



**OJSC "VEROPHARM"**

CONSOLIDATED INCOME STATEMENT

FOR PERIOD ENDING 30 SEPTEMBER, 2008

*(in US Dollars and in thousands)*

	<u>9M2008</u>	<u>9M2007</u>
REVENUE	127 956	92 051
COST OF SALES	(44 247)	(36 696)
GROSS PROFIT	<u>83 709</u>	<u>55 355</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(47 737)	(33 589)
OPERATING INCOME	<u>35 972</u>	<u>21 766</u>
INTEREST EXPENSE	(1 852)	(1 865)
FOREIGN CURRENCY EXCHANGE GAIN/(LOSS)	<u>(586)</u>	<u>349</u>
PROFIT BEFORE INCOME TAX EXPENSE	33 534	20 251
INCOME TAX EXPENSE	(7 116)	(4 290)
NET PROFIT	<u>26 418</u>	<u>15 961</u>



**OJSC "VEROPHARM"**

CONSOLIDATED BALANCE SHEET

AT SEPTEMBER 30, 2008

(in US Dollars and in thousands)

	<u>9M2008</u>	<u>2 007</u>
<b>ASSETS</b>		
NON-CURRENT ASSETS:		
Property, plant & equipment, net	32 127	31 777
Goodwill	11 380	11 705
Intangible assets	1 770	2 194
Other long-term assets	9	0
Total non-current assets	<u>45 286</u>	<u>45 675</u>
CURRENT ASSETS:		
Inventories	25 355	22 283
Trade receivables	102 766	87 034
Receivables from related parties	13 779	10 503
Other receivables and prepaid expenses	7 332	5 906
Cash	1 093	562
Total current assets	<u>150 325</u>	<u>126 288</u>
<b>TOTAL ASSETS</b>	<u><u>195 611</u></u>	<u><u>171 963</u></u>
<b>EQUITY AND LIABILITIES</b>		
EQUITY:		
Share capital	365	365
Additional paid-in capital	-	0
Other reserves	9 882	14 537
Retained earnings	134 092	107 674
Total equity	<u>144 339</u>	<u>122 577</u>
NON-CURRENT LIABILITIES:		
Long-term borrowings	7 631	10 292
Deferred tax liability	3 253	3 797
Finance lease obligations	226	561
Share-based payment liability	575	963
Other payables	906	1 418
Total non-current liabilities	<u>12 591</u>	<u>17 031</u>
CURRENT LIABILITIES:		
Trade payables	10 597	6 132
Short-term borrowings	11 271	9 962
Other payables	7 128	5 767
Finance lease obligations, current maturities	994	1 123
Tax payable	5 153	5 785
Short term share based payments liabilities	560	-
Payables to related parties	2 977	3 588
Total current liabilities	<u>38 681</u>	<u>32 356</u>
<b>TOTAL LIABILITIES</b>	<u><u>51 272</u></u>	<u><u>49 387</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>195 611</u></u>	<u><u>171 964</u></u>



**OJSC “VEROPHARM”**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR PERIOD ENDING 30 SEPTEMBER, 2008

(in US Dollars and in thousands)

	<u>9M2008</u>	<u>9M2007</u>
<b>OPERATING ACTIVITIES:</b>		
<b>Profit before income tax expense</b>	<b>33 534</b>	<b>20 251</b>
Adjustments for		
Depreciation and amortization	3 445	2 766
Loss on disposal of tangible and intangible assets	43	-
Change in allowance for advances to suppliers and other receivables	2 996	191
Change in inventory obsolescence allowance	2 270	389
Foreign exchange (gain) loss	586	(349)
Loss on write off other receivables	-	6
Share based payment expense	209	-
Interest expense	1 852	1 865
Unused employment benefits	(26)	-
	-	-
<b>Profit before movements in working capital</b>	<b>44 910</b>	<b>25 119</b>
Movements in working capital:		
Inventories	(6 144)	(1 484)
Trade receivables	(22 039)	(12 242)
Receivables from related parties	(3 992)	(3 956)
Other receivables and prepaid expenses	(1 720)	(1 825)
Trade payables	4 867	413
Payables to related parties	-	(131)
Other payables and accruals	333	1 509
<b>Cash generated from operations</b>	<b>16 215</b>	<b>7 402</b>
Income taxes paid	(8 406)	(6 601)
Interest paid	(1 747)	(1 200)
<b>Net cash generated by operating activities</b>	<b>6 061</b>	<b>(399)</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of property, plant, equipment	(4 197)	(3 253)
Purchase of intangible assets	(203)	(254)
Proceeds from sale of fixed assets	41	-
<b>Net cash used in investing activities</b>	<b>(4 359)</b>	<b>(3 507)</b>
<b>FINANCING ACTIVITIES:</b>		
Repayment of the increase of other reserves	(9)	-
Proceeds from borrowings	30 824	16 514
Repayment of borrowings	(31 654)	(12 404)
Repayment of borrowings of related parties	(383)	-
Proceeds from borrowings of related parties	94	-
<b>Net cash generated from financing activities</b>	<b>(1 128)</b>	<b>4 109</b>
Effect of translation to presentation currency	(43)	20
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>531</b>	<b>224</b>
CASH AND CASH EQUIVALENTS, beginning of period	562	215
CASH AND CASH EQUIVALENTS, end of period	1 093	439