



**Charitable Organisation “Foundation of Olena Pinchuk “ANTI AIDS”
“Elena Pinchuk Antiaids Foundation” (United Kingdom)**

Statement of Cash Receipts and Disbursements

*For the year ended 31 December 2011 and
cumulative as at that date
with Independent Auditors’ Report*

Ernst & Young

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INDEPENDENT AUDITORS' REPORT

To Management and Founders of
Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS"
"Elena Pinchuk Antiaids Foundation" (United Kingdom)

We have audited the accompanying statement of cash receipts and disbursements of Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS", "Elena Pinchuk Antiaids Foundation (United Kingdom), (hereinafter together referred to as "the Foundations") for the year ended 31 December 2011 and cumulative as at that date, and a summary of significant accounting policies and other explanatory information ("the Statement"). The Statement has been prepared by management of the Foundations using the cash receipts and disbursement basis of accounting described in Note 2.

Management responsibility for the Statement

Management is responsible for the preparation and fair presentation of this Statement in accordance with the cash receipts and disbursements basis of accounting described in Note 2; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the Statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundations' preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundations' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement presents fairly, in all material respects, the cash receipts and disbursements of the Foundations for the year ended 31 December 2011 in accordance with the cash receipts and disbursements basis of accounting described in Note 2.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the Statement, which describes the basis of accounting. The Statement is prepared to provide information to the founders and management of the Foundations. As a result, the Statement may not be suitable for another purpose.



27 June 2012

Charitable Organisation "Foundation of Olena Pinchuk "ANTI/AIDS"
 "Elena Pinchuk Antiaids Foundation" (United Kingdom)

Statement of Cash Receipts and Disbursements
 For the year ended 31 December 2011 (in US dollars)

	Notes	2011	2010	Cumulative from commencement to 31 December 2011
Cash balance as at 01 January		449,747	7,679	
CASH RECEIPTS COLLECTED:	3	2,671,976	2,335,464	12,467,620
EXPENSES PAID:				
Informational and educational campaigns on HIV/AIDS		(422,964)	(549,789)	(3,658,566)
Material aid paid to people with HIV/AIDS, medical establishments and orphanages		(278,942)	(363,787)	(3,071,003)
International co-operation		(1,469,648)	(705,070)	(3,815,688)
ADMINISTRATIVE EXPENSES	4	(288,892)	(278,695)	(1,190,909)
Foreign exchange and translation differences		(72,612)	3,945	(142,789)
TOTAL EXPENSES		(2,533,058)	(1,893,396)	(11,878,955)
Cash balance as at 31 December		588,665	449,747	588,665

Signed and authorized for release on behalf of the Foundation on 27 June 2012:

Director

Olga Rudneva

Chief Accountant

Lilia Dzyadyk



The accompanying notes are an integral part of this statement

**Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS"
"Elena Pinchuk Antiaids Foundation" (United Kingdom)**

**Notes to the Statement of Cash Receipts and Disbursements
For the year ended 31 December 2011 (in US dollars)**

1. General Information

The Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS" ("the ANTI AIDS Foundation") was founded by Mrs. Olena Pinchuk, a Ukrainian citizen, jointly with two other Ukrainian individuals in September 2003. The registered office of the Foundation is located at 2, Mechnikova Street, Kyiv, Ukraine.

On 13 October 2010, the Companies House of England and Wales registered "Elena Pinchuk Antiaids Foundation" ("the UK Foundation"). The UK Foundation was established by Mrs. Olena Pinchuk with the aim to contribute to the achievement of the ANTI AIDS Foundation's goals through international cooperation.

All the activities of the above foundations, hereinafter collectively referred to as "the Foundations", are governed by the ANTI AIDS Foundation management appointed by and reporting to the founders. The governing power to the ANTI AIDS Foundation management is provided by virtue of the respective agreements between the ANTI AIDS Foundation and the UK Foundation.

The goals of the Foundations, as stated in the founding documents, are to combat the HIV/AIDS epidemic in Ukraine, to reduce its escalation, to support people living with HIV/AIDS by improving their quality of life, and to bring to Ukraine the best international experience in combating HIV/AIDS.

The Foundations' projects implemented during 2003-2011 were mainly focused on the following main areas:

- Informational and educational campaigns;
- Support to people with HIV/AIDS, medical establishments and orphanages;
- International co-operation.

International co-operation mainly related to the Foundations' participation in the joint project with the Clinton Foundation and the joint project of the UK Foundation with the Brown University.

The aim of the joint project with the Clinton Foundation, initiated in 2007, is to increase access to HIV/AIDS treatment in Ukraine, to reduce the risk of HIV transmission among non-injecting drug users, and finally, to cut down the number of AIDS related deaths. Main directions of the project are: rapid HIV/AIDS testing and identifying new cases of HIV infection; training, mentoring, consulting and support for health care providers of various qualification levels; comprehensive drug treatment and substitution therapy for injecting drug users; improvement of existing drug procurement system.

The goals of the Ukrainian Health Program of Brown University, initiated in 2011, are: to study and analyse ART among children and women and the effectiveness of different forms of ART; to develop the diagnostics of TB and its relevance to HIV and TB co-infected individuals; to develop the evaluation tools in order to improve HIV care of women and children in Ukraine; to develop the best practices to improve care for HIV/AIDS in different regions of Ukraine; to improve mentoring and provide the current young physicians with and researches in Ukraine with the skills to promote their work on an international scale.

2. Summary of Significant Accounting Policies

Basis of accounting

The Foundations' statement of cash receipts and disbursements (the "statement") is prepared on the cash receipts and disbursements basis, which represents other comprehensive basis of accounting, and is not intended to be a presentation in conformity with International Financial Reporting Standards or any other generally accepted accounting principles in other countries, including Ukraine and the UK, where the entities of the Foundations are registered. On this basis, donations and other cash collections are recognised when received, and expenses are recognized when paid rather than when incurred.

The Foundations prepare and file statements for the tax and other statutory reporting purposes on the basis of the statutory accounting records maintained by the Foundations.

Basis of combination

**Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS"
"Elena Pinchuk Antiaids Foundation" (United Kingdom)**

Notes to the Statement of Cash Receipts and Disbursements

For the year ended 31 December 2011 (in US dollars)

The statement of cash receipts and disbursements of the Foundations is presented on a combined basis, which management considered appropriate for entities under its control exercised as described above in the Note 1. The combined statement comprises individual statements of the Foundations for the year ended and cumulative through 31 December 2011. The separate statements of the Foundations are prepared as of the same reporting date, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All cash receipts and disbursements between the Foundations have been eliminated in full.

Foreign Currencies

The presentation currency for the purpose of this combined statement of cash receipts and disbursements is the United States dollar ("US dollar"). The functional currency of the Ukrainian entities is the national currency of Ukraine, the Hryvnia ("UAH"). The functional currency of the UK Office is US dollar. Accordingly, transactions included in the combined statement of cash receipts and disbursements that were not already measured in US dollars have been premeasured into US dollars using the official exchange rate established by the National Bank of Ukraine ('NBU') at the date of transaction throughout 2011. The exchange rate approximates market rates. The remaining cash balance as at the reporting date is translated into the presentation currency using the closing exchange rate at that date (7.9898 UAH for 1 US dollar as at 31 December 2011 (2010: 7.962 UAH for 1 US dollar)).

Differences between the contractual exchange rate of a transaction in a foreign currency and the NBU exchange rate on the date of the transaction are also included in gains/losses from foreign currencies.

3. Cash Receipts Collected

Cash receipts collected by the Foundations include the following:

	2011	2010	Cumulative from commencement to 31 December 2011
Contributions received from legal entities, including the founders' affiliates	2,584,254	1,832,520	10,689,841
Contributions received from founders and other individuals	67,413	498,525	1,727,503
Founders' contributions to the Charter Fund	-	-	10,010
Bank interest	20,309	4,419	40,266
	2,671,976	2,335,464	12,467,620

4. Administrative Expenses

Administrative expenses represent cash disbursements related to general management of the projects and arrangement of the Foundations' activities. They primarily comprise of the Foundations' employees salaries and related taxes and office rental expenses.

5. Operating Environment and Economic Conditions

The Ukrainian economy while deemed to be of market status continues to display certain characteristics consistent with that of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in the capital markets, high inflation and the existence of currency controls which cause the national currency to be illiquid outside of Ukraine. The stability of the Ukrainian economy will be significantly impacted by the Government's policies and actions with regard to administrative, legal, and economic reforms. As a result, operations in Ukraine involve risks that are not typical for developed markets.

**Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS"
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Notes to the Statement of Cash Receipts and Disbursements
For the year ended 31 December 2011 (in US dollars)

While the Foundations are not-for-profit organizations, the above risks relating to general economic environment in Ukraine and the regulatory framework may affect the Foundations' activities in a manner not currently determinable or predictable

6. Tax and Other Regulatory Compliance Risks

The Foundations have the status of non-for-profit organization and are generally exempt from the income tax and other taxes, which would otherwise be applicable to its activity, including passive income earned, subject to its continued compliance with this status.

Management believes that its interpretation of the relevant applicable legislation is appropriate and that the Foundations have complied with all regulations and continues to maintain its non-for-profit status. All due statutory withholdings, including employment related taxes have been paid timely and properly. At the same time it is possible that transactions and interpretations that have not been challenged in the past may be challenged by the authorities in the future, although this risk significantly diminishes with passage of time. It is not practical to determine the amount of unasserted claims that may manifest, if any, or the likelihood of any unfavourable outcome.

7. Commitments and Contingencies

Legal

In the ordinary course of activities, the Foundations may become subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the future operations of the Foundations.

Appropriation of donations

Prior to entering into the projects, management evaluates the compliance of the proposed projects with the statutory goals of the Foundations as well as with the statutory requirements for the charitable and non-for-profit activities. Further, in course of the projects' implementation, management monitors, to the extent practical and possible, their alignment with the declared goals based on the reports and other documentation provided by the participants of the projects and donation recipients as well as selective inspections.

However, because of the inherently limited ability of the Foundations' management to assess and monitor eligibility and actual appropriation of the funding by the other project participants and the donation recipients, misappropriation of the funds extended to the projects by the Foundations may take place and not be detected. As with other contingencies, management believes that the ultimate liability of the Foundations arising from such cases, if any, will not have a material adverse effect on the financial condition or the future operations of the Foundations.