

OA0 PHARMACY CHAIN 36.6 AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2002 (in US Dollars and in thousands, except pro forma earnings per share data)

	Year ended December 31, 2002*	Year ended December 31, 2001 (Unaudited)
NET SALES	118,724	105,003
COST OF SALES	<u>(72,726)</u>	<u>(65,929)</u>
GROSS PROFIT	45,998	39,074
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(36,015)	(31,441)
OTHER OPERATING INCOME, NET	<u>(130)</u>	<u>-</u>
OPERATING INCOME	10,113	7,633
NON-OPERATING INCOME (EXPENSES):		
Interest expense	(6,166)	(4,316)
Net gain on monetary position	2,395	3,222
Foreign currency exchange loss	(1,257)	(1,884)
Gain on debt restructuring	<u>-</u>	<u>18,160</u>
INCOME BEFORE MINORITY INTERESTS AND INCOME TAX EXPENSE	5,085	22,815
Income tax expense	<u>(2,210)</u>	<u>(2,476)</u>
INCOME BEFORE MINORITY INTERESTS	2,875	20,339
Minority interests	405	(145)
NET INCOME	<u><u>3,280</u></u>	<u><u>20,194</u></u>
PRO FORMA EARNINGS PER SHARE:		
Net income per share		
Basic and diluted	0.41	2.52
Weighted average number of shares (in thousands)		
Basic and diluted	8,000	8,000

***Note: Reclassifications** – Certain reclassifications have been made to the financial statements for the year ended December 31, 2002 to conform to the year 2003 presentation. Such reclassifications do not effect retained earnings.

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CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2002 (in US Dollars and in thousands)

	December 31, 2002	December 31, 2001 (Unaudited)
ASSETS		
NON-CURRENT ASSETS:		
Intangible assets, net	10,841	11,393
Property, plant & equipment, net	33,595	34,821
Other long-term assets	856	184
Total non-current assets	45,292	46,398
CURRENT ASSETS:		
Inventories	17,378	16,438
Accounts receivable (net of bad debt provision of \$ 370 and 315, respectively)	11,625	14,796
Other receivables and prepaid expenses	9,087	5,454
Cash & cash equivalents	1,315	1,912
Total current assets	39,405	38,600
TOTAL ASSETS	84,697	84,998
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY:		
Share capital	159	1,059
Additional paid-in capital	2,308	368
Other reserves	(325)	1
Retained earnings	22,603	18,324
Total shareholders' equity	24,745	19,752
MINORITY INTERESTS IN EQUITY OF SUBSIDIARIES	2,119	2,522
LONG-TERM LIABILITIES:		
Long-term debt	13,325	19,636
Deferred income tax payable	4,115	4,115
Total long-term liabilities	17,440	23,751
	44,304	46,025
COMMITMENTS AND CONTINGENCIES		
CURRENT LIABILITIES:		
Accounts payable	10,929	15,732
Other payables and accrued expenses	6,458	8,030
Current portion of long-term debt	23,006	15,211
Total current liabilities	40,393	38,973
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	84,697	84,998

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2002

(in US Dollars and in thousands)

	Year ended December 31, 2002	Year ended Dec 31, 2001 (Unaudited)
OPERATING ACTIVITIES:		
Net income	3,280	20,194
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,174	2,842
Loss on disposal of property, plant and equipment	293	-
Minority interests	(403)	145
Change in provision for bad debts	55	237
Gain on restructuring of debt	-	(18,160)
Foreign exchange loss on financing and investing activities	674	1,746
Monetary effect on non-operating balances	(4,128)	(5,843)
Interest expense	6,166	4,316
Income tax expense	2,210	2,476
Operating cash flow before working capital changes	<u>13,321</u>	<u>8,953</u>
Changes in operating assets and liabilities:		
Accounts receivable	3,116	7,934
Other receivables and prepaid expenses	(3,633)	982
Accounts payable	(4,803)	(16,765)
Other payables and accruals	(2,639)	(1,844)
Inventories	(940)	515
Cash generated from (used in) operations	<u>4,422</u>	<u>(1,043)</u>
Income taxes paid	(819)	(341)
Net cash provided by (used in) operating activities	<u>3,603</u>	<u>(1,384)</u>
INVESTING ACTIVITIES:		
Acquisitions of businesses, net of cash acquired (Note 18)	-	(8,174)
Purchase of property, plant, equipment and intangible assets	(4,048)	(11,665)
Proceeds on disposal of property, plant, equipment	359	-
Purchase of investments	(946)	(2,182)
Proceeds from sale of investments	2,214	5,521
Net cash provided by (used in) investing activities	<u>(2,421)</u>	<u>(16,499)</u>
FINANCING ACTIVITIES:		
Proceeds from share issue	159	57
Returned to shareholders	(60)	-
Proceeds from new borrowings	38,332	24,014
Repayment of borrowings	(33,838)	(2,186)
Interest paid	(6,372)	(3,405)
Net cash provided by (used in) financing activities	<u>(1,779)</u>	<u>18,480</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(597)	597
CASH AND CASH EQUIVALENTS, beginning of period	<u>1,912</u>	<u>1,315</u>
CASH AND CASH EQUIVALENTS, end of period	<u>1,315</u>	<u>1,912</u>