(Gain) / Loss on disposal of FA	23	437
Change in inventory obsolescence allowance	30,727	49,934
Foreign exchange (gain) loss	12,225	(1,506)
Change in allowance for doubtful debts	267	(14,278)
Unused employment benefits	-	6,414
Profit before movements in working capital	<u>446,492</u>	<u>241,174</u>
Movements in working capital:		
Inventories	(104,576)	(172,323)
Trade receivables	(165,377)	(196,812)
Other receivables and prepaid expenses	(53,372)	(27,503)
Trade payables	34,428	134,276
Other payables and accruals	34,600	(86,377)
Cash generated from operations	<u>192,195</u>	<u>(107,565)</u>
Interest paid	(12,112)	(52,743)
Interest received	1,565	-
Income taxes paid	(79,167)	(4,311)
Net cash generated by operating activities	<u>102,481</u>	<u>(164,619)</u>
INVESTING ACTIVITIES:		
Purchase of property, plant, equipment	(47,377)	(15,982)
Proceeds from disposal of property, plant and equipment	820	-
Purchase of intangible assets	(1,461)	(140)
Proceeds from loans given to related parties	59,610	51,415
Purchase of equity interest in subsidiaries	-	50,000
Purchase of short-term investments	-	(22,107)
Net cash used in investing activities	<u>11,592</u>	<u>63,186</u>
FINANCING ACTIVITIES:		
Proceeds from borrowings	252,945	314,723
Repayment of borrowings	(276,868)	(255,221)
Net cash generated from financing activities	<u>(23,923)</u>	<u>59,502</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>90,150</u>	<u>(41,931)</u>
Effect of translation to presentation currency	-	3
CASH AND CASH EQUIVALENTS, beginning of period	<u>19,126</u>	<u>64,814</u>
CASH AND CASH EQUIVALENTS, end of period	<u>109,275</u>	<u>22,886</u>