



PRESS-RELEASE

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**OJSC «VEROPHARM» ANNOUNCES PRELIMINARY RESULTS
FOR THE FIRST HALF OF 2008 YEAR**

AUGUST 7, 2008, MOSCOW – OJSC «VEROPHARM» [RTS:VRPH, MICEX:VFRM] announces preliminary data and operational performance indicators for the second quarter and the first half of 2008 year according to the management accounting.

SALES

- In H1 2008 sales of Veropharm's finished goods were up by 50% in comparison with H1 2007 USD and amounted USD 86.5 mln. ^[1]
- Rx drugs sales amounted to USD 56.4 million in H1 2008, a 81% increase in comparison with H1 2007. The Rx drugs sales accounted for 65% of total finished goods sales. ^[2]
- In H1 2008 traditional drug sales amounted to USD 6.3 million, which represents 36% decrease as compared to H1 2007, and made up 7% of total finished goods sales.
- Adhesive bandages sales came to USD 16.8 million in H1 2008, a 40% increase as compared to H1 2007. The share of adhesive bandages in total finished goods sales was 20%.
- OTC drugs sales amounted to USD 7.0 million in H1 2008, a 54% increase in comparison with H1 2007. The share of OTC drugs makes 8% of total finished goods sales.
- Veropharm sales as part of the Federal Reimbursement Program (FRP) came to USD 3,3 million in H1 2008, accounting for 3.8% of the Company's total finished goods sales. ^[2] By the results of H1 2007, FRP sales were USD 2,1 million, or 3.6% of the Company's total finished goods sales.
- Sales within the Russian Federation accounted for 96% of the Company's total finished goods sales in H1 2008.

RX DRUGS SEGMENT

- Total sales of the five most popular prescription drugs by the results of H1 2008 amounted to USD 27.6 million, or 49% of sales in the prescription drugs segment and 32% of the Company's total finished goods sales.

The five top-selling Rx drugs in H1 2008 results include:

- Bilumid (Bycalutamid, ATC ^[3] «Antineoplastic and immunomodulating agents»); 1426% y-o-y sales growth; CMR «Pharmexpert» named Bilumid which showed the fastest growth rate within TOP-100 trade marks in the FRP program, as the "Drug of the Month" in March 2008;
- Cerepro (Holina Alfostserat, ATC "Central nervous system"); 243% y-o-y sales growth;
- Doxorubicin-LENS (Doxorubicin, ATC "Antineoplastic and immunomodulating agents"); 141% y-o-y sales growth;
- Irunine (Itraconazole, ATC "General anti-infectives systemic"), 8% y-o-y sales growth.



- Paclitaxel-LENS (Paclitaxel, ATC "Antineoplastic and immunomodulating agents"); 38% y-o-y sales growth.

TRADITIONAL DRUGS SEGMENT

The traditional drugs segment shows decreasing sales trend as stipulated by the market conditions.

- Total sales of the five most popular traditional drugs by the results of H1 2008 amounted to USD 3.6 million, or 57% of sales in the traditional drugs segment and 4% of the Company's total finished goods sales.

The five top-selling traditional drugs in H1 2008 results include:

- Magnesium sulfate; ATC "Agents affecting blood and blood forming organs"; 44% y-o-y sales growth;
- Calcium gluconate (Calcium gluconate; ATC "Alimentary tract and metabolism"); 21% y-o-y sales growth;
- Pyridoxine hydrochloride (Pyridoxine; ATC "Alimentary tract and metabolism"); 52% y-o-y sales decrease;
- Sodium chloride (Sodium chloride; ATC "Various"); 59% y-o-y sales growth;
- Dimedrole (Diphenhydramine; ATC "Respiratory system"); 27% y-o-y sales growth.

ADHESIVE BANDAGES SEGMENT

There is significant growth of therapeutic patches sales in H1 2008:

- Conventional reel and bacterial adhesive bandages; 25% y-o-y sales growth; 50% of sales in the adhesive bandages segment in 1H 2008 (as compared with 56% in 1H 2007);
- Therapeutic patches (capsicum and corn plasters), 132% y-o-y sales growth; 31% of sales in the adhesive bandages segment in 1H 2008 (as compared with 19% in 1H 2007);
- Individual use branded patches ("Uniplast" and "Smart"); 5% y-o-y sales growth; 19% of sales in the adhesive bandages segment in 1H 2008 (as compared with 25% in 1H 2007).

OTC DRUGS SEGMENT

The following drugs made 54% y-o-y sales growth in OTC drugs segment in 1H 2008:

- Slabilen (Sodium picosulfate; ATC "Alimentary tract and metabolism"); 110% y-o-y sales growth;
- Xilen (Xylometazoline); ATC "Respiratory system"; 54% y-o-y sales growth;
- Motilak (Domperidone; ATC "Alimentary tract and metabolism"); 38% y-o-y sales growth.

NEW DRUGS PRODUCTION AND SALES

During H1 2008 Veropharm launched production and sales of the following new drugs:

- Poludan (Poly-A & Poly-U; ATC "Sensory organs"), new drug formulation - nasal drops; H1 2008 sales USD 44.4 thousand, produced in two dosage options;
- Spiramycin-Vero (Spiramycin; ATC "General anti-infectives systemic"); H1 2008 sales USD 36.7 thousand;



- Narkap (Aprotinine; ATC “Agents affecting blood and blood forming organs”), new indication - abstinence syndrome at opiomania; H1 2008 sales USD 6.6 thousand;
- Vero-Klaritromicine (Kladribin; ATC “Antineoplastic and immunomodulating agents”); H1 2008 sales USD 565.0 thousand;
- Doxorubicin-LENS (Doxorubicin; ATC “Antineoplastic and immunomodulating agents”), new drug formulation - solution; H1 2008 sales USD 406.6 thousand, produced in two dosage options;
- Motilak (Domperidone; ATC “Alimentary tract and metabolism”), new drug formulation – lingual tablets; H1 2008 sales USD 19.9 thousand.

During Q2 2008 Veropharm launched production of the following new drugs, sales of which are expected in 3Q 2008:

- B-Xicam (Meloxicam; ATC “Musculo-skeletal system”), production launched in April 2008, produced in two dosage options;
- Siozam (Citalopram; ATC “Central nervous system”), production launched in April 2008, produced in two dosage options;
- Adepress, (Paroxetin; ATC “Central nervous system”), production launched in June 2008.

NEW DRUGS REGISTRATION

In H1 2008, Veropharm received registration for the new drugs by ATC-group:

- Musculo-skeletal system - 1 product;
- Anti-wart plasters - 2 products;
- Hemostatic “SMART” - 4 products.

Additionally, 28 more drugs are currently at different stages of the registration process.

DEBT

As of the end of H1 2008 Veropharm’s debt amounted to USD 18,2 million, that represents less than 20% of net assets.

[1] according to unaudited management accounts of OJSC “Veropharm”

[2] % - percent of finished goods sales

[3] ATC – anatomico-therapeutico-chemical 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 June 30, 2008 totaled \$558 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 about 3,000 people.

According to CMR "Pharmexpert", as of the end of 1q2008 Veropharm ranked 5th among Russian pharmaceutical producers in production volume terms.

According to RMBC, as of the end of 1q2008 compared to 1q2007 Veropharm moved from 5th to 3^d position in overall ranking of oncology drugs producers, while moving from the 24th to 19th position in hospital market ranking. As far as oncology drug producers ranking in pack terms concerned, Veropharm maintained its leading position.

According to the research company "Rusj" in October 2007 Veropharm ranked 2nd in the rating "Knowledge of the Russian Pharma producer by the Russian customer" ("Pharmaceutical Bulletin", №41).

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