



OJSC "VEROPHARM"

CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDING 30 SEPTEMBER, 2010
(in thousands of rubles)

	<u>9M2010</u>	<u>9M2009</u>
REVENUE	3,933,996	3,215,276
COST OF SALES	(1,205,475)	(1,080,078)
GROSS PROFIT	<u>2,728,521</u>	<u>2,135,198</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(1,680,695)	(1,256,877)
OPERATING INCOME	<u>1,047,826</u>	<u>878,321</u>
INTEREST EXPENSE	(49,968)	(49,927)
FOREIGN CURRENCY EXCHANGE GAIN/(LOSS)	<u>(5,835)</u>	<u>(28,593)</u>
PROFIT BEFORE INCOME TAX EXPENSE	992,023	799,801
INCOME TAX EXPENSE	(158,378)	(69,469)
NET PROFIT	<u>833,645</u>	<u>730,332</u>



OJSC “VEROPHARM”
 CONSOLIDATED BALANCE SHEET
 AT SEPTEMBER 30, 2010
(in thousands of rubles)

	<u>9M2010</u>	<u>12M2009</u>
ASSETS		
NON-CURRENT ASSETS:		
Property, plant & equipment, net	820,855	798,077
Goodwill	287,311	287,311
Intangible assets	61,761	54,317
Total non-current assets	<u>1,169,927</u>	<u>1,139,705</u>
CURRENT ASSETS:		
Inventories	1,202,717	1,044,411
Trade receivables	4,416,766	3,930,973
Other receivables and prepaid expenses	391,790	198,826
Cash	68,203	64,814
Loans receivables	174,570	51,415
Short-term investments	2	250,002
Total current assets	<u>6,254,048</u>	<u>5,540,441</u>
TOTAL ASSETS	<u><u>7,423,975</u></u>	<u><u>6,680,146</u></u>
EQUITY AND LIABILITIES		
EQUITY:		
Share capital	10,000	10,000
Other reserves	500	500
Retained earnings	5,862,230	5,028,586
Total equity	<u>5,872,730</u>	<u>5,039,086</u>
NON-CURRENT LIABILITIES:		
Long-term borrowings	126,035	94,619
Deferred tax liability	50,706	57,518
Long-term portion of finance lease payable	8,145	14,457
Total non-current liabilities	<u>184,886</u>	<u>166,594</u>
CURRENT LIABILITIES:		
Short-term borrowings	695,252	886,892
Current portion of finance lease payable	8,100	8,997
Trade payables	239,587	202,429
Other payables	244,077	229,340
Tax payable	179,343	146,808
Total current liabilities	<u>1,366,359</u>	<u>1,474,466</u>
TOTAL LIABILITIES	<u><u>1,551,245</u></u>	<u><u>1,641,060</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>7,423,975</u></u>	<u><u>6,680,146</u></u>



OJSC “VEROPHARM”

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDING 30 SEPTEMBER, 2010
(in thousands of rubles)

	<u>9M2010</u>	<u>9M2009</u>
OPERATING ACTIVITIES:		
Net Profit	833,645	730,332
Adjustments for		
Income tax	158,378	69,469
Interest expense	98,637	49,927
Interest income	(48,669)	-
Depreciation and amortization	91,930	94,859
Loss on disposal of IA	-	16
Loss on disposal of FA	6,596	1,506
Provision for doubtful receivables	(11,699)	22,212
Foreign exchange (gain) loss	5,835	28,593
Change in inventory obsolescence allowance	55,829	(9,522)
Unused employment benefits	(9,937)	-
Profit before movements in working capital	<u>1,180,545</u>	<u>987,392</u>
Movements in working capital:		
Inventories	(207,496)	(49,525)
Trade receivables	(474,093)	(709,055)
Other receivables and prepaid expenses	(144,626)	(143,620)
Trade payables	37,158	70,518
Other payables and accruals	40,250	(21,175)
Cash generated from operations	<u>431,738</u>	<u>134,535</u>
Income taxes paid	(118,415)	(12,835)
Interest paid	(112,490)	(98,920)
Net cash generated by operating activities	<u>200,833</u>	<u>22,780</u>
INVESTING ACTIVITIES:		
Purchase of property, plant, equipment	(102,392)	(56,146)
Purchase of intangible assets	(32,996)	(7,634)
Proceeds on disposal of property, plant, equipment	1,661	-
Proceeds from sale of investments	200,000	-
Proceeds from loans given to related parties	(123,156)	-
Net cash used in investing activities	<u>(56,883)</u>	<u>(63,780)</u>
FINANCING ACTIVITIES:		
Proceeds from borrowings	1,102,140	923,690
Repayment of borrowings	(1,242,702)	(868,110)
Net cash generated from financing activities	<u>(140,562)</u>	<u>55,580</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,388	14,580
CASH AND CASH EQUIVALENTS, beginning of period	<u>64,814</u>	<u>1,446</u>
CASH AND CASH EQUIVALENTS, end of period	<u>68,202</u>	<u>16,026</u>