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VEROPHARM ANNOUNCES PRELIMINARY 2007 RESULTS

FEBRUARY 06, 2008, MOSCOW – OAO VEROPHARM [RTS:VRPH, MICEX:VFRM] announces preliminary data on its 2007 sales of finished goods and operational performance indicators based on its management reports.

Sales

- In 2007 Veropharm net sales amounted to USD 140 million according to management estimates, rising 39% y-o-y*.
- In 2007 Veropharm sales of finished goods were up by 39% in comparison with 2006, and amounted USD 138 million. Sales of finished goods in 4Q07 rose by 56% y-o-y, to USD 48 million.
- Rx drugs sales amounted to USD 82 million in 2007, a 55% increase in comparison with 2006. The Rx drugs sales accounted for 60%** of total sales.
- Adhesive bandages sales came to USD 25 million in 2007, 17% growth in comparison with 2006, and accounted for 18% of total sales.
- In 2007 traditional drug sales stood at USD 19 million, having grown by 16% in comparison with 2006, and made up 14% of total sales.
- OTC sales amounted to USD 12 million in 2007, a 40% increase in comparison with 2006, their share of total sales being equal to 8%.
- Veropharm sales as part of the Federal Reimbursement Program (FRP) came to USD 5.8 million in 2007, accounting for 4% of the Company's sales, whereas in 2006 sales through the DLO program amounted to USD 6.3 million, or 6% of the Company's sales**.
- The Russian Federation is a core market, where the Company sells 96% of its products**. In 2007, exports accounted for 4% of the Company's sales, including 3% to CIS countries.

Rx drugs segment

The main sales drivers in the Rx drugs segment in Q407 include:

- Successful participation in tenders for the supply of drugs within the framework of federal and regional programs;
 - Increase in sales of new original Rx drugs (Cerepro, Oxaliplatin) launched in production during 2006-2007.
- The aggregate sales for the five top-selling Rx drugs came to USD 33 million in 2007, or 40% of Rx drug sales and 24% of the Company's total sales**.

The five top-selling Rx drugs include:

- Paclitaxel-LENS (Paclitaxel, ATG*** "Anti-Cancer and Immunomodulators"); 18% annual sales growth;
- Doxorubicin-LENS (Doxorubicin, ATG "Anti-Cancer and Immunomodulators"); 99% annual sales growth;
- Bilumide (Bycalutamid, ATG "Anti-Cancer and Immunomodulators"); 285% annual sales growth;
- Irunine (Itraconazole, ATG "Anti-Bacterial for Systemic Use"); 17% annual sales growth;
- Cerepro (Holina Alfostserat, ATG "Anti-Neuropathy»); 480% annual sales growth.

Traditional drugs segment

- An increase in sales is seen in the traditional drugs segment, triggered by the reduction in output of these products by the country's other pharmaceutical factories, and by stable demand for these drugs on the part of the hospital segment of the pharmaceutical market.

- The aggregate sales of the five best-selling traditional drugs came to USD 11 million in 2007, or 55% of sales in the traditional drug segment, and 8% of the Company's total sales **.

The five top-selling traditional drugs include:

- Novocain (Procaine, ATG "Anti-Neuropathy"); 117% annual sales increase;
- Pyridoxine hydrochloride (Pyridoxine, ATG "Digestion and Metabolism"); 17% annual sales increase;
- Thiamine chloride (Thiamine, ATG "Digestion and Metabolism"); 38% annual sales increase;
- Calcium gluconate (ATG "Digestion and Metabolism"); 39% annual sales increase;
- Nicotinic acid (Nicotinic acid, ATG "Treatment of the Cardiovascular System"); 32% annual sales decline.

Adhesive bandages segment

- Adhesive bandages are a stable product segment that shows two opposite trends: on one hand, sales of therapeutic adhesive bandages, which account for approximately 30% in sales in the given segment, are dropping insignificantly; on the other hand, sales of adhesive bandages are increasing, and branded adhesive bandages in particular.

In 2007, the sales structure for adhesive patches was as follows:

- Conventional reel and anti-bacterial bandages; 16% annual sales increase;
- Therapeutic patches (capsicum plasters and corn plasters); 1% annual sales decrease;
- Uniplast branded individual use patches, including hemostatic (production was launched in 2007), new anti-bacterial, anesthetic and cleansing wound dressing patches, as well as new SMART branded anti-bacterial patches; 68% annual sales increase.

OTC drugs

The OTC drug segment is strongly consolidated in the Company: the five best-selling drugs account for almost 100% of sales.



- ° Xylen (Xylometazoline, ATG, "Respiratory System Treatment"); sales increased by 113%;
- ° Slabilen (Sodium picosulfate, ATG "Digestion and Metabolism"); 18% annual sales decrease due to a changed market environment;
- ° Motilak (Domperidone, ATG "Digestion and Metabolism"); 56% annual sales increase;
- ° Vitasharm and Vitatress (Polyvitamins, ATG "Digestion and Metabolism"); 2% annual sales increase.

New drug production and sales

In 2007, Veropharm launched the production and sales of the following new drugs:

- ° Ekzorum (Oksaliplatin, ATG "Anti-Cancer and Immunomodulators"); sales in 2007 amounted to USD 1.9 million (production launched in November 2007; produced in two dosage options);
- ° Geptor (Ademetionin, ATG "Digestion and Metabolism"); sales in 2007 amounted to USD 1.1 million (production launched in March 2007);
- ° Extraza (Letrozol, ATG "Anti-Cancer and Immunomodulators"); sales in 2007 amounted to USD 1.0 million (production launched in November 2007);
- ° Ornidazol-Vero (Ornidazole, ATG "Antibacterial, for Systemic Use") sales in 2007 amounted to USD 0.4 million (production launched in June 2007);
- ° Betaver (Betagistin, ATG – "Anti-Neuropathy treatment"), sales in 2007 amounted to USD 71,000 (production launched in September 2007; produced in two dosage options);
- ° Gynaecotex (Benzalkoniya chloride, ATG "Urogenital Treatment"); sales in 2007 made USD 46,000 (production launched in September 2007);
- ° In May/July 2007, new Uniplast branded anti-bacterial, anaesthetic and cleansing wound dressing patches, as well as new SMART branded anti-bacterial patches, were also launched in production; 2007 sales amounted to USD 0.6 million.

New drug registration

In 2007, new drugs to be launched by Veropharm in 2008 were registered (by pharmacotherapeutic groups) as follows:

- ° Anti-neuropathy: 3 products
- ° Anti-cancer and immunomodulators: 4 products

Additionally, 22 more drugs and 1 more adhesive bandage are currently at different stages of the registration process.

Sales structure of finished goods, Veropharm:

USD, mln	Year	Q4	Q3	Q2	Q1
Rx drugs					
2007	82.05	32.18	18.63	18.77	12.47
2006	52.78	16.86	13.61	12.96	9.35
Change, y-o-y	55.4%	90.9%	36.9%	44.8%	33.4%
Traditional drugs					
2007	19.44	4.38	5.20	5.37	4.49
2006	16.75	5.45	3.98	3.86	3.46
Change, y-o-y	16.1%	-19.5%	30.8%	39.0%	29.7%
Adhesive bandages					
2007	24.64	7.15	5.51	7.60	4.38
2006	21.12	5.92	5.26	5.48	4.46
Change, y-o-y	16.7%	20.8%	4.7%	38.7%	-1.7%
OTC drugs					
2007	11.75	4.03	3.19	2.14	2.39
2006	8.36	2.47	1.73	2.59	1.57
Change, y-o-y	40.4%	63.1%	84.0%	-17.4%	52.5%

Debt

- In 2007 Veropharm's debt was up by 8%, to USD 20.2 million.

* here and hereinafter financial indicators may significantly differ from the consolidated data of audited financial statements.

** % - as percentage of sales of finished goods.

*** ATG – anatomical therapeutic group

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Notes to the Editor:

VEROPHARM is one of the largest Russian pharmaceutical producers.

Shares of the Company are listed on RTS (ticker: VRPH) and are also traded at MICEX (ticker: VFRM). Market capitalization as of February 5, 2008 totaled \$475 million (according to RTS). The charter capital of the Company totals 10 million ordinary shares. VEROPHARM is the market leader in Russia for production of plasters and oncological medicines. The Company's production facilities comprise 3 pharmaceutical plants in Belgorod, Voronezh and Pokrov. The Company's product portfolio includes more than 400 items. VEROPHARM employs over 3,000 people.

Based on results for the first nine months of 2007, RMBC rated Veropharm No.6 among the Top 10 producers of oncological drugs, up from the 12th position for the same period of 2006. According to research conducted by "Rus" in October 2007 Veropharm is rated second in the rating of Russian Customers Awareness of Russian Pharmaceutical Producers.

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