



OJSC "VEROPHARM"
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011
(in millions of Russian Roubles)

	<u>2011</u>	<u>2010</u>
REVENUE	6 348	5 395
COST OF SALES	(2 025)	(1 642)
GROSS PROFIT	4 323	3 753*
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(2 452)	(2 228)
OPERATING PROFIT	1 871	1 525*
INTEREST INCOME	123	63
INTEREST EXPENSE	(68)	(119)
FOREIGN CURRENCY EXCHANGE GAIN/(LOSS)	24	(6)
PROFIT BEFORE INCOME TAX	1 950	1 463*
INCOME TAX EXPENSE	(170)	(214)*
PROFIT FOR THE YEAR	1 780	1 249*

* The consolidated financial statements for the year ended 31 December 2010 have been restated.



OJSC “VEROPHARM”
 CONSOLIDATED BALANCE SHEET
 AT 31 DECEMBER 2011

(in millions of Russian Roubles)

	<u>31.12.2011</u>	<u>31.12.2010</u>
ASSETS		
NON-CURRENT ASSETS:		
Property, plant & equipment	1 386	844
Goodwill	287	287
Other intangible assets	87	74
Deferred tax assets, net	58	85
Total non-current assets	<u>1 817</u>	<u>1 290</u>
CURRENT ASSETS:		
Inventories	690	619*
Trade receivables	5 168	4 465
Other receivables and prepaid expenses	2 995	388
Loans receivable	27	175
Cash and cash equivalents	80	19
Total current assets	<u>8 960</u>	<u>5 666</u>
TOTAL ASSETS	<u><u>10 778</u></u>	<u><u>6 956</u></u>
EQUITY AND LIABILITIES		
EQUITY:		
Share capital	10	10
Reserves	1	1
Retained earnings	7 321	5 731*
Total equity	<u>7 332</u>	<u>5 742</u>
NON-CURRENT LIABILITIES:		
Long-term borrowings	158	169
Long-term portion of obligations under finance leases	0	6
Total non-current liabilities	<u>158</u>	<u>175</u>
CURRENT LIABILITIES:		
Short-term borrowings	325	295
Trade payables	1 653	276
Other payables and accrued expenses	1 020	252
Short-term portion of obligations under finance leases	6	8
Taxes payable	284	208
Total current liabilities	<u>3 288</u>	<u>1 039</u>
TOTAL LIABILITIES	<u><u>3 446</u></u>	<u><u>1 214</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>10 778</u></u>	<u><u>6 956</u></u>

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OJSC "VEROPHARM"

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

(in millions of Russian Roubles)

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES:		
Profit for the year	1,780	1,249
Adjustments to profit for the year:		
Income tax	170	214
Interest expense	68	119
Interest income	(123)	(63)
Depreciation and amortization	136	129
Loss on disposal of other intangible assets and property, plant and equipment	2	11
Change in allowance for doubtful debts	2	(12)
Change in inventory obsolescence allowance	(19)	(28)
Foreign currency exchange (gain)/loss, net	(24)	6
Profit before movements in working capital	<u>1,992</u>	<u>1,625</u>
Movements in working capital:		
Increase in inventories	(41)	(222)
Increase in trade receivables	(708)	(522)
Decrease/(Increase) in other receivables and prepaid expenses	1,779	(144)
Decrease/(Increase) in trade payables	(1,902)	73
Increase in other payables and taxes payable	506	72
Cash generated from operations	<u>1,626</u>	<u>882</u>
Interest paid	(63)	(137)
Interest received	1	1
Income taxes paid	(368)	(162)
Net cash generated by operating activities	<u>1,196</u>	<u>584</u>
INVESTING ACTIVITIES:		
Purchase of property, plant, equipment	(669)	(171)
Proceeds from disposal of property, plant, equipment	3	5
Purchase of intangible assets	(40)	(42)
Proceeds from sale of short-term investments	-	200
Cash disposed with sale of subsidiary	(6)	-
Loans given to related parties	(387)	(124)
Proceeds from repayment of loans given	101	-
Net cash used in investing activities	<u>(998)</u>	<u>(132)</u>
FINANCING ACTIVITIES:		
Dividends payment	(190)	-
Proceeds from borrowings	1,608	1,331
Repayment of borrowings and obligations under finance leases	(1,549)	(1,829)
Net cash used in financing activities	<u>(131)</u>	<u>(498)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>67</u>	<u>(46)</u>
Effect of exchanges in balance of cash held in foreign currencies	(6)	-
CASH AND CASH EQUIVALENTS, beginning of period	19	65
CASH AND CASH EQUIVALENTS, end of period	<u>80</u>	<u>19</u>