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OJSC "VEROPHARM" ANNOUNCES 2008 PRELIMINARY RESULTS

FEBRUARY 09, 2008, MOSCOW – OJSC «VEROPHARM» [RTS:VRPH, MICEX:VFRM] announces preliminary data and operational performance indicators of 2008 year according to the management accounts.

SALES

- In 2008 sales of Veropharm's finished goods were up by 23% in comparison with 2007 USD and amounted USD 171.6 mln. ^[1] By the 4 quarter 2008 sales finished goods decrease by 8%.
- Rx drugs sales amounted to USD 112.7 million in 2008, a 36% increase in comparison with 2007. The Rx drugs sales accounted for 66% of total finished goods sales. ^[2]
- In 2008 traditional drug sales amounted to USD 13.4 million, which represents a 32% decrease as compared to 2007, and made up 8% of total finished goods sales.
- Adhesive bandages sales came to USD 30.4 million in 2008, a 22% increase as compared to 2007. The share of adhesive bandages in total finished goods sales was 17%.
- OTC drugs sales amounted to USD 15.1 million in 2008, a 27% increase in comparison with 2007. The share of OTC drugs makes 9% of total finished goods sales.
- Veropharm sales as part of the Federal Reimbursement Program (FRP) came to USD 4.2 million in 2008, accounting for 2% of the Company's total finished goods sales. ^[2] By the results in 2007, FRP sales were USD 5.8 million, or 4% of the Company's total finished goods sales.
- Sales within the Russian Federation accounted for 97% of the Company's total finished goods sales in 2008.

RX DRUGS SEGMENT

In prescription drugs segment the main source of a sales growth are the following drugs launched in 2003-2007:

- o Betaver (Betahistine, ATF^[3] «Central nervous system»); 1 124 % y-o-y sales growth;
- o Ginekotex (Benzalkonium chloride, ATF «Gynecology and urology»); 380% y-o-y sales growth;
- o Extraza (Letrozole, ATF «Antineoplastic and immunomodulating agents»); 217% y-o-y sales growth;
- o Vero-Epoetin (Epoetin beta, ATF «Blood»); 172% y-o-y sales growth;
- o Vero-Amlodipin (Amlodipine, ATF «Cardiovascular system»); 167% y-o-y sales growth;
- o Torin (Sertraline, ATF «Central nervous system»); 131% y-o-y sales growth;
- o Ornidazole-Vero (Ornidazole, ATF «Antibacterials»); 123% y-o-y sales growth;

- Taytax (Docetaxel, ATC «Antineoplastic and immunomodulating agents»); 117% y-o-y sales growth;
- Bilumid (Bycalutamid, ATC «Antineoplastic and immunomodulating agents»); 102% y-o-y sales growth.

- Total sales of the five most popular prescription drugs by the results in 2008 amounted to USD 52 million, or 46% of sales in the prescription drugs segment and 30% of the Company's total finished goods sales^[2].

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

- Bilumid (Bycalutamid, ATC^[3] «Antineoplastic and immunomodulating agents»); 102% 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”); 98% y-o-y sales growth;
- Doxorubicin-LENS (Doxorubicin, ATC “Antineoplastic and immunomodulating agents”); 40% y-o-y sales growth;
- Irunine (Itraconazole, ATC “General anti-infectives systemic”), 63% y-o-y sales growth;
- Taytax (Docetaxel, ATC “Antineoplastic and immunomodulating agents”); 117% 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 in 2008 amounted to USD 7 million, or 52% of sales in the traditional drugs segment and 4% of the Company's total finished goods sales^[2].

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

- Magnesium sulfate (Magnesium sulfate; ATC “Agents affecting blood and blood forming organs”); 53% y-o-y sales growth;
- Calcium gluconate (Calcium gluconate; ATC “Alimentary tract and metabolism”); 16% y-o-y sales growth;
- Pyridoxine hydrochloride (Pyridoxine; ATC “Alimentary tract and metabolism”); - 43 % y-o-y sales decrease;
- Dimedrole (Diphenhydramine; ATC “Respiratory system”); 114% y-o-y sales growth;
- Novocaine (Procaïn; ATC “Various”); decrease sales in 2008 - 68%.

ADHESIVE BANDAGES SEGMENT

There is significant growth of therapeutic patches sales in 2008:

- Conventional reel and bacterial adhesive bandages; 19% y-o-y sales growth; 51% of sales in the adhesive bandages segment in 2008 (as compared with 53% in 2007);
- Therapeutic patches (capsicum and corn plasters), 35% y-o-y sales growth; 32% of sales in the adhesive bandages segment in 2008 (as compared with 29% in 2007);
- Individual use branded patches (“Uniplast” and “Smart”); 16% y-o-y sales growth; 17% of sales in the adhesive bandages segment for 9M 2008 (as compared with 18% for 9M 2007).

OTC DRUGS SEGMENT

The following drugs made 44% y-o-y sales growth in OTC drugs segment in 2008:

- Xilen (Xylometazoline; ATC “Respiratory system”); 19% y-o-y sales growth;
- Slabilen (Sodium picosulfate; ATC “Alimentary tract and metabolism”); 75% y-o-y sales growth;
- Motilak (Domperidone; ATC “Alimentary tract and metabolism”); 40% y-o-y sales growth.
- Vitasharm and Vitatress (Polyvitamins, ATF « Vitamins»); decrease sales in 2008 – 42%. Sales decreased due to a market backlog (deficiency of raw materials for producing Vitatress during 2008 and Vitasharm during the 4th quarter 2008).

NEW DRUGS PRODUCTION AND SALES

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

- Vero-Anastrozol (Anastrozol; ATC^[3] «Antineoplastic and immunomodulating agents»); in 2008 sales USD 5 655 thousand;
- Doxorubicin-LENS (Doxorubicin; ATC “Antineoplastic and immunomodulating agents”), new drug formulation - solution; in 2008 sales USD 1 322 thousand, produced in two dosage options;
- Vero-Kladribin (Klaritromicine; ATC “Antineoplastic and immunomodulating agents”); in 2008 sales USD 508 thousand;
- Irunin (Itrakanazol; ATC “General anti-infectives systemic”), new drug formulation – vaginal tablets; in 2008 sales USD 495 thousand;
- B-Xicam (Meloxicam; ATC “Musculo-skeletal system”), produced in two dosage options; in 2008 sales USD 280 thousand;
- Motilak (Domperidone; ATC “Alimentary tract and metabolism”), new drug formulation – lingual tablets; in 2008 sales USD 225 thousand;
- Adepress, (Paroxetin; ATC “Central nervous system”); in 2008 sales USD 188 thousand;
- Aprotex (Aprotinin; ATC “Agents affecting blood and blood forming organs”); in 2008 sales USD 178 thousand.
- Spiramycin-Vero (Spiramycin; ATC “General anti-infectives systemic”); in 2008 sales USD 143 thousand;
- Poludan (Poly-A & Poly-U; ATC “Sensory organs”), new drug formulation - nasal drops; in 2008 sales USD 110 thousand, produced in two dosage options;
- Siozam (Citalopram; ATC “Central nervous system”); in 2008 sales USD 95 thousand;
- Ginkgo biloba (Ginkgo biloba; ATC “Central nervous system”); in 2008 sales USD 46 thousand;
- Narkap (Aprotinine; ATC “Agents affecting blood and blood forming organs”), new indication - abstinence syndrome at opiomania; in 2008 sales USD 45 thousand;
- Vero-Amiodaron (Amiodaron; ATC “Cardiovascular system”); in 2008 sales USD 25 thousand;
- Rubida (Idarubicin; ATF «Antineoplastic and immunomodulating agents», in 2008 sales USD 23 thousand.
- In 2008 ADHESIVE BANDAGES «Uniplast» production was launched, in 2008 sales amounted USD 697 thousand.

NEW DRUGS REGISTRATION

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

- Antineoplastic and immunomodulating agents – 2 products;
- Central nervous system - 2 products;
- Respiratory system - 1 products;
- Musculoskeletal system - 1 products;
- Anti-wart plasters - 2 products;
- Hemostatic “SMART” - 4 products.

Additionally, 34 more drugs are currently at different stages of the registration process.

Finished goods sales structure, OJSC “Veropharm”:

mIn \$ USD	Year	4 q	3 q	2 q	1 q
Rx					
2008	112,7	30,8	25,5	34,8	21,6
2007	82,9	32,00	18,6	19,6	12,7
% y-o-y	36%	-4%	37%	78%	70%
Tp					
2008	13,4	3,3	3,8	3,3	3,0
2007	19,8	4,40	5,2	5,6	4,6
% y-o-y	-32%	-25%	-27%	-41%	-35%
PI					
2008	30,4	5,6	8,0	9,8	7,0
2007	24,9	7,10	5,5	7,9	4,4
% y-o-y	22%	-21%	45%	24%	59%
Otc					
2008	15,1	4,0	4,1	3,9	3,1
2007	11,9	4,10	3,2	2,2	2,4
% y-o-y	27%	-2%	28%	77%	29%
2008	171,6	43,70	41,40	51,80	34,70
2007	139,5	47,6	32,5	35,3	24,1
% y-o-y	23%	-8%	27%	47%	44%

mIn RUR	Year	4 q	3 q	2 q	1 q
Rx					
2008	2 801,8	830,4	622,4	824,5	524,5
2007	2 119,4	817,5	476,0	501,7	324,2
% y-o-y	32%	2%	31%	64%	62%
Tp					
2008	334,5	92,4	90,3	79,1	72,7
2007	505,0	111,5	133,1	143,3	117,1
% y-o-y	-34%	-17%	-32%	-45%	-38%
PI					
2008	751,3	155,0	193,7	233,0	169,6
2007	640,1	181,9	141,0	203,3	113,9
% y-o-y	17%	-15%	37%	15%	49%
Otc					
2008	377,0	110,0	98,1	93,3	75,6
2007	303,3	102,5	81,5	57,2	62,1
% y-o-y	24%	7%	20%	63%	22%
2008	4 264,6	1 187,8	1 004,5	1 229,9	842,4
2007	3 567,8	1 213,4	831,6	905,5	617,3
% y-o-y	20%	-2,1%	21%	36%	36%

DEBT

At the end of 2008 Veropharm's debt amounted to USD 21,3 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 December 31, 2008 totaled \$100 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 2,700 people.

According to CMR "Pharmexpert", as of the end of 9M2008 Veropharm ranked 5th among Russian pharmaceutical producers in production volume terms.

According to DSM-Group, as of the end of 9M2008 companies Veropharm took 18th position in hospital market in volume terms.

According to RMBC, as of the end of 9M2008 compared to 9M2007 Veropharm ranked 4th position in overall ranking of oncology drugs producers. 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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