



OJSC "VEROPHARM"

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

(in thousands of Russian Roubles)

	<u>2009</u>	<u>2008</u>
REVENUE	4,395,150	4,301,277
COST OF SALES	(1,459,069)	(1,464,812)
GROSS PROFIT	2,936,081	2,836,465
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(1,659,070)	(1,669,856)
SHARE BASED PAYMENTS EXPENSE	-	23,639
OPERATING INCOME	1,277,011	1,190,248
INTEREST INCOME	61,858	7,466
INTEREST EXPENSE	(133,669)	(67,202)
FOREIGN CURRENCY EXCHANGE GAIN/(LOSS)	(32,994)	(62,620)
PROFIT BEFORE INCOME TAX EXPENSE	1,172,206	1,067,892
INCOME TAX EXPENSE	(64,611)	(145,193)
NET PROFIT	1,107,595	922,699



OJSC "VEROPHARM"

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2009

(in thousands of Russian Roubles)

	<u>31.12.2009</u>	<u>31.12.2008</u>
ASSETS		
NON-CURRENT ASSETS:		
Property, plant & equipment, net	798,077	805,180
Goodwill	287,311	287,311
Intangible assets	54,317	52,644
Total non-current assets	<u>1,139,705</u>	<u>1,145,135</u>
CURRENT ASSETS:		
Inventories	1,044,411	566,711
Trade receivables	3,930,973	3,487,964
Other receivables and prepaid expenses	198,826	191,530
Loans receivables	51,415	138,319
Short-term investments	250,000	-
Cash	64,814	1,446
Total current assets	<u>5,540,439</u>	<u>4,385,970</u>
TOTAL ASSETS	<u><u>6,680,144</u></u>	<u><u>5,531,105</u></u>
EQUITY AND LIABILITIES		
EQUITY:		
Share capital	10,000	10,000
Other reserves	500	500
Retained earnings	5,028,584	3,920,989
Total equity	<u>5,039,084</u>	<u>3,931,489</u>
NON-CURRENT LIABILITIES:		
Long-term borrowings	94,619	54,354
Deferred tax liabilities	57,518	89,041
Long-term portion of obligations under finance leases	14,457	6,663
Total non-current liabilities	<u>166,594</u>	<u>150,058</u>
CURRENT LIABILITIES:		
Short-term borrowings	886,892	665,093
Trade payables	202,429	290,108
Tax payables	146,808	186,876
Other payables	229,340	285,177
Current portion of obligations under finance leases	8,997	22,304
Total current liabilities	<u>1,474,466</u>	<u>1,449,558</u>
TOTAL LIABILITIES	<u><u>1,641,060</u></u>	<u><u>1,599,616</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>6,680,144</u></u>	<u><u>5,531,105</u></u>



OJSC "VEROPHARM"

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

(in thousands of Russian Roubles)

	<u>2009</u>	<u>2008</u>
OPERATING ACTIVITIES:		
Profit for the year	1,107,595	922,699
Adjustments for		
Income tax		
Interest expense	133,669	67,202
Interest income	(61,858)	(7,466)
Depreciation and amortization	112,004	114,830
(Gain)/Loss on disposal of property, plant and equipment	(118)	4,903
Loss on disposal of other intangible assets	13	65
Change in allowance for doubtful debts	18,754	16,124
Change in inventory obsolescence allowance	65,566	(4,095)
Share based payment expense	-	(23,639)
Foreign currency exchange loss/(gain), net	32,994	62,620
Profit before movements in working capital	<u>1,473,230</u>	<u>1,298,436</u>
Movements in working capital:		
Increase un inventories	(537,522)	(14,300)
Increase in trade receivables	(474,550)	(1,195,535)
Decrease/(increase) in other receivables and prepaid expenses	56,047	(67,268)
(Decrease)/increase trade payables	(122,277)	102,881
(Decrease)/increase other payables and taxes payable (other than income tax payable)	(137,161)	173,439
Cash generated from operations	<u>257,767</u>	<u>297,653</u>
Interest paid	(141,356)	(60,032)
Income taxes paid	(63,130)	(237,186)
NET CASH GENERATED BY OPERATING ACTIVITIES	<u>53,281</u>	<u>435</u>
INVESTING ACTIVITIES:		
Purchases of property, plant, equipment	(78,964)	(126,492)
Proceeds from disposal of property, plant, equipment	2,852	1,490
Purchase of intangible assets	(16,902)	(19,260)
Purchase of short-term investments	(200,000)	-
Loans given to related parties	(51,415)	(16,167)
Proceeds from repayment of loans receivable from related parties	139,029	16,167
NET CASH USED IN INVESTING ACTIVITIES	<u>(205,400)</u>	<u>(144,262)</u>
FINANCING ACTIVITIES:		
Proceeds from borrowings	1,470,612	1,223,717
Repayment of borrowings	(1,255,125)	(1,092,239)
NET CASH GENERATED BY FINANCING ACTIVITIES	<u>215,487</u>	<u>131,478</u>
Net increase/(decrease) in cash and cash equivalents	63,368	(12,349)
Cash and cash equivalents, beginning of period	1,446	13,795
Cash and cash equivalents, end of period	<u>64,814</u>	<u>1,446</u>