

OA0 VEROPHARM

CONSOLIDATED INCOME STATEMENT

AS OF SEPTEMBER 30, 2006

(in US Dollars and in thousands)

	<u>9m2006</u>	<u>9m2005</u>
Net sales	70 682	55 734
Cost of sales	-29 131	-22 498
Gross profit	41 552	33 237
Selling, general and administrative expenses	-24 564	-19 108
Non-recurring operating expenses	-	-1 431
Operating income	16 988	12 698
Non-operating income (expenses):		
Interest expense	-1 603	-1 055
Foreign currency exchange loss/(gain)	-187	100
Income before income tax expense	<u>15 197</u>	<u>11 743</u>
Income tax expense	-3 231	-1 681
Net income	<u><u>11 966</u></u>	<u><u>10 062</u></u>

OAO VEROPHARM

**CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2006
(in US Dollars and in thousands)**

	<u>9m2006</u>	<u>2005</u>
ASSETS		
NON-CURRENT ASSETS:		
Property, plant & equipment, net	25 956	23 651
Intangible assets, net	12 614	11 889
Other long-term assets	4	-
Total non-current assets	<u>38 573</u>	<u>35 540</u>
CURRENT ASSETS:		
Inventories	18 123	13 644
Accounts receivable (net of bad debt provision)	51 313	34 569
Receivables from related parties	2 482	3 737
Other receivables and prepaid expenses	6 534	6 115
Cash	105	314
Total current assets	<u>78 557</u>	<u>58 379</u>
TOTAL ASSETS	<u>117 130</u>	<u>93 919</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY:		
Share capital	374	1
Retained earnings	79 113	62 193
Total shareholders' equity	<u>79 488</u>	<u>62 194</u>
LONG-TERM LIABILITIES:		
Long-term borrowings	10 004	11 233
Deferred taxation	2 278	1 797
Long-term portion of finance lease payable	298	48
Total long-term liabilities	<u>12 580</u>	<u>13 078</u>
CURRENT LIABILITIES:		
Short-term borrowings and current portion of long-term borrowings	7 530	2 756
Accounts payable	9 131	6 599
Other payables and accrued expenses	5 949	6 964
Current portion of finance lease payable	298	141
Payables to related parties	2 154	2 187
Total current liabilities	<u>25 062</u>	<u>18 647</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>117 130</u>	<u>93 919</u>

OA0 VEROPHARM

**CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF SEPTEMBER 30, 2006
(in US Dollars and in thousands)**

	<u>9m2006</u>	<u>9m2005</u>
OPERATING ACTIVITIES:		
Income before income tax	15 197	11 743
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	2 026	1 720
Loss on disposal of property, plant and equipment	34	260
Provision for doubtful receivables	1 317	-111
Foreign exchange loss/(gain) on financing and investing activities	187	-100
Write off of third party loan	70	946
Interest expense	1 603	1 055
Operating cash flow before working capital changes	20 435	15 513
Increase in inventories	-3 459	-2 106
Increase in accounts receivable	-15 410	-8 587
Increase in receivables from related parties	1 534	-623
Increase in other receivables and prepaids	-98	-1 928
Increase in accounts payable	2 039	425
Decrease in payables from related parties	-197	738
Increase in other payables and accruals	-2 080	2 623
Cash flows from operations	2 764	6 055
Income taxes paid	-2 111	-1 324
Interest paid	-1 412	-2 856
Net cash outflow from operating activities	-759	1 875
INVESTING ACTIVITIES:		
Purchase of property, plant, equipment	-2 432	-1 846
Purchase of intangible assets	-	-688
Net cash outflow from investing activities	-2 432	-2 534
FINANCING ACTIVITIES:		
Repayment of/proceeds from borrowings, net	2 498	1 211
Net cash inflow from financing activities	2 498	1 211
Effect of translation on cash flows	483	-510
NET INCREASE (DECREASE) IN CASH	-209	42
CASH, beginning of period	314	41
CASH, end of period	105	83