



PRESS RELEASE

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VEROPHARM ANNOUNCES PRELIMINARY RESULTS FOR THE FIRST NINE MONTHS OF 2007

MOSCOW, OCTOBER 29, 2007 – Veropharm [RTS: VRPH, MICEX: VFRM] announces its preliminary sales and operational results for the first nine months of 2007 according to the management's accounting report.

Sales

- According to management's estimates, Veropharm's net sales totaled \$92.9 mln* in the first nine months of 2007.
- Sales of Veropharm's finished goods increased 32% y-o-y, totaling \$90.2 mln in the first nine months of 2007.
- Sales of prescription drugs in this period totaled \$49.9 mln, demonstrating a 39% y-o-y growth. The percentage of prescription drugs in the total sales volume was 55.3%**.
- Sales of traditional drugs totaled \$15.1 mln, demonstrating a 33% y-o-y growth. The percentage of traditional drugs in the total sales volume was 16.7%.
- Sales of adhesive bandages totaled \$17.5 mln, demonstrating a 15% y-o-y growth. The percentage of adhesive bandages in the total sales volume was 19.4%.
- Sales of non-prescription drugs totaled \$7.7 mln, demonstrating a 31% y-o-y growth. The percentage of non-prescription drugs in the total sales volume was 8.6%.
- Veropharm's sales within the Federal Reimbursement Program (FRP) totaled \$4.3 mln, or 5% of the company's sales. In the same period in 2006, Veropharm's sales within the program totaled \$5.2 mln, or 8% of the company's sales.
- Veropharm's sales in Russia accounted for 95.8% of the company's sales in the first nine months of 2007.

Prescription Drugs Segment

- Sales of Veropharm's five best-selling prescription drugs in the first nine months of 2007 totaled \$21.3 mln, or 43% of all prescription drugs sales and 24% of the company's overall sales.

The five best-selling prescription drugs in the first nine months of 2007 were:

- Irunin (Itraconazole); sales increased 10% y-o-y;
- Paclitaxel-LANS (Paclitaxel); sales increased 46% y-o-y;
- Doxorubicin - LANS (Doxorubicin); sales increased 104% y-o-y;
- Cerepro (Choline alfoscerate); sales increased 839% y-o-y;
- Amigrenin (Sumatriptan); sales increased 53% y-o-y.



Traditional Drugs Segment

- Sales in the traditional drugs segment continue to grow due to reduced production volume by other Russian pharmaceutical enterprises and to stable demand for these medicines.
- Sales of Veropharm's five best-selling traditional drugs in the first nine months of 2007 totaled \$8.1 mln, or 54% of all traditional drugs sales and 9% of the company's overall sales.

The five best-selling traditional drugs in the first nine months of 2007 were:

- Novocain (Procaine) – sales increased 191% y-o-y;
- Pyridoxine hydrochloride (Pyridoxine) – sales increased 48% y-o-y;
- Thiamine chloride (Thiamine) – sales increased 87% y-o-y;
- Cyanocobalamin – sales increased 335% y-o-y;
- Nicotinic acid – sales decreased 20% y-o-y.

Adhesive Bandages Segment

- Veropharm made a concerted effort to increase the market shares of its name-brand products (Uniplast and SMART) in the adhesive bandages segment by actively promoting them in retail supply chains.

The sales structure of adhesive bandages during the first nine months of 2007 was:

- Traditional rolled and antibacterial bandages – sales increased 21% y-o-y;
- Therapeutic patches (capsicum and corn adhesive bandages) – sales decreased 13% y-o-y;
- Name-brand products for individual use (Uniplast and SMART) – sales increased 42% y-o-y.

OTC Drugs Segment

- Sales of OTC drugs increased 31% y-o-y due to the sales performance of the following drugs:
 - Xylen (Xylometazoline) – sales increased 65% y-o-y;
 - Motilak (Domperidone) – sales increased 50% y-o-y;
 - Slabilen (Sodium picosulfate) – sales decreased 4% y-o-y.

Production and Marketing of New Drugs

- In Q3 2007, Veropharm began production and distribution of new drugs and medical products:
 - Betaver (Betahistine) – angioprotector, microcirculation improving medicine (histaminomimetic);
 - Guinekoteks (Benzalkonium chloride) – contraceptive;
 - Five new types of Uniplast wound dressings with analgesic, antibacterial and anti-inflammatory effects.

Registration of New Medicines



During the first nine months of 2007, Veropharm successfully registered five new drugs. In Q3 2007, it registered new drugs in the following pharmaceutical groups:

- ° Anticancer and immune response modifier medicines – one medicine;
- ° Antibacterial medication for systemic use – one pharmaceutical form.

Production of these medicines is scheduled for 2007-2008.

Debt

At the end of the first nine months of 2007, Veropharm debt was \$23.9 mln.

Sales Structure for Veropharm's Finished Products:

US\$, mln		9 months	Q3	Q2	Q1
	Prescription drugs				
2007		49.89	18.65	18.77	12.47
2006		35.92	13.61	12.96	9.35
Y-o-y change		38.9%	37.0%	44.8%	33.4%
	Traditional drugs				
2007		15.06	5.2	5.37	4.49
2006		11.3	3.98	3.86	3.46
Y-o-y change		33.3%	30.7%	39.1%	29.8%
	Adhesive bandages				
2007		17.50	5.51	7.61	4.38
2006		15.20	5.26	5.48	4.46
Y-o-y change		15.1%	4.8%	38.9%	-1.8%
	OTC drugs				
2007		7.71	3.19	2.14	2.38
2006		5.89	1.73	2.59	1.57
Y-o-y change		30.9%	84.4%	-17.4%	51.6%

* Hereinafter financials may differ significantly from consolidated data included in audited financial statements.

** % – percentage of finished product sales.

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About the company:

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 October 26, 2007, totaled USD 454 mln (according to RTS).

The charter capital of the Company is comprised of 10 mln ordinary shares.

VEROPHARM is the market leader in Russia for production of oncological medicines and adhesive bandages.

The Company operates 3 pharmaceutical plants in Belgorod, Voronezh and Pokrov.

The Company's product portfolio includes more than 300 items.

VEROPHARM employs over 3000 people.

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