

OAO VEROPHARM

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2007 (in US Dollars and in thousands)

	<u>3m2007</u>	3m2006
Net sales	24 137	19 711
Cost of sales	-8 738	-8 062
Gross profit	15 399	11 648
Selling, general and administrative expenses	-9 085	-6 856
Operaring income	6 314	4 793
Interest expense	-538	-517
Foreign currency exchange loss	6	-144
Profit before income tax expense	5 782	4132
Income tax expense	277_	-1 029
Net income	5 505	3 102



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CONSOLIDATED BALANCE SHEET AT MARCH 31, 2007 (in US Dollars and in thousands)

	3m2007	2006
ASSETS		
NON-CURRENT ASSETS:		
Property, plant & equipment, net	27 528	27 204
Intangible assets, net	13 159_	13 040
Total non-current assets	40 687	40 244
CURRENT ASSETS:		
Inventories	19 741	17 997
Accounts receivable	61 262	58 073
Accounts receivable from related parties	6 541	2 773
Other receivables and prepaid expenses	4 937	5 933
Cash	136	215
Total current assets	92 618	84 991
TOTAL ASSETS	133 305	125 235
SHAREHOLDERS' EQUITY Share capital	385	382
Retained earnings	93 577	86 940
Total shareholders' equity LONG-TERM LIABILITIES:	93 962	87 322
Long-term borrowings	8 842	10 585
Deferred tax liability	779	3 373
Finance lease obligations, net of current maturities	266	143
Total long-term liabilities	9 887	14 101
CURRENT LIABILITIES:		
Current portion of long term borrowings	11 751	8 085
Trade payable	6 458	7 502
Other payables and accrued expenses	9 215	6 050
Finance lease obligations, current maturities	139	255
Accounts payable to related parties	1 894_	1 920
Total current liabilities	29 456	23 812
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	133 305	125 235



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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2007 (in US Dollars and in thousands)

Portity before income tax 5 782 4 132 Adjustments for: 747 592 Loss on disposal of property, plant and equipment 19 - Change in allowance for trade receivables and advances to suppliers 37 - Change in obsolescence allowance 282 - Foreign exchange loss on financing and investing activities -6 144 Effect of loss on other receivables write off 109 - Interest expense 538 517 Gain on disposal of intercompany investment - - Operating cash flow before movements in working capital 7 509 5384 Inventories -1788 -3 177 Trade receivables -1 788 -3 177 Accounts receivable from related parties -2 571 -1 101 Accounts payable from related parties -3 692 -599 Other receivables and prepaid expenses 1 034 -2 323 Trade payables and accruals -1 60 -2 323 Cash flows from operating activities -1 06 -2 32 Net cash outflow from operat		3m2007	3m2006
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Net cash outflow from operating activities INVESTING ACTIVITIES: Purchase of property, plant, equipment -755 -157 Purchase of intangible assets 42 - Proceeds from sale of investments Net cash outflow from investing activities -713 -157 FINANCING ACTIVITIES: Proceeds from borrowings 3 527 1 515 Repayment of borrowings -1 852 - Proceeds from/repayment of borrowings from related parties, net Net cash inflow from financing activities 1 675 1 515 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -79 -282 CASH, beginning of period 215 314	Income taxes paid	-906	-423
INVESTING ACTIVITIES: Purchase of property, plant, equipment -755 -157 Purchase of intangible assets 42 - Proceeds from sale of investments - Net cash outflow from investing activities -713 -157 FINANCING ACTIVITIES: Proceeds from borrowings 3 527 1 515 Repayment of borrowings -1 852 - Proceeds from/repayment of borrowings from related parties, net - Net cash inflow from financing activities 1 675 1 515 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -79 -282 CASH, beginning of period 215 314	Interest paid	-521	2 856
Purchase of property, plant, equipment 755 -157 Purchase of intangible assets 42 - Proceeds from sale of investments - Net cash outflow from investing activities 713 -157 FINANCING ACTIVITIES: Proceeds from borrowings 3 527 1 515 Repayment of borrowings 71 852 - Proceeds from/repayment of borrowings from related parties, net - Net cash inflow from financing activities 1 675 1 515 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -79 -282 CASH, beginning of period 215 314	Net cash outflow from operating activities	-1 041	-1 640
Purchase of intangible assets Proceeds from sale of investments Net cash outflow from investing activities FINANCING ACTIVITIES: Proceeds from borrowings Repayment of borrowings Proceeds from/repayment of borrowings from related parties, net Net cash inflow from financing activities NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS CASH, beginning of period 42 157 A2 157 157 1515 1515 1515 1515 1515 1515 1515 1515 1515 1515 1515 1515 1515 1515 1515 1515 1515	INVESTING ACTIVITIES:		
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Net cash outflow from investing activities -713 -157 FINANCING ACTIVITIES: Proceeds from borrowings 3 527 1 515 Repayment of borrowings -1 852 - Proceeds from/repayment of borrowings from related parties, net - Net cash inflow from financing activities 1 675 1 515 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -79 -282 CASH, beginning of period 215 314	Purchase of intangible assets	42	-
FINANCING ACTIVITIES: Proceeds from borrowings 3 527 1 515 Repayment of borrowings -1 852 - Proceeds from/repayment of borrowings from related parties, net - Net cash inflow from financing activities 1 675 1 515 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -79 -282 CASH, beginning of period 215 314	Proceeds from sale of investments	-	-
Proceeds from borrowings 3 527 1 515 Repayment of borrowings -1 852 - Proceeds from/repayment of borrowings from related parties, net - Net cash inflow from financing activities 1 675 1 515 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -79 -282 CASH, beginning of period 215 314	Net cash outflow from investing activities	-713	-157
Repayment of borrowings -1 852 - Proceeds from/repayment of borrowings from related parties, net - Net cash inflow from financing activities 1 675 1 515 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -79 -282 CASH, beginning of period 215 314	FINANCING ACTIVITIES:		
Proceeds from/repayment of borrowings from related parties, net Net cash inflow from financing activities 1 675 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -79 -282 CASH, beginning of period 215 314	Proceeds from borrowings	3 527	1 515
Net cash inflow from financing activities1 6751 515NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS-79-282CASH, beginning of period215314	Repayment of borrowings	-1 852	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS -79 -282 CASH, beginning of period 215 314	Proceeds from/repayment of borrowings from related parties, net	-	-
CASH, beginning of period 215 314	Net cash inflow from financing activities	1 675	1 515
<u></u>	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-79	-282
CASH, end of period 136 32	CASH, beginning of period	215	314
	CASH, end of period	136_	32