



PRESS RELEASE

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VEROPHARM ANNOUNCES PRELIMINARY RESULTS FOR FIRST HALF OF 2007

AUGUST 7, 2007, MOSCOW – OAO VEROPHARM [RTS:VRPH; MICEX:VFRM] has announced its preliminary results for the second quarter and first half of 2007 according to management reports.

Sales

- According to the management's reports, net sales at VEROPHARM in H1 2007 totaled US\$58.2 million.*

\$mln.	H1	Q2	Q1
2007	58.2	34.1	24.1
2006	45.2	25.5	19.7
<i>change y-o-y</i>	28.8%	33.7%	22.5%

- Sales of VEROPHARM's finished goods in H1 2007 grew 32% y-o-y and reached US\$57.6 million.**
- Sales of RX drugs totaled US\$31.2 million in H1 2007, which represented 40% growth y-o-y. The share of prescription medications in sales amounted to 54.2%.
- Sales of traditional drugs amounted to US\$9.9 million, which is 35% more than in the first half of 2006. Traditional medications accounted for 17.1% of all sales.
- Sales of adhesive bandages amounted to US\$12 million, up 21% y-o-y and accounting for 20.8% of sales in H1 2007.
- Sales of OTC drugs amounted to US\$4.5 million, which is 9% more than in H1 2006. Nonprescription medications accounted for 7.9% of all sales.
- VEROPHARM sales for the Federal Reimbursement System (DLO) totaled US\$2.1 million, representing 4% of the Company's sales. In H1 2006 sales via the DLO program totaled \$3.4 million, or 8% of sales.
- Sales on the territory of the Russian Federation accounted for 95.6% of the Company's sales in H1 2007.

Prescription drugs segment

- Total volume of sales for the five most popular prescription medications during H1 2007 totaled US\$13.1 million, representing 42% of RX drugs sales and 23% of total Company sales.

The top five bestsellers among prescription drugs in H1 2007 were:

- Irunin (Itraconazole) – sales increased 229% y-o-y;
- Paclitaxel-LENS (Paclitaxel) – sales increased 83% y-o-y;
- Maverex (Vinorelbine) – sales increased 456% y-o-y;
- Amigrenin (Sumatriptan) – sales increased 40% y-o-y;
- Doxorubicin-LENS (Doxorubicin) – sales increased 48% y-o-y.

Traditional drugs segment

- Sales of traditional medications continued to grow as other producers cut back on production of these types of drugs while the level of demand remained stable.

- Total volume of sales for the five most popular traditional medications during H1 2007 totaled US\$5.5 million, representing 55% of traditional drugs sales and 10% of total Company sales.

The five most actively sold traditional drugs in H1 2007 were:

- Novocain (Procaine) – sales increased 116% y-o-y;
- Pyridoxine hydrochloride (Pyridoxine) – sales increased 58% y-o-y;
- Thiamine chloride (Thiamine) – sales increased 25% y-o-y;
- Magnesium sulfate – sales increased 34% y-o-y;
- Nicotinic acid – sales increased 2% y-o-y.

Adhesive bandages segment

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

Sales structure of adhesive bandages during H1 2007 was as follows:

- Traditional rolled and antibacterial bandages – sales increased 21% y-o-y;
- Therapeutic patches (capsicum and corn adhesive bandages) – sales decreased 24% y-o-y;
- Name-brand products for individual use (Uniplast and SMART) – sales increased 111% y-o-y.

OTC drugs segment

- The OTC segment is characterized by seasonal demand for medications and dependence on delivery schedules of product distributors. Furthermore, without the support of a wide-scale advertising campaign, a number of products within this segment can face competitive pressure from similar medications that are being actively promoted.

The five most actively sold OTC drugs accounted for 99% of all sales in this segment:

- Xylen (Xylometazoline) – sales increased 44% y-o-y;
- Motilak (Domperidone) – sales increased 11% y-o-y;
- Slabilen (Sodium picosulfate) – sales decreased 20% y-o-y;
- Vitasharm (Polyvitamins) – sales decreased 4% y-o-y;
- Vitatress (Polyvitamins) – sales decreased 37% y-o-y.



Production and Marketing of new drugs

In the course of Q2 2007, VEROPHARM began producing new medications and medical products:

- Hypernik (Perindopril) – cardiovascular medication (angiotensin-converting enzyme inhibitor);
- SMART – premium segment name-brand adhesive bandages for individual use, 6 different packs of various sizes and applications.

Registration of new medications

During H1 2007 VEROPHARM successfully registered 4 new drugs. In Q2 2007 VEROPHARM successfully registered new medications in the following pharmaceutical groups:

- Antidepressants – 1 drug;
- Anticancer medications – 2 drugs.

Production of these new medications is scheduled for 2007-2008.

Good Manufacturing Practice Standards (GMP)

In April 2007 VEROPHARM's Belgorod production facility successfully completed an audit of compliance with EU GMP. The audit took place in collaboration with the Federal Service for Healthcare and Social Development of Russia and the Pharmakon, Danish Collaborating Center of the World Health Organization for Drug Policy and Pharmacy Practice.

Debts

As of the end of H1 2007, VEROPHARM's debt stood at US\$21.4 million.

VEROPHARM FINISHED GOODS SALES STRUCTURE:

\$mln.		H1	Q2	Q1
	RX drugs			
2007		31.24	18.77	12.47
2006		22.31	12.96	9.35
<i>change y-o-y</i>		40.0%	44.8%	33.4%
	Traditional drugs			
2007		9.86	5.37	4.49
2006		7.32	3.86	3.46
<i>change y-o-y</i>		34.7%	39.1%	29.8%
	Adhesive bandages			
2007		11.99	7.61	4.38
2006		9.94	5.48	4.46
<i>change y-o-y</i>		20.6%	38.9%	-1.8%
	OTC drugs			
2007		4.52	2.14	2.38
2006		4.16	2.59	1.57
<i>change y-o-y</i>		8.7%	-17.4%	51.6%



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

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

For further information please contact:

Mikhail Kolosov,
Corporate Communications &
Investor Relations Manager

kolosov@oao366.ru
Tel.: (+7495) 792 52 07

or refer to the Company's web-site

www.veropharm.ru

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 August 8, 2007, totaled USD 438 million (according to RTS).

The charter capital of the Company is comprised of 10 million 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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