



ОАО VEROPHARM

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

	<u>3m2007</u>	<u>3m2006</u>
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
Operating income	6 314	4 793
Interest expense	-538	-517
Foreign currency exchange loss	6	-144
Profit before income tax expense	<u>5 782</u>	<u>4132</u>
Income tax expense	<u>-277</u>	<u>-1 029</u>
Net income	<u><u>5 505</u></u>	<u><u>3 102</u></u>



ОАО ВЕРОФАРМ

CONSOLIDATED BALANCE SHEET

AT MARCH 31, 2007

(in US Dollars and in thousands)

	<u>3m2007</u>	<u>2006</u>
ASSETS		
NON-CURRENT ASSETS:		
Property, plant & equipment, net	27 528	27 204
Intangible assets, net	13 159	13 040
Total non-current assets	<u>40 687</u>	<u>40 244</u>
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	<u>92 618</u>	<u>84 991</u>
TOTAL ASSETS	<u>133 305</u>	<u>125 235</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY:		
Share capital	385	382
Retained earnings	93 577	86 940
Total shareholders' equity	<u>93 962</u>	<u>87 322</u>
LONG-TERM LIABILITIES:		
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	<u>9 887</u>	<u>14 101</u>
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	<u>29 456</u>	<u>23 812</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>133 305</u>	<u>125 235</u>



OAO VEROPHARM

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

	<u>3m2007</u>	<u>3m2006</u>
OPERATING ACTIVITIES:		
Profit before income tax	5 782	4 132
Adjustments for:		
Depreciation and amortization	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	<u>7 509</u>	<u>5 384</u>
Inventories	-1 788	-3 177
Trade receivables	-2 571	-1 101
Accounts receivable from related parties	-3 692	-599
Other receivables and prepaid expenses	1 034	1 238
Trade payables	-1 123	-3 496
Accounts payable from related parties	-50	-
Other payables and accruals	1 068	-2 323
Cash flows from operations	<u>387</u>	<u>-4 073</u>
Income taxes paid	-906	-423
Interest paid	-521	2 856
Net cash outflow from operating activities	<u>-1 041</u>	<u>-1 640</u>
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	<u>-713</u>	<u>-157</u>
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	<u>1 675</u>	<u>1 515</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-79	-282
CASH, beginning of period	<u>215</u>	<u>314</u>
CASH, end of period	<u>136</u>	<u>32</u>