



PRESS-RELEASE

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**OJSC “VEROPHARM” ANNOUNCES PRELIMINARY RESULTS
FOR THE NINE MONTHS OF 2008**

OCTOBER 17, 2008, MOSCOW –OJSC «VEROPHARM» [RTS:VRPH, MICEX:VFRM] announces preliminary data on sales and operational performance indicators for first nine months of 2008 according to the management accounts.

SALES

- For 9M 2008 sales of Veropharm’s finished goods increased by 42% in comparison with 9M 2007 USD and amounted to USD 128.4 mln. ^[1]
- Rx drugs sales amounted to USD 82.3 million for 9M 2008, 65% increase in comparison with 9M 2007. The Rx drugs sales accounted for 64% of total finished goods sales. ^[2]
- For 9M 2008 traditional drug sales amounted to USD 10.1 million, which represents a 33% decrease as compared to 9M 2007, and made up 8% of total finished goods sales.
- Adhesive bandages sales came to USD 24.9 million for 9M 2008, 42% increase as compared to 9M 2007. The share of adhesive bandages in total finished goods sales was 19%.
- OTC drugs sales amounted to USD 11.1 million for 9M 2008, 44% increase in comparison with 9M 2007. The share of OTC drugs makes 9% of total finished goods sales.
- Veropharm sales as part of the Federal Reimbursement Program (FRP) amounted to USD 3,5 million for 9M 2008, which is 2.7% of the Company’s total finished goods sales. ^[2] In 9M 2007, FRP sales were USD 4,3 million, or 4.8% 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 9M 2008.

RX DRUGS SEGMENT

- Total sales of the five most popular prescription drugs by the results of 9M 2008 amounted to USD 38.9 million, or 47% of sales in the prescription drugs segment and 30% of the Company’s total finished goods sales.

The five top-selling Rx drugs for 9M 2008 results include:

- Bilumid (Bycalutamid, ATC ^[3] «Antineoplastic and immunomodulating agents»); 362% 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;
- Irunine (Itraconazole, ATC “General anti-infectives systemic”), 77% y-o-y sales growth.
- Cerepro (Holina Alfostserat, ATC “Central nervous system”); 81% y-o-y sales growth;
- Doxorubicin-LENS (Doxorubicin, ATC “Antineoplastic and immunomodulating agents”); 54% y-o-y sales growth;
- Amigrenin (Sumatriptan, ATC “Central nervous system”); 60% 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 as of 9M 2008 amounted to USD 5.6 million, or 55% of sales in the traditional drugs segment and 4% of the Company's total finished goods sales.

The five top-selling traditional drugs for 9M 2008 results include:

- Magnesium sulfate (Magnesium sulfate; ATC "Agents affecting blood and blood forming organs"); 35% 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"); - 47 % y-o-y sales decrease;
- Novocaine (Procain; ATC "Various"); - 53% y-o-y sales growth;
- Dimedrole (Diphenhydramine; ATC "Respiratory system"); 82% y-o-y sales growth.

ADHESIVE BANDAGES SEGMENT

There is significant growth of therapeutic patches sales for 9M 2008:

- Conventional reel and bacterial adhesive bandages ; 27% y-o-y sales growth; 51% of sales in the adhesive bandages segment for 9M 2008 (as compared with 57% for 9M 2007);
- Therapeutic patches (capsicum and corn plasters), 111% y-o-y sales growth; 31% of sales in the adhesive bandages segment for 9M 2008 (as compared with 21% for 9M 2007);
- Individual use branded patches ("Uniplast" and "Smart"); 17% y-o-y sales growth; 18% of sales in the adhesive bandages segment for 9M 2008 (as compared with 22% for 9M 2007).

OTC DRUGS SEGMENT

The following drugs made 44% y-o-y sales growth in OTC drugs segment for 9M 2008:

- Xilen (Xylometazoline; ATC "Respiratory system"); 43% y-o-y sales growth;
- Slabilen (Sodium picosulfate; ATC "Alimentary tract and metabolism"); 97% y-o-y sales growth;
- Motilak (Domperidone; ATC "Alimentary tract and metabolism"); 19% y-o-y sales growth.



NEW DRUGS PRODUCTION AND SALES

During 9TH Months 2008 Veropharm launched production and sales of the following new drugs:

- Poludan (Poly-A & Poly-U; ATC "Sensory organs"), new drug formulation - nasal drops; 9M 2008 sales USD 67.2 thousand, produced in two dosage options;
- Spiramycin-Vero (Spiramycin; ATC "General anti-infectives systemic"); 9M 2008 sales USD 49.1 thousand;
- Narkap (Aprotinine; ATC "Agents affecting blood and blood forming organs"), new indication - abstinence syndrome at opiomania; 9M 2008 sales USD 6.6 thousand;
- Vero-Kladribin (Klaritromicine; ATC "Antineoplastic and immunomodulating agents"); 9M 2008 sales USD 555.7 thousand;
- Doxorubicin-LENS (Doxorubicin; ATC "Antineoplastic and immunomodulating agents"), new drug formulation - solution; 9M 2008 sales USD 406.0 thousand, produced in two dosage options;
- Motilak (Domperidone; ATC "Alimentary tract and metabolism"), new drug formulation – lingual tablets; 9M 2008 sales USD 24.9 thousand.
- B-Xicam (Meloxicam; ATC "Musculo-skeletal system"), produced in two dosage options; 9M 2008 sales USD 88.6 thousand;
- Siozam (Citalopram; ATC "Central nervous system"); 9M 2008 sales USD 19.2 thousand;
- Adepress, (Paroxetin; ATC "Central nervous system"); 9M 2008 sales USD 46.9 thousand;
- Vero-Amiodaron (Amiodaron; ATC "Cardiovascular system"); 9M 2008 sales USD 18.0 thousand;
- Vero-Anastrozol (Anastrozol; ATC ^[3] «Antineoplastic and immunomodulating agents»); 9M 2008 sales USD 1 296.4 thousand;
- Irunin (Itrakanazol; ATC "General anti-infectives systemic"), new drug formulation – vaginal tablets; 9M 2008 sales USD 142.5 thousand;
- Ginkgo biloba (Ginkgo biloba; ATC "Central nervous system"); 9M 2008 sales USD 44.8 thousand;
- Aprotex (Aprotinin; ATC "Agents affecting blood and blood forming organs"); 9M 2008 sales USD 40.5 thousand.

During Q3 2008 Veropharm launched production of the new drug Siozam 40ml №10 (Citalopram; ATC "Central nervous system"); starting sales of which is expected in 4Q 2008:

NEW DRUGS REGISTRATION

For 9M 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

At the end of the first nine months of 2008 Veropharm's debt amounted to USD 18,9 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 September 30, 2008 totaled \$390 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 1H2008 Veropharm ranked 4th among Russian pharmaceutical producers in production volume terms.

According to DSM-Group, as of the end of 1H2008 for the first time among domestic companies Veropharm took 16th position in hospital market in volume terms.

According to RMBC, as of the end of 1H2008 compared to 1H2007 Veropharm moved from 5th to 4^d 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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