



**OJSC "VEROPHARM"**  
CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2010  
*(in thousands of rubles)*

	<b>2010</b>	<b>2009</b>
<b>REVENUE</b>	<b>5,395,123</b>	<b>4,395,150</b>
COST OF SALES	(1,694,804)	(1,459,069)
<b>GROSS PROFIT</b>	<b>3,700,319</b>	<b>2,936,081</b>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(2,228,374)	(1,659,070)
<b>OPERATING PROFIT</b>	<b>1,471,945</b>	<b>1,277,011</b>
INTEREST INCOME	62,498	61,858
INTEREST EXPENSE	(118,967)	(133,669)
FOREIGN CURRENCY EXCHANGE GAIN/(LOSS)	(5,539)	(32,994)
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>	<b>1,409,937</b>	<b>1,172,206</b>
INCOME TAX EXPENSE	(203,217)	(64,611)
<b>PROFIT FOR THE YEAR</b>	<b>1,206,720</b>	<b>1,107,595</b>



**OJSC “VEROPHARM”**  
 CONSOLIDATED BALANCE SHEET  
 AT 31 DECEMBER 2010

*(in thousands of rubles)*

	<u>31.12.2010</u>	<u>31.12.2009</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS:</b>		
Property, plant & equipment, net	843,624	798,077
Goodwill	287,311	287,311
Other intangible assets	73,651	54,317
<b>Total non-current assets</b>	<u><b>1,204,586</b></u>	<u><b>1,139,705</b></u>
<b>CURRENT ASSETS:</b>		
Inventories	1,248,904	1,044,411
Trade receivables	4,465,145	3,930,973
Other receivables and prepaid expenses	388,375	198,826
Loans receivable	174,994	51,415
Cash	19,126	64,814
Short-term investments	-	250,002
<b>Total current assets</b>	<u><b>6,296,544</b></u>	<u><b>5,540,441</b></u>
<b>TOTAL ASSETS</b>	<u><b>7,501,130</b></u>	<u><b>6,680,146</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY:</b>		
Share capital	10,000	10,000
Reserves	500	500
Retained earnings	6,235,304	5,028,586
<b>Total equity</b>	<u><b>6,245,804</b></u>	<u><b>5,039,086</b></u>
<b>NON-CURRENT LIABILITIES:</b>		
Long-term borrowings	169,313	94,619
Deferred tax liabilities, net	40,555	57,518
Long-term portion of obligations under finance leases	6,162	14,457
<b>Total non-current liabilities</b>	<u><b>216,030</b></u>	<u><b>166,594</b></u>
<b>CURRENT LIABILITIES:</b>		
Short-term borrowings	295,484	886,892
Trade payables	275,819	202,429
Other payables	251,576	229,340
Taxes payable	208,105	146,808
Short-term portion of obligations under finance leases	8,312	8,997
<b>Total current liabilities</b>	<u><b>1,039,296</b></u>	<u><b>1,474,466</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>1,255,326</b></u>	<u><b>1,641,060</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>7,501,130</b></u>	<u><b>6,680,146</b></u>



**OJSC "VEROPHARM"**

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2010

*(in thousands of rubles)*

	<b>2010</b>	<b>2009</b>
<b>OPERATING ACTIVITIES:</b>		
Profit for the year	<b>1,206,720</b>	<b>1,107,595</b>
<b>Adjustments to profit for the year:</b>		
Income tax	203,217	64,611
Interest expense	118,967	133,669
Interest income	(62,498)	(61,858)
Depreciation and amortization	129,195	112,004
(Gain) / Loss on disposal of FA	11,036	(118)
Loss on disposal of IA	-	13
Change in allowance for doubtful debts	(11,795)	18,754
Change in inventory obsolescence allowance	(27,965)	65,566
Foreign exchange loss, net	5,539	32,994
<b>Profit before movements in working capital</b>	<b>1,572,416</b>	<b>1,473,230</b>
<b>Movements in working capital:</b>		
Increase in inventories	(169,045)	(537,522)
Increase in trade receivables	(522,376)	(474,550)
(Increase)/decrease in other receivables and prepaid expenses	(144,242)	56,047
Increase/(decrease) in trade payables	73,390	(122,277)
Increase/(decrease) in other payables and taxes payable	72,127	(137,161)
<b>Cash generated from operations</b>	<b>882,270</b>	<b>257,767</b>
Interest paid	(137,192)	(141,356)
Interest received	836	-
Income taxes paid	(162,194)	(63,130)
<b>Net cash generated by operating activities</b>	<b>583,720</b>	<b>53,281</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of property, plant, equipment	(170,195)	(78,964)
Proceeds from disposal of property, plant, equipment	4,695	2,852
Purchase of intangible assets	(42,400)	(16,902)
Purchase of short-term investments	-	(200,000)
Proceeds from sale of short-term investments	200,000	-
Loans given to related parties	(123,579)	(51,415)
Proceeds from repayment of loans receivable from related parties	-	139,029
<b>Net cash used in investing activities</b>	<b>(131,479)</b>	<b>(205,400)</b>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	1,330,770	1,470,612
Repayment of borrowings and obligations under finance leases	(1,828,699)	(1,255,125)
<b>Net cash (used in) generated from financing activities</b>	<b>(497,929)</b>	<b>215,487</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(45,688)</b>	<b>63,368</b>
CASH AND CASH EQUIVALENTS, beginning of period	<b>64,814</b>	<b>1,446</b>
CASH AND CASH EQUIVALENTS, end of period	<b>19,126</b>	<b>64,814</b>