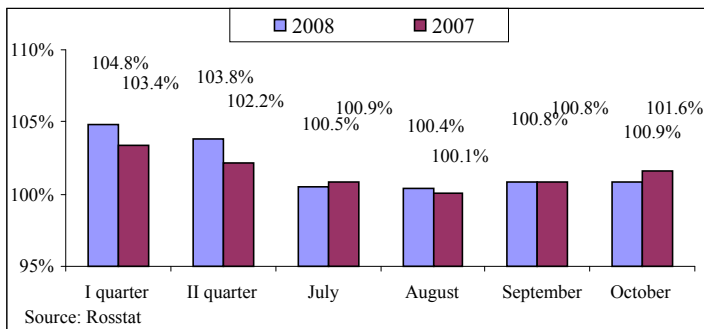


MACROECONOMIC INDICATORS

Inflation

According to Rosstat, inflation rate on the RF consumer market in October 2008 accounted for 0.9%, what is slightly above the same figure in September 2008 (100.8%). The consumer prices growth in January-October 2008 exceeded the respective index in 2007: 111.6% against 109.3%. At the same time the tendency of slowdown in growth rates in terms of manufacturers' prices continued: in January-October of the current year the prices were lower than in 2007: 109.9% against 117%.

Diagram 1. Consumer prices



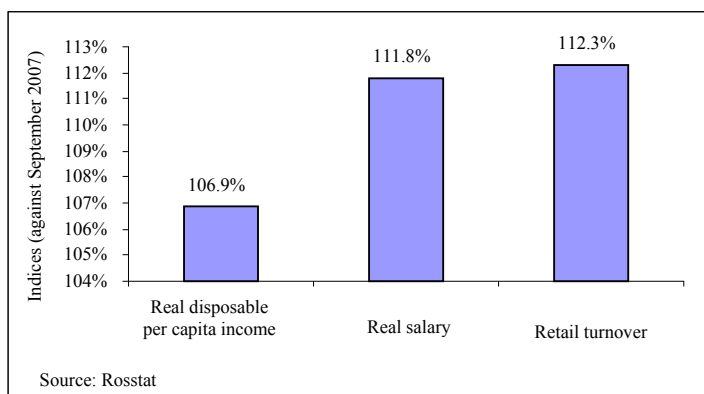
Population income and living standards

According to Rosstat preliminary data, the average salary in October 2008 was Rbl 18093 (about \$681.7). In October 2008 real salaries increased by 11.8% compared to the respective figure in 2007, while real disposable per capita income was 6.9% above the year before (Diagram 2).

Retail turnover

Industrial output in October 2008 grew by 12.3% as compared to the same period of the previous year and equaled Rbl 12709 Bln (Diagram 2).

Diagram 2.P Real disposable per capita income, real salaries and retail turnover in October 2008



Industrial output

According to Rosstat, in October 2008 industrial output increased by 2.8% against September of the current year and by 0.6% - against October 2007. Industrial output growth in January-October 2008 accounted for 4.9% as compared to the respective period in 2007 (in January-October 2007 - 6.5%).

Domestic production

According to Rosstat, production value of the domestic pharmaceutical companies in October 2008 reached \$279.4 Mln, what is 5.8% above the respective figure in 2007. In comparison with September 2008 production value grew by 3.8%. The top 10 list of the domestic drug manufacturers by the results of September 2008 is represented in Table 1. The cumulative industrial output of the ten leading producers is estimated at \$169.3 Mln (60.6% of the total production value of pharmaceutical industry in the analyzed period).

Table 1. Top 10 domestic pharmaceutical manufacturers by production value in October 2008

Rank	Manufacturer	Production value, \$Mln.
1	Pharmstandart	39.2
2	Nizhpharm	29.2
3	Valenta	21.4
4	Microgen	20.7
5	Pharm-Centr	13.4
6	Veropharm	13.4
7	Materia Medica	10.6
8	Abolmed	8.0
9	Biosintez	6.8
10	Akrikhin	6.6

Table 2 contains data on pharmacy sales in 10 RF regions. In September 2008 all regions demonstrated increase by retail sales value against the previous month; Tyumen region registered the most considerable enlargement. Krasnodar Territory showed the lowest growth.

Table 2. Pharmacy sales in regions in 2008

Region	Pharmacy sales value, \$Mln. (Wholesale prices)			Growth, % (in rubles)		
	July 2008	August 2008	September 2008	July/June 2008	August/July 2008	September/August 2008
Moscow	96.7	91.1	110.5	5%	-6%	25%
Saint Petersburg	32.9	32.1	36.8	-1%	-2%	18%
Krasnodar Territory	21.6	22.5	22.2	23%	4%	1%
Novosibirsk region	16.7	16.6	20.2	1%	-1%	25%
Tatarstan	15.7	15.3	17.2	3%	-3%	16%
Krasnoyarsk Territory	12.7	11.5	13.8	6%	-9%	23%
Rostov region	16.0	17.0	18.8	10%	6%	14%
Voronezh region	10.6	9.2	11.2	8%	-14%	26%
Perm	5.6	5.7	7.1	-7%	1%	29%
Tyumen	4.1	3.8	4.8	-4%	-8%	30%

Advertisement

The largest Mass Media advertisers and the most frequently advertised trade names (TV, radio, press, outdoor advertisement) are listed in Table 3 and 4.

Table 3. The top 5 Mass Media advertisers in October 2008

Rank	Company*	Number of advertisements
1	Novartis	6 380
2	Reckitt Benckiser	3 425
3	Berlin-Chemie Menarini Group	2 802
4	GlaxoSmithKline	2 290
5	Pharmstandart	2 278

Source - TNS Gallup AdFact

Table 4. Top 5 trade names advertised in Mass Media in October 2008

Rank	Trade name*	Number of advertisements
1	TeraFlu	2 640
2	Nurofen	1 413
3	Otrivin	1 289
4	Strepsils	1 279
5	Coldrex	1 257

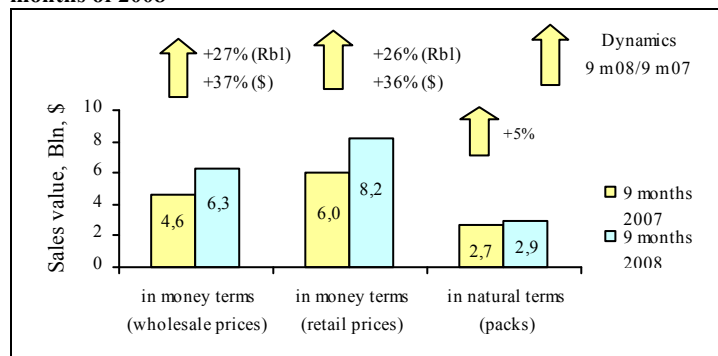
Source - TNS Gallup AdFact

* Only the drugs registered in Gosreestr are considered.

PHARMACY MARKET OF RF IN THE FIRST THREE QUARTERS OF 2008

According to Retail Audit of Drugs in RF™, in the first nine months of 2008 as compared to the same period in 2007 the retail market value in Russia (DLO is not included) grew by 27% in rubles and reached \$6.3 Bln (Rbl 152.6 Bln) at wholesale prices and \$8.2 Bln (Rbl 197.3 Bln) at retail prices (Diagram 1). Drug realization volume in natural terms increased by 5% and amounted to 2.9 Bln packs. Average price per drug pack grew to \$2.84 (Rbl 68.3) against \$2.2 (Rbl 57.1) in 2007. Average retail mark-up equaled 29%, what is slightly lower than the same figure in the previous year (30.2%). In the first three quarters of 2008 the Russian consumer spent \$57.75 (approximately Rbl 1390) on drugs in pharmacies, what is significantly above 2007 year index - \$42.47 (Rbl 1101).

Diagram 1. Pharmacy market of RF in the nine months of 2007 – nine months of 2008



In January-September 2008 the ranking of the top pharmaceutical manufacturers demonstrated stability (Table 1). Only two companies – Pharmstandart (+65%) and Sanofi-Aventis (+12%) – exchanged the positions. At that, Pharmstandart, the only domestic corporation of the top 10 list, notably expanded its share (from 3.9% to 5.1%) and ranked up from 4th to 2nd position. Other participants retained the positions occupied earlier, including the leader of the ranking Novartis (+33%). It is to mention, that all the companies in the list of the leading manufacturers demonstrated positive sales value dynamics, at that, the two companies did not change their market shares and the five corporations showed share increase, what caused the cumulative share enlargement – from 37.4% to 38.5%.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Novartis (incl. Lek-Sandoz)	6.7	6.4
2	4	Pharmsatndart	5.1	3.9
3	3	Servier/Egis	4.4	4.6
4	2	Sanofi-Aventis	4.3	4.8
5	5	Bayer Healthcare (incl. Bayer Schering Pharma AG)	3.9	3.8
6	6	Berlin-Chemie/Menarini Pharma GmbH	3.6	3.6
7	7	Gedeone Richter	3.1	3.0
8	8	Nycomed	3.0	2.8
9	9	Solvay Pharmaceuticals	2.3	2.4
10	10	KRKA D.D.	2.1	2.1
Total			38.5	37.4

* AIPM members are in bold

The ranking of the top trade names revealed more considerable changes in the analyzed period: only three participants did not change their positions (Table 2). The leader of the list is one of these participants - Arbidol, which not only retained its position but also, due to very high growth (+57%), strengthened its presence in the pharmacy segment. Only Terpincode demonstrated more noticeable dynamics (+60%), what allowed it to improve from 13th to 7th place. The newcomer of the ranking also was Heptral, which moved from 12th to 9th position. In spite of positive sales dynamics, No-spa (+13%) and TeraFlu against cold and fever (+19%), left the top 10 list in the analyzed period. The cumulative share of the 10 trade names increased by 0.5% and accounted for 7.9%.

The top 10 ranking of INNs and combinations remained the same in the first nine months of 2008 (Table 3). Multivitamine+Multimineral retained its leadership (+28%), besides, the lower part of the list beginning from 7th place, also did not change. Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+56%), Xylomethazolin (+57%) and Fluconazole (+27%) improved their ranking positions, where Xylomethazolin demonstrated the most significant growth (from 5th to 3rd place).

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade name	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Arbidol	1.4	1.1
2	3	Viagra	0.9	0.9
3	2	Actovegin	0.9	0.9
4	4	Essentiale N	0.8	0.8
5	5	Linex	0.8	0.7
6	7	Xenycal	0.7	0.6
7	13	Terpincode	0.6	0.5
8	6	Mezym forte	0.6	0.7
9	12	Heptral	0.6	0.5
10	9	Preductal	0.5	0.6
Total			7.9	7.4

At the same time Pancreatin (+24%) and Enalapril (+9%) weakened in the list. The top 10 INNs slightly enlarged their cumulative share, which reached 10.8%.

Table 3. Top 10 INNs and combinations by pharmacy sales value

Rank		INN/Combination	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Multivitamine+Multimineral	1.8	1.8
2	3	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1.4	1.1
3	5	Xylomethazolin	1.2	1.0
4	2	Pancreatin	1.1	1.2
5	6	Fluconazole	0.9	1.0
6	4	Enalapril	0.9	1.1
7	7	Sildenafil	0.9	0.9
8	8	Phospholipides	0.8	0.8
9	9	Ketoprofen	0.8	0.8
10	10	Multivitamine	0.8	0.7
Total			10.8	10.4

As against the previous ranking the middle part of the top 10 list of ATC groups – from 3rd to 6th position – remained unchanged (though these groups increased their shares) (Table 4). N02 Analgesics (+28%) retained its share (5.4%) and ranked from 2nd to the leading position, leaving behind the previous leader J01 Antibacterials for systemic use (+16%), which registered share reduction in the analyzed period. Share increase was demonstrated by R05 Cough and cold preparations (+38%) and the newcomer of the ranking R01 Nasal preparations (+42%). The cumulative share of the leading ATC groups grew and amounted to 39.8% (against 39.2% in 2007). In spite of high sales dynamics (+30%), A07 Antidiarrheals, intestinal antiinflammatory / antiinfective agents ranked below the top 10 list in the analyzed period.

Table 4. Top 10 ATC groups by pharmacy sale value

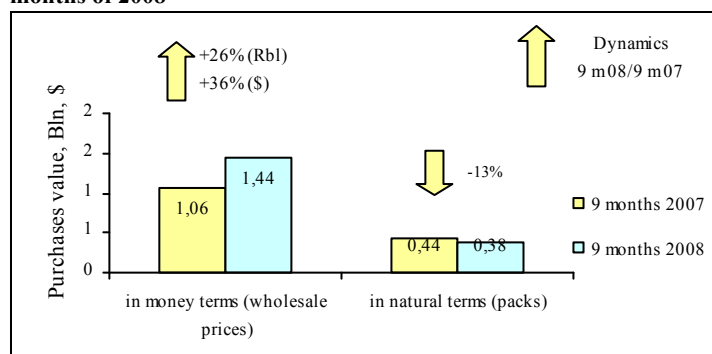
Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007			9 months 2008	9 months 2007
1	2	N02	Analgesics	5.4	5.4
2	1	J01	Antibacterials for Systemic Use	5.4	5.9
3	3	L03	Immunomodulating Agents	4.3	4.1
4	4	A11	Vitamins	4.0	3.9
5	5	G03	Sex Hormones and Modulators of the Genital System	3.9	3.7
6	6	M01	Antiinflammatory and Antirheumatic Products	3.9	3.7
7	8	R05	Cough and Cold Preparations	3.5	3.3
8	7	C09	Agents Acting on the Renin-Angiotensin System	3.4	3.3
9	11	R01	Nasal Preparations	3.1	2.8
10	9	N06	Psychoanaleptics	3.0	3.2
Total				39.8	39.2

Conclusion. By the results of the first nine months of 2008 average price per drug pack on the Russian commercial pharmacy market increased by 20% in rubles and by 29% in dollars. Due to the market growth in natural terms (5%), sales value in money terms demonstrated more considerable dynamics. Pharmacy market growth rates at retail prices were lower than at wholesale prices, due to decrease of retail mark-up. Pharmacy market structure remained stable in terms of the most aggregative indices, what conditioned maturity of the Russian market, constantly increasing its concentration.

HOSPITAL MARKET OF RF IN THE FIRST THREE QUARTERS OF 2008

According to Hospital Audit of Drugs in RF™, hospital market value in January-September 2008 amounted to \$1.44 Bln (Rbl 34.7 Bln) at wholesale prices. The growth against the same period of 2007 accounted for +26% in rubles (+36% in dollars). Hospital purchases volume in natural terms on the contrary reduced by 13% and equaled 380 Mln packs. Purchases shares of hospitals of Moscow and Saint Petersburg in total hospital segment reached 17.8% and 4.8% in money terms and 14.6% and 4.3% in natural terms.

Diagram 1. Hospital market of RF in the nine months of 2007 – nine months of 2008



By the results of the first nine months of 2008 the ranking of the top manufacturers by hospital purchases revealed noticeable changes (Table 1). Two new participants - Bayer Healthcare and Microgen increased hospital purchases value in 2 and 2.5 times, accordingly, and entered the list of the leading corporations. Due to the growth of purchases in 1.6 times, F. Hoffmann-La Roche moved from 6th to 4th position. The four ranking participants showed share decrease, however Sanofi-Aventis (+19%) remained the leader of the ranking, while Nycomed (13%), Gedeon Richter (-2%) and Abolmed (-2%) weakened their presence in the segment. It does not prevent the cumulative share enlargement from 32.8% to 33.8%. Pfizer (-4%) and Servier/Egis (+10%) ranked below the top 10 list.

Table 1. Top 10 manufacturers by hospital purchases value

Rank		Manufacturer*	Share in total purchases value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Sanofi-Aventis	5.7	6.1
2	2	Novartis (incl. Sandoz-Lek)	4.9	4.6
3	3	AstraZeneca	4.5	4.3
4	6	F. Hoffmann-La Roche Ltd	3.9	3.1
5	4	Nycomed	3.2	3.6
6	5	Gedeon Richter Ltd.	2.7	3.5
7	13	Bayer Healthcare (incl. Bayer Schering Pharma AG)	2.7	1.7
8	8	GlaxoSmithKline	2.2	2.1
9	7	Abolmed	2.1	2.8
10	25	Microgen	1.9	0.9
Total			33.8	32.8

* AIPM members are in bold

The top 10 ranking of trade names was joined by one new participant – Albumin, which enlarged its purchases value in 1.5 times (Table 2). At the same time Ceftriaxone demonstrated negative dynamics (-6%) and as a result left the list of the leading trade names.

Table 2. Top 10 trade names by hospital purchases value

Rank		Trade name	Share in total purchases value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Sodium chloride	2.9	3.5
2	2	Meronem	2.3	2.2
3	3	Glucose	1.4	1.6
4	4	Actovegin	1.1	1.3
5	6	Tienam	1.1	1.1
6	5	Clexane	1.0	1.2
7	7	Cefazolin	0.9	1.1
8	8	Amoksiklav	0.8	0.9
9	10	Cefotaxime	0.8	0.9
10	14	Albumin	0.8	0.6
Total			12.9	14.5

The top 4 list remained the same, though its participants demonstrated insignificant positive dynamics (+6% by Sodium chloride, +7% by Glucose and +9% - by Actovegin), decreasing their shares in hospital segment. It is to note that only two trade names showed above-the-market growth rates of hospital purchases: the above mentioned Albumin (+47%) and Meronem (+27%). These participants slightly enlarged their shares, while other representatives of the list did not change their presence on the market or reduced it. This tendency led to notable decrease of the cumulative share of the top 10 trade names from 14.5% to 12.9%.

The ranking of the leading INNs and combinations by hospital purchases value experienced more important changes in the analyzed period (Table 3). It was joined by two new participants - Albumin (+58%) and Cefoperazone+Sulbactam (+42%), which captured 9th and 10th positions, correspondingly. Ceftriaxone (+28%) became the new leader of the top 10 list, outstripping Sodium chloride (+6%). Imipenem+Cilastatin (+19%) and Hydroxyethyl starch (+13%) improved their positions, though the first participant did not change its share and the second one demonstrated share reduction. The tendency of share decrease among the leaders typical for trade names was also registered in the observed ranking. As a result the cumulative share of the top 10 list declined from 18% to 16.8%.

Table 3. Top 10 INNs and combinations by hospital purchases value

Rank		INN/ Combination	Share in total hospital purchases value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	2	Ceftriaxone	3.2	3.2
2	1	Sodium chloride	2.9	3.5
3	3	Meropenem	2.3	2.2
4	4	Cefotaxime	1.6	2.0
5	5	Dextrose	1.4	1.6
6	6	Cefazolin	1.3	1.5
7	10	Imipenem+Cilastatin	1.1	1.1
8	9	Hydroxyethyl starch	1.0	1.1
9	18	Albumin	1.0	0.8
10	14	Cefoperazone+Sulbactam	1.0	0.9
Total			16.8	18.0

Though the top 10 ranking of ATC groups was not joined by new participants, it demonstrated not less significant shifts (Table 4). Only J01 Antibacterials for systemic use (+18%), the leader of the list, and L03 Immunomodulating agents (+26%), occupying 9th place, remained on the same positions in the ranking. The four ATC groups - B05 Plasma substitutes and perfusion solutions (+17%), B01 Antithrombotic agents (+16%), N01 Anesthetics (+17%) and N06 Psychoanaleptics (+2%) – weakened their positions. L01 Antineoplastic agents demonstrated the most dynamic growth of hospital purchases (almost in 2.5 times). At the same time in spite of the fact that this group enlarged its share from 5.4% to 9.9%, it improved only by one ranking position. N05 Psycholeptics (+34%) and V08 Contrast media (+37%) ranked up by two positions – from 6th to 4th and from 10th to 8th, respectively. The cumulative share of the top ATC groups notably raised in the analyzed period – from 57.9% to 59.6%.

Table 4. Top 10 ATC groups by hospital purchases value

Rank		ATC code	ATC group	Share in total purchases value, %	
9 months 2008	9 months 2007			9 months 2008	9 months 2007
1	1	J01	Antibacterials for Systemic Use	20.1	21.4
2	3	L01	Antineoplastic Agents	9.9	5.4
3	2	B05	Plasma Substitutes and Perfusion Solutions	9.6	10.4
4	6	N05	Psycholeptics	3.7	3.5
5	4	B01	Antithrombotic Agents	3.5	3.9
6	5	N01	Anesthetics	3.3	3.6
7	8	C01	Cardiac Therapy	2.7	2.6
8	10	V08	Contrast Media	2.4	2.2
9	9	L03	Immunomodulating Agents	2.2	2.2
10	7	N06	Psychoanaleptics	2.2	2.7
Total				59.6	57.9

Conclusion. By the results of the first three quarters of 2008 RF hospital market in money terms registered high positive dynamics close to the retail market growth rates. At the same time the hospital market in natural terms considerably reduced (by 13%) as against the pharmacy market. In total, the hospital segment is characterized by remarkable structural changes, accompanied by the increase of cumulative share of the leading pharmaceutical manufacturers and pharmacotherapeutic groups and share reduction of the top INNs and trade names.

DLO IN RF IN THE 1ST HALF OF 2008

In 2007 the information on supplies within the DLO program represented the distributors' data on the value of drugs dispensed by prescription in pharmacies. Supply values were presented at regional prices (registration price of the manufacturer, including differential regional mark-up). In 2008 the DLO system transformed and the information represents the data on shipping at contract prices (reimbursement prices). In this respect, comparison of natural figures of 2007 and 2008 is appropriate, while comparison of absolute money indices of these years is incorrect.

According to DLO Analysis of RFTM, by the results of the first nine months of 2008 drug supply value within the DLO program accounted for Rbl 52.1 Bln (\$2.16 Bln) at contract prices. Drug supply volume in natural terms reduced by 5% as compared to the same period of the previous year and equaled 86.8 Mkn packs. Average price per drug pack accounted for Rbl 599.9 (\$24.9) at contract prices.

Though the structure of the top 10 list of manufacturers within the DLO program did not change in the first three quarters of 2008, the inner shifts can be observed in the list (Table 1). The leader of the top 10 ranking changed: Janssen-Cilag moved from 2nd to 1st place, demonstrating advanced (in 1.5 times) growth of share. The former leader Novartis, on the contrary, decreased its market share and dropped to 2nd position. Besides Janssen-Cilag, two more drug producers - Octapharma and Sanofi-Aventis - improved in the list. At that, the first participant registered 2-fold growth of share and the second one showed slight share reduction. The prevailing trend in the analyzed period was enlargement of the companies' share, observed by six participants of the top 10 ranking. It conditioned the considerable increase in cumulative share of the leaders as compared to the previous analyzed period - from 59.5% to 68.5%.

Table 1. Top 10 DLO manufacturers

Rank		Manufacturer*	Share in total DLO value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	2	Janssen-Cilag AG	13.9	9.5
2	1	Novartis (incl. Lek-Sandoz)	10.8	1.4
3	3	F. Hoffmann-La Roche Ltd	9.6	9.2
4	4	Novo Nordisk	8.0	7.1
5	9	Octapharma AG	7.2	3.1
6	6	Bayer Healthcare (incl. Bayer Schering Pharma AG)	5.8	3.9
7	7	Teva	4.5	3.6
8	5	AstraZeneca	2.8	4.4
9	10	Sanofi-Aventis	2.8	3.1
10	8	Eli Lilly	2.8	3.2
Total			68.5	59.5

* AIPM members are in bold

Velcade produced by Janssen-Cilag became the leader of the top 10 list of trade names by the results of the first nine months of 2008 (Table 2). It is to note that this preparation occupied only 3rd position in the previous year, while in the current year the observed trade name captured leadership on the market due to high positive dynamics and 3-fold share enlargement. In spite of share growth (from 5.4% to 6.5%) Glivec dropped to 2nd place. As in the previous ranking the most participants demonstrated increase by share in total supply value, what resulted in the considerable raise of the cumulative share of the top 10 preparations - from 26.5% to 42.1%. The most significant growth of market share, except the leader, was registered by blood coagulation factor preparation Octanate (in 2.5 times) and the newcomer of the list - antineoplastic agent Mabthera (in 2.6 times). It allowed the observed trade names to improve their ranking positions - from 6th to 3rd and from 12th to 6th place, correspondingly. One more entrant appeared in the list in the analyzed period - NovoSeven, which occupied 7th position against 17th.

Table 2. Top 10 DLO trade names

Rank		Trade name	Share in total DLO value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	3	Velcade	9.9	3.1
2	1	Glivec	6.5	5.4
3	6	Octanate	6.2	2.5
4	2	Betaferon	4.1	3.1
5	7	Copaxone-Teva	3.8	2.4
6	12	Mabthera	3.8	1.5
7	17	NovoSeven	2.2	1.2
8	5	Haemoclin SDH	2.2	2.6
9	8	Lantus	1.7	1.9
10	4	Epex	1.7	2.8
Total			42.1	26.5

The leadership and sales dynamics of DLO trade names has direct impact on the structure and changes in the ranking of INNs and combinations (Table 3). Considerable supply value of Velcade, Copaxone-Teva, Mabthera and NovoSeven conditioned ranking progress of the respective INNs: Bortezomib moved up from 4th to 2nd place, Glatiramer acetate -

from 6th to 5th position, Rituximab - from 14th to 6th position and Eptacog alfa - from 19th to 7th position. At the same time Imatinib (trade name - Glivec), Interferon beta-1b (Betaferon), Epoetin alfa (Epex), Insulin glargine (Lantus) weakened their presence on the market. Blood coagulation factor VIII retained its leadership in the top 10 list and strengthened its position mainly due to Octanate. As in the previous ranking, the shares of the most DLO INNs raised, what conditioned the growth of the cumulative share of the top 10 list - from 30.1% to 45.6%.

Table 3. Top 10 DLO INNs and combinations

Rank		INN/ Combination	Share in total DLO value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Blood coagulation factor VIII	10.0	6.5
2	4	Bortezomib	9.9	3.1
3	2	Imatinib	6.5	5.4
4	3	Interferon beta-1b	4.1	3.1
5	6	Glatiramer acetate	3.8	2.4
6	14	Rituximab	3.8	1.5
7	19	Eptacog alfa (activated)	2.2	1.2
8	5	Epoetin alfa	1.8	3.0
9	8	Insulin-isophan (human biosynthetic)	1.8	2.0
10	9	Insulin glargine	1.7	1.9
Total			45.6	30.1

The ranking of ATC groups experienced comparatively insignificant changes in the analyzed period: the only entrant was H01 Pituitary and hypothalamic hormones and analogues, which captured 9th position with share of 2.8%. L01 Antineoplastic agents consolidated its leadership due to considerable values and notable growth of supply demonstrated by Velcade, Glivec and Mabthera. B02 Antihemorrhagics increased its share in 1.6 times outstripped ATC group A10 Drugs used in diabetes and occupied 2nd place. In spite of remarkable share reduction, L04 Immunosuppressive agents ranked up from 9th to 7th position. It is to note that only four groups from the observed list demonstrated positive share dynamics, however, it was so high that led to the growth of the cumulative share of the ranking participants from 69.4% to 79.7%.

Table 4. Top 10 DLO ATC groups

Rank		ATC code	ATC group	Share in total DLO value, %	
9 months 2008	9 months 2007			9 months 2008	9 months 2007
1	1	L01	Antineoplastic Agents	25.8	16.5
2	3	B02	Antihemorrhagics	14.0	8.6
3	2	A10	Drugs Used In Diabetes	11.4	12.8
4	4	L03	Immunomodulating Agents	10.1	7.1
5	5	R03	Drugs For Obstructive Airway Diseases	3.9	5.0
6	6	B03	Antianemic Preparations	3.3	4.6
7	9	L04	Immunosuppressive Agents	3.0	3.6
8	8	L02	Endocrine Therapy	3.0	4.2
9	12	H01	Pituitary And Hypothalamic Hormones And Analogues	2.8	2.4
10	7	C09	Agents Acting on the Renin-Angiotensin System	2.5	4.5
Total				79.7	69.4

Data on average price per drug pack in regions - the leaders by DLO supplies - is represented in Table 5. All the observed regions showed average price increase (considering the fact that wholesale supply prices are compared to the final regional prices), which was the most significant in Moscow region (4.4-fold). The maximum average price in the 1st half of 2008 was registered in Sakhalin region (\$684), while the minimum price - in Moscow (\$12.5).

Table 5. Top 10 DLO regions

Rank		Region	Average price per drug pack, \$	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Moscow	12.5	7.9
2	2	Saint Petersburg	47.7	33.0
3	5	Sverdlovsk region	23.9	11.2
4	4	Novosibirsk region	25.5	9.3
5	10	Republic of Bashkortostan	52.5	17.9
6	7	Nizhniy Novgorod region	40.3	13.3
7	13	Tatarstan Republic	30.0	17.2
8	12	Rostov region	22.0	9.4
9	6	Krasnodar Territory	27.0	13.2
10	3	Moscow region	43.6	10.0

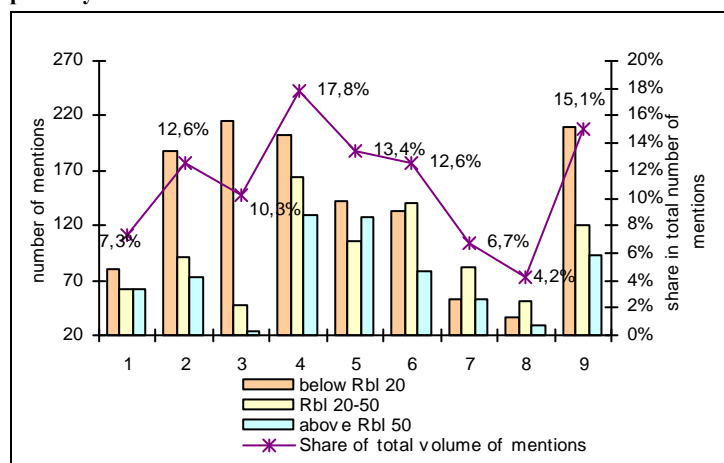
Conclusion. By the results of the first nine months of 2008 DLO supplies in natural terms reduced by 5% as compared to the respective figure in the previous year. Concentration continues to growth within the DLO segment: high cumulative shares of the leaders increased against 2007 and the 1st half of 2008. Average price growth, conditioned by contentious shift to more expensive drugs in sales structure, is also evident.

DRUG ADVERTISEMENT MONITORING IN PRESS IN THE FIRST NINE MONTHS OF 2008

Analysis of advertisement of drugs and healthcare products in 46 federal newspapers and magazines intended for wide audience was conducted by the data of "Remedium" project "Promotion monitoring of healthcare products in press".

By the results of the first nine months of 2008, 2729 mentions of the analyzed products in advertising purposes were recorded (61.7% of drugs, 36.6% of food supplements, 1.7% of other healthcare products). The results of drug promotion analysis showed that 45% of the advertisements were published in the issues which cost to Rbl 20 per number (10 issues), 31% - to Rbl 20 - 50 (18 issues) and 24% - to more than Rbl 50 (18 issues). The maximum amount of advertisements were recorded in April (17.8%), then gradual decrease - right up to August - was observed (4.2%), after what the considerable stirring up of advertisement activity took place (15.1%) (Diagram 1). In total, this regularity was repeated in comparatively expensive issues (from Rbl 20-50 and above Rbl 50), while the maximum in cheap issues was registered in March.

Diagram 1. Dynamics of mentions of drugs in advertising purposes in press by the results of the first nine months of 2008



The leader of the ranking of press by average month circulation, reflecting the amount of target audience, the newspaper "Antenna", while "Zdoroviy obraz zhizni" occupies 2nd position (Table 1). In spite of large circulation, these issues occupy 9th and 23rd places by number of mentions of drugs in advertising purposes. The magazine "Liza" is the leader by this figure, leaving behind other issues with share of 22.7% of the total number of mentions in the analyzed period. However, "Liza" is placed 6th by the volume of circulation, being outstripped by "7 days", "Cosmopolitan" and "Moya semiya". The magazine "7 days" occupies 3rd place by the volume of circulation and 2nd position by advertising mentions (9.4%). Besides "Liza" its appendixes "Moy rebyonok" (6.4%) and "Dobrye soveti" (6.4%) also the leaders by advertising mentions of drugs and healthcare products.

Table 1. Top 10 printing media by average month circulation

№	Issue	Average month circulation	Number of advertising mentions		
			Abs.	Share, %	Rank
1	Antenna	4536	109	3.90%	9
2	Vestnik (Zdoroviy obraz zhizni)	2502	21	0.75%	23
3	7 days	1054	263	9.40%	2
4	Cosmopolitan	1000	39	1.39%	20
5	Moya semiya	891	73	2.61%	12
6	Liza	750	635	22.70%	1
7	GLAMOUR	700	17	0.61%	26
8	Za rulyom	574	14	0.50%	28
9	Burda	460	105	3.75%	10
10	Dobrye soveti (Liza)	430	180	6.44%	3

By the total circulation of issues, where the respective trade names were promoted (GRP¹), the leadership is captured by Ketonal (Lek), 2nd place is occupied by Exoderil (Merck KGaA), 3rd one by Zineryt (Yamanouchi Europe), 4th and 5th - by Panagin and Mycosyst (Gedeon Richter), etc. (Table 2). The top 10 list by GRP is mainly consists of foreign trade names and only one drug has Russian origin (Arbidol, Pharmstandart).

Linex (Lek), occupying 8th position by GRP, is the leader by the total number advertising mentions (2.4%). 2nd place is captured Voltaren Emulgel (Novartis) (1.6%), 3rd place by - Mycosyst (1.47%), 4th position by - Aqua Maris (Jadran) (1.29%), 5th and 6th places by - Deprim (Lek) and Trombles (Nizhpharm) (by 1%).

Table 2. Top 10 trade names by GRP (Gross rating points, containing advertising mentions of drugs)

№	Trade name	Manufacturer	GRP		Number of advertising mentions		
			Abs. Mln	Share, %	Abs.	Share, %	Rank
1	Ketonal	Lek ("Sandoz" group)	49	2.6%	19	0.6%	30
2	Exoderil	Merck KGaA	47	2.5%	18	0.6%	35
3	Zineryt	Yamanouchi Europe	40	2.2%	21	0.7%	25
4	Panagin	Gedeon Richter	39	2.1%	10	0.3%	83
5	Mycosyst	Gedeon Richter	35	1.9%	41	1.4%	3
6	Xyzal	UCB S.A.	35	1.9%	29	1.0%	6
7	Arbidol	Pharmstandart	31	1.7%	27	0.9%	10
8	Linex	Lek ("Sandoz" group)	29	1.5%	66	2.3%	1
9	Ovestin	Organon	28	1.5%	12	0.4%	67
10	Rehydron	Orion Corporation	27	1.4%	13	0.4%	56

Among the manufacturers by total GRP of their trade names the leading position is captured by Lek (Sandoz group) and Pharmstandart (Table 3). Then comes Gedeon Richter and Materia Medika, Novartis and Merck Kga, etc. Lek is also the leader by the total volume of advertising mentions of trade names (6.9%). Then comes Materia Medika (5.3%), Novartis (4.9%), Pharmstandart (3.6%), GSK (3.2%).

Table 3. Top 10 manufacturers by total GRP of their trade names

№	Manufacturer	GRP		Number of advertising mentions		
		Abs. Mln	Share, %	Abs.	Share, %	Rank
1	Lek ("Sandoz" group)	124	6.7%	193	6.9%	1
2	Pharmstandart	124	6.7%	100	3.5%	4
3	Gedeon Richter	85	4.6%	62	2.2%	10
4	Materia Medika	83	4.5%	149	5.3%	2
5	Novartis	59	3.2%	138	4.9%	3
6	Merck KGaA	53	2.9%	27	0.9%	29
7	Nizhpharm	45	2.4%	88	3.1%	6
8	Yamanouchi Europe	43	2.3%	24	0.8%	34
9	YS Lab	40	2.1%	76	2.7%	8
10	Belupo	39	2.1%	65	2.3%	9

¹ GRP - Gross rating points.

REGIONAL HOSPITAL MARKETS OF RF IN THE FIRST NINE MONTHS OF 2008

According to Hospital Audit of Drugs in RF™, by the results of the first nine months of 2008 12 separately analyzed regional markets accounted for 41% of the total hospital segment of RF. The Moscow market is the largest market with share of 17.8% (Diagram 1). Then come the markets of Saint Petersburg (4.8%), Krasnodar Territory (2.9%), Ufa (2.6%), etc. The regional markets considerably differ by average price per drug pack, which is the highest in Ulan-Ude (\$8.2) and the lowest in Nizhniy Novgorod (\$2.2). Average price per drug pack in Moscow equals \$4.6 and in Saint Petersburg - \$4.3.

Diagram 1. The share of the regions in total hospital purchases value of RF in the first nine months of 2008

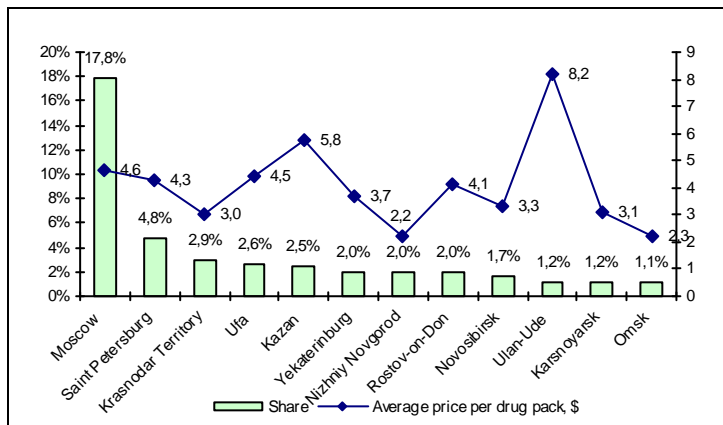


Table 1 represents data on the positions of the pharmaceutical manufacturers, which occupy leadership on the Russian market, in the regional rankings. The leading company of the RF hospital segment Sanofi-Aventis is placed on 1st position only on the markets of Moscow, Krasnodar Territory and Nizhniy Novgorod. The corporation occupies 2nd position in Ufa and Omsk, and 3rd place in Saint Petersburg and Rostov-on-Don. At the same time on the markets of Kazan and Krasnoyarsk Sanofi-Aventis captured 9th and 12th positions, accordingly. Novartis, which is located on 2nd ranking position in the total RF list, holds leadership on the markets of Saint Petersburg, Rostov-on-Don and Ulan-Ude, while AstraZeneca (3rd position) – in Kazan. The large regional market is, the more similarities with the total RF list. Thus, the Moscow top 10 list of the regional market contains 8 Russian leaders, in Saint Petersburg – 7, in Omsk – only 5.

Table 1. Top 10 manufacturers by hospital purchases value (position in the regional rankings)

Position in the RF ranking	Manufacturer	Position in the regional rankings											
		Moscow	Saint Petersburg	Krasnodar Territory	Ufa	Kazan	Yekaterinburg	Nizhniy Novgorod	Rostov-on-Don	Novosibirsk	Ulan-Ude	Krasnoyarsk	Omsk
1	Sanofi-Aventis	1	3	1	2	9	4	1	3	4	5	12	2
2	Novartis (incl. Sandoz-Lek)	4	1	2	3	2	3	3	1	3	1	8	10
3	AstraZeneca	3	2	13	6	1	5	5	7	2	7	9	6
4	F.Hoffmann-La Roche Ltd	2	10	8	9	8	21	15	20	47	4	3	93
5	Nycomed	6	4	4	22	5	6	2	5	1	10	17	8
6	Gedeon Richter	12	6	5	18	11	8	4	4	6	14	14	3
7	Bayer Healthcare	7	9	6	7	3	7	22	6	10	17	1	13
8	GlaxoSmithKline	5	13	18	17	7	34	8	13	13	8	4	23
9	Abolmed	8	30	52	33	28	2	26	18	7	19	7	45
10	Microgen	81	89	3	5	16	212	54	36	32	2	38	59

More considerable differences in the regional rankings can be observed in the list of the leading trade names and INNs. For example, the leader of the Russian hospital segment Sodium chloride occupies 1st place in the top 10 list of trade names only in Krasnodar Territory, Kazan and Omsk, while in Novosibirsk and Ulan-Ude is not included in the top 10 ranking (Table 2). Meronem (2nd position in the total RF list) is not ranked among the 10 leaders in Krasnodar Territory, Krasnoyarsk and Omsk, Glucose (3rd position in the total RF ranking) is not listed in Moscow, Ufa, Yekaterinburg, Novosibirsk, Ulan-Ude and Krasnoyarsk. The largest

number of similarities with the structure of the RF list of the top trade names can be registered in Nizhniy Novgorod, Rostov-on-Don and Omsk (7 positions), minority of similarities are in Ulan-Ude and Krasnoyarsk (1 position).

Table 2. Top 10 trade names by hospital purchases value (position in the regional rankings)

Position in the RF ranking	Trade name	Position in the regional rankings											
		Moscow	Saint Petersburg	Krasnodar Territory	Ufa	Kazan	Yekaterinburg	Nizhniy Novgorod	Rostov-on-Don	Novosibirsk	Ulan-Ude	Krasnoyarsk	Omsk
1	Sodium chloride	2	2	1	3	1	2	3	12	15	2	1	
2	Meronem	1	1	381	4	3	6	4	5	1	8	22	15
3	Glucose	25	6	2	11	5	11	8	6	14	65	14	2
4	Acetovogin	16	61	6	305	35	80	7	4	17	55	55	10
5	Tienam	4	4	87	13	44	10	5	8	6	137	66	6
6	Clexane	33	11	27	7	27	4	1	9	23	19	45	3
7	Cefazoline	9	24	267	40	25	65	9	18	31	132	37	5
8	Amok-siklav	20	16	50	14	22	12	11	12	5	51	16	474
9	Cefotaxime	117	14	218	368	10	32	12	1	10	108	512	7
10	Albumin	54	3	3	45	13	38	104	36	2	461	286	11

Notable variations are observed in the regional lists of not only trade names and INNs but also of pharmacotherapeutic groups (Table 3). In particular, L01 Antineoplastic agents placing on 2nd position in the total RF ranking, occupies insignificant part of drug supplies in Novosibirsk, Omsk and Rostov-on-Don. In the same way the group N05 Psycholeptics (4th position in the total RF list) is noticeably outstripped in consumption structure of Yekaterinburg, Rostov-on-Don, Ulan-Ude, Nizhniy Novgorod and Omsk. The majority of similarities with the Russian ranking of the top ATC groups by hospital purchases value is registered in Krasnoyarsk, Moscow and Kazan, the minority of similarities is in Ulan-Ude.

Table 3. Top 10 ATC groups by hospital purchases value (position in the regional rankings)

Position in the RF ranking	ATC group	Position in the regional rankings											
		Moscow	Saint Petersburg	Krasnodar Territory	Ufa	Kazan	Yekaterinburg	Nizhniy Novgorod	Rostov-on-Don	Novosibirsk	Ulan-Ude	Krasnoyarsk	Omsk
1	J01	1	1	2	1	1	1	1	1	4	1	1	
2	L01	2	4	3	4	3	6	8	20	55	1	2	33
3	B05	3	3	1	3	2	2	2	2	2	9	3	2
4	N05	5	2	5	2	4	39	24	33	7	36	4	23
5	B01	4	6	14	9	6	3	3	3	6	11	6	3
6	N01	6	5	7	15	7	7	4	6	4	20	10	7
7	C01	7	12	9	11	16	17	5	9	5	21	30	5
8	V08	11	8	13	13	5	4	13	4	3	26	5	18
9	L03	9	20	19	16	15	14	25	26	46	6	9	15
10	N06	12	11	4	8	8	21	19	12	10	13	8	10

Conclusion

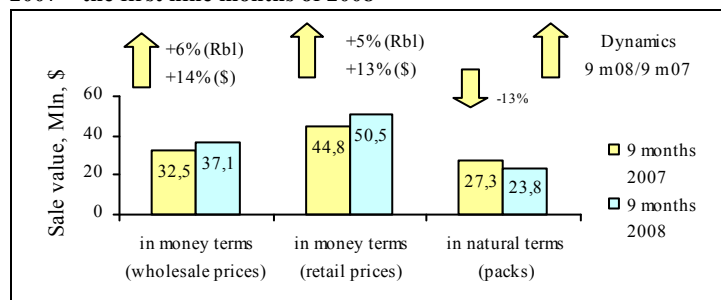
The comparison of the main rankings showed that the Russian hospital segment is characterized by pronounced regional specificity in the market structure. Considerable differences in the regional lists are also registered in specific indices of per capita drug consumption, which demonstrate the highest figures in Moscow (\$24.54) and lowest – in Krasnoyarsk, Krasnodar Territory and Yekaterinburg (below \$10).

PHARMACY MARKET OF SARATOV IN THE FIRST NINE MONTHS OF 2008

Saratov is the administrative centre of Saratov region, being a part of Volga Federal District of RF. The population of Saratov is estimated at 836, 1 thousand people, what is 0.6% of the total population of RF and 3% of the population of Volga Federal District. According to Rosstat, average salary in Saratov region in January-September 2008 accounted for Rbl 11408, 9 (\$451, 8), what is 31% below the national average in the same reporting period, accounting for Rbl 16639, 3 (\$659).

According to Retail Audit of Drugs in RFTM, in the first nine months of 2008 pharmacy market of the city in dollars grew by 13% (by 6% in rubles) as compared to the respective period of the previous year and amounted to \$37.1 Mln (Rbl 892 Mln) at wholesale prices (DLO is not included) (Diagram 1). The market reduced by 13% in natural terms. The share of the city in total RF re-tail market equaled 0.58%. The average price per drug pack reached \$2.12 against \$1.64 in the same analyzed period of 2007; average retail mark-up amounted to 36.2% (37.8% in 2007).

Diagram 1. Pharmacy market of Saratov in the first nine months of 2007 – the first nine months of 2008



The top 10 list of pharmaceutical manufacturers by pharmacy sales value demonstrated stability (Table 1). The ranking was joined by only one new corporation - Solvay Pharmaceuticals (+5%), occupying 9th position. The places in the top 6 list are held by the previous year companies. The domestic manufacturer Pharmstandart (+14%) retained its leadership and strengthened its position due to advanced growth rates. More considerable sales dynamics was registered by Novartis and Nycomed (growth - +17%), due to what the participants increased their shares and, in the first instance, retained the positions, and in the latter case, improved in the ranking. Negative dynamics (-7%) prevented the national company Valenta from entering the top 10 list of manufacturers by pharmacy sales value in the analyzed period.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank	9 months 2008	9 months 2007	Manufacturer*	Share in total pharmacy sales value, %	
				9 months 2008	9 months 2007
1	1	1	Pharmstandart	6.4	5.9
2	2	2	Novartis (incl. Lek-Sandoz)	5.9	5.4
3	3	3	Servier/Egis	4.5	4.8
4	4	4	Sanofi-Aventis	4.1	4.4
5	5	5	Berlin-Chemie/Menarini Pharma GmbH	3.4	3.5
6	6	6	Bayer Healthcare (incl. Bayer Schering Pharma AG)	3.2	3.2
7	8	7	Nycomed	3.0	2.7
8	7	11	Gedeon Richter	2.7	2.8
9	11	10	Solvay Pharmaceuticals	2.0	2.0
10	10	10	KRKA D.D.	1.9	2.0
Total				37.1	36.6

* AIPM members are in bold

The ranking of the leading trade names by retail sales value was less stable (Table 2). Only Arbidol (-5%) on 1st place and Actovegin (+20%) – on 3rd place – retained their positions in the list.

Table 2. Top 10 trade names by pharmacy sales value

Rank	9 months 2008	9 months 2007	Trade name	Share in total pharmacy sales value, %	
				9 months 2008	9 months 2007
1	1	1	Arbidol	1.3	1.4
2	4	3	Terpincode	1.1	0.8
3	3	5	Actovegin	1.1	1.0
4	5	6	Essentiale N	0.8	0.7
5	6	8	Viagra	0.7	0.7
6	8	23	Mexidol	0.7	0.6
7	23	32	Movalis	0.6	0.4
8	32	11	Heptral	0.6	0.4
9	11	2	No-spa	0.6	0.6
10	2	9	Crataegi tinctura	0.6	1.1
Total				8.0	7.8

To a variable degree significant sales dynamics allowed the new preparations Movalis (+47%), Heptral (+71%) and No-spa (+14%) to capture 7th, 8th and 9th positions, respectively. It is to note, that four other trade names improved their

rankings: Terpincode (+44%), Essentiale N (+10%), Viagra (+8%) and Mexidol (+6%). At the same time Mezym forte (-5%), Preducal (-2%) and Enalapril(+5%) left the top 10 list in the analyzed period. Market sales decrease was showed by Crataegi tinctura (-43%) and as a result the participant reduced its market share and dropped in the ranking of the leading trade names (from 2nd to 10th position). The cumulative share of the top 10 preparations slightly grew and equaled 8%.

Important changes took place in the top 10 ranking of INNs and combinations (Table 3). Only the leader of the list Multivitamine+Multimineral (-14%) remained the same in spite of negative sales dynamics and market share reduction. The highest growth rates were demonstrated by Caffeine+Codeine+ Naproxen+Metamizole sodium+Phenobarbital (+96%) and Bisoprolol (+93%), due to what the both participants appeared in the top 10 list from 29th and 44th positions, accordingly. Advanced growth rates allowed Pancreatin (+12%), Codeine+Sodium hydrocarbonate+Therpinhydrate (+44%) and Xylomethazolin (+14%). Four INNs ranked down in the list, at that the shares of the two participants did not change and in cases of other INNs the market shares slightly decreased.

Table 3. Top 10 INNs and combinations by pharmacy sales value

Rank	9 months 2008	9 months 2007	INN/ Combination	Share in total pharmacy sales value, %	
				9 months 2008	9 months 2007
1	1	1	Multivitamine+Multimineral	1.6	1.9
2	4	3	Pancreatin	1.3	1.3
3	2	2	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1.3	1.4
4	3	3	Enalapril	1.2	1.3
5	8	8	Codeine+Sodium hydrocarbonate+Therpinhydrate	1.1	0.8
6	29	29	Caffeine+Codeine+Naproxen+Metamizole sodium+Phenobarbita	1.0	0.5
7	6	6	Fluconazole	0.9	0.9
8	7	7	Diclofenac	0.8	0.8
9	10	10	Xylomethazolin	0.8	0.8
10	44	44	Bisoprolol	0.8	0.4
Total				10.8	10.2

One new participant appeared in the top 10 ranking of ATC groups - G03 Sex hormones and modulators of the genital system (+10%). At that, the list revealed significant shifts and only L03 Immunomodulating agents (0%) remained on 3rd position (Table 4). N02 Analgesics (+10%) became the leader of the list in the analyzed period, leaving behind J01 Antibacterials for systemic use (-7%). 4th and 5th positions were captured by the most dynamically developing groups: M01 Antiinflammatory and antirheumatic products (+20%) and R05 Cough and Cold Preparations (+19%). It is to mention that as against three previous rankings the cumulative share of the top ATC groups reduced from 41.1% to 40.2%.

Table 4. Top 10 ATC groups by pharmacy sales value

Rank	9 months 2008	9 months 2007	ATC code	ATC group	Share in total pharmacy sales value, %	
					9 months 2008	9 months 2007
1	2	2	N02	Analgesics	6.5	6.3
2	1	1	J01	Antibacterials for Systemic Use	5.7	6.5
3	3	3	L03	Immunomodulating Agents	4.1	4.4
4	5	5	M01	Antiinflammatory and Antirheumatic Products	4.0	3.5
5	9	9	R05	Cough and Cold Preparations	3.8	3.4
6	8	8	C09	Agents Acting on the Renin-Angiotensin System	3.5	3.4
7	4	4	A11	Vitamins	3.4	4.0
8	7	7	N06	Psychoanaleptics	3.3	3.4
9	11	11	G03	Sex Hormones and Modulators of the Genital System	3.0	2.8
10	6	6	C01	Cardiac Therapy	2.9	3.4
Total					40.2	41.1

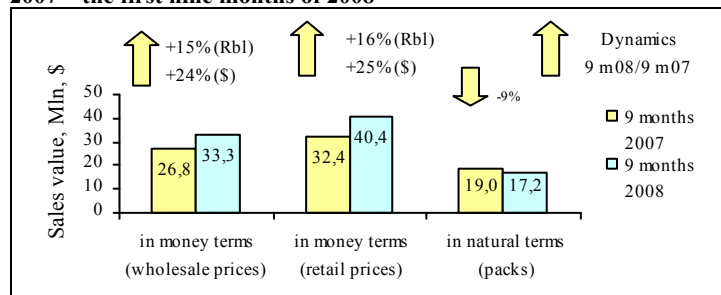
Conclusion. By the results of the three quarters of 2008 the Saratov pharmacy market is estimated at \$50.5 Mln at final consumption prices. Regional market demonstrated notable reduction in natural volume and as a result was outstripped by the RF market dynamics in money terms (+5% against +26% in rubles). However, per capita sales level in Saratov exceeded the national average as in the previous year (\$60.4 against \$57.8). Growth of average price per drug pack which is still below the Russian market level (\$2.12 against \$2.84), was mainly conditioned by sales reduction in natural terms. Average retail mark-up as in the previous analyzed periods was above the respective figure on the national level (36.2% against 29%), though the observed region demonstrates its maximum decline.

PHARMACY MARKET OF ULYANOVSK IN THE FIRST NINE MONTHS OF 2008

The population of Ulyanovsk is estimated at 626.8 thousand people, what is 0.5% of the total population of RF and 2.1% of the population of Volga Federal District. According to Rosstat, average salary in Ulyanovsk region in January-September 2008 accounted for Rbl 10345.7 (\$410), what is 38% below the national average in the same reporting period (Rbl 16639.3).

According to Retail Audit of Drugs in RFTM, in the first nine months of 2008 pharmacy market of the city in rubles grew by 15% (by 24% in dollars) as compared to the respective period of the previous year and amounted to Rbl 800 Mln (\$33.3 Mln) at wholesale prices (DLO is not included). The share of the city in the structure of the Russian pharmacy market amounted to 0.5%. The market in natural terms declined by 9%. Average retail mark-up reached 21.6% (21.1% in 2007), average price per drug pack at retail prices - \$2.35 (\$1.71 in 2007).

Diagram 1. Pharmacy market of Ulyanovsk in the first nine months of 2007 – the first nine months of 2008



One new corporation appeared in the top 10 list of manufacturers by pharmacy sales value (Table 1) - Solvay Pharmaceuticals, demonstrating the highest growth rates of retail sales (+41%) and moved from 11th to 9th position in the analyzed period. It is to note that the advanced dynamics was also registered by five companies. At that, the two of them increased their market shares and improved by one ranking position (Pharmstandart (+34%) captured leadership, Novartis (+28%) occupied 2nd place), while Nycomed (+24%), Gedeon Richter (+26%) and Bayer Healthcare (+23%) retained their positions. Negative sales dynamics demonstrated by Sanofi-Aventis (-13%) conditioned the loss of leadership (corporation is located on 3rd position). The total share of the top 10 list grew from 39.1% to 39.5%.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	2	Pharmstandart	5.8	5.0
2	3	Novartis (incl. Lek-Sandoz)	5.3	4.8
3	1	Sanofi-Aventis	4.7	6.2
4	4	Servier/Egis	4.6	4.7
5	5	Berlin-Chemie/ Menarini Pharma GmbH	3.8	4.2
6	6	Nycomed	3.8	3.5
7	7	Gedeon Richter	3.7	3.4
8	8	Bayer Healthcare (incl. Bayer Schering Pharma AG)	3.1	2.9
9	11	Solvay Pharmaceuticals	2.5	2.0
10	9	Dr. Reddy's Laboratories	2.2	2.4
Total			39.5	39.1

* AIPM members are in bold

The ranking of the leading trade names was joined by three new participants (Table 2). The newcomer are - Heprtral (demonstrated the highest sales growth rates +268%), Pentalgin N (+164%) and Duphaston (+46%).

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade name	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	5	Arbidol	1.4	0.9
2	3	Terpincode	1.2	1.3
3	2	Actovegin	1.2	1.3
4	7	Viagra	1.0	0.8
5	1	Essentiale N	1.0	1.7
6	10	Diroton	0.8	0.6
7	82	Heprtral	0.7	0.2
8	6	Mezym forte	0.7	0.9
9	55	Pentalgin N	0.7	0.3
10	14	Duphaston	0.7	0.6
Total			9.6	8.6

They left behind No-spa, Enalapril and Detralex which earlier occupied 4th, 8th and 9th positions. Advanced growth rates of retail sales were also typical for Arbidol (+90%), Viagra (+54%) and Dirotion (+50%), so as result the observed trade names improved in the ranking, and Arbidol became the leader of the top 10 list in the analyzed period. On the contrary, negative dynamics of the former leader Essentiale N, as well as Mezym forte led to weakening in the list (from 1st to 5th place and from 6th to 8th position, correspondingly). Actovegin dropped from 2nd to 3rd position (+3%), being outstripped by Terpincode (+6%), in spite of the fact that the market share of the former reduced. The cumulative share of the top 10 ranking participants increased from 8.6% to 9.6%.

The top 10 list of INNs and combinations was joined by three new participants, showing sales growth in 1.5 – 2 times (table 3). The new INNs are Sildenafil, Bisoprolol and Lisinopril. Not less considerable growth rates were registered by Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+90%), which ranked from 7th to 2nd position. In spite of negative sales dynamics (-1%) and market share decrease, the combination Multivitamin+Multimineral retained its leadership. Two more participants had negative sales, however it conditioned weakening in the top 10 list of INNs – Enalapril (-13%) and Phospholipides (-33%). As against other lists the cumulative share of the leading INNs slightly reduced.

Table 3. Top 10 INNs and combinations by pharmacy sales value

Rank		INN/Combination	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Multivitamin+Multimineral	1.6	1.9
2	7	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1.4	0.9
3	2	Enalapril	1.3	1.7
4	5	Pancreatin	1.3	1.3
5	4	Codeine+Sodium hydrocarbonate+Therpinhydrate	1.2	1.3
6	12	Sildenafil	1.0	0.8
7	3	Phospholipides	1.0	1.7
8	8	Xylomethazolin	0.9	0.9
9	28	Bisoprolol	0.9	0.5
10	20	Lisinopril	0.8	0.7
Total			11.5	11.6

The top 10 ranking of ATC groups was the most stable in the analyzed period (Table 4). No newcomers appeared in the list and the shifts took place only from 5th to 8th position. The leader of the pharmacy segment remained the same - N02 Analgesics, demonstrating one of the highest growth rates (+24%). More significant sales value dynamics was registered by only one participant - G03 Sex hormones and modulators of the genital system (+25%), moving from 8th to 6th place. Improvement in the ranking was showed by L03 Immunomodulating agents (+20%), while C09 Agents acting on the renin-angiotensin System (+12%) and A11 Vitamins (+7%) dropped in the top 10 list.

Table 4. Top 10 ATC groups by pharmacy sales value

Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007			9 months 2008	9 months 2007
1	1	N02	Analgesics	6.0	5.6
2	2	J01	Antibacterials for Systemic Use	4.9	5.1
3	3	R05	Cough and Cold Preparations	4.2	4.3
4	4	M01	Antiinflammatory and Antirheumatic Products	4.2	4.0
5	7	L03	Immunomodulating Agents	3.7	3.6
6	8	G03	Sex Hormones and Modulators of the Genital System	3.7	3.4
7	6	C09	Agents Acting on the Renin-Angiotensin System	3.6	3.7
8	5	A11	Vitamins	3.6	3.9
9	9	N06	Psychoanaleptics	3.4	3.2
10	10	A07	Antidiarrheals, Intestinal Antiinflammatory / Antiinfective Agents	3.1	3.1
Total				40.2	39.7

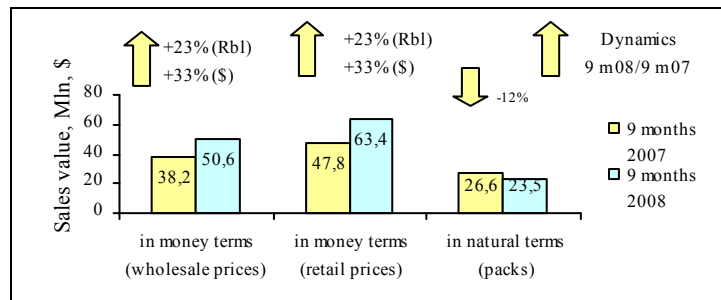
Conclusion. By the results of the first nine months of 2008 the Ulyanovsk pharmacy market value equaled \$40.4 Mln at retail prices. The market demonstrated moderate dynamics in money terms, being left behind by growth rates of the Russian pharmacy market (+16% against +26% in rubles). The regional market in natural terms reduced by 9%. Average retail mark-up slightly increased in the analyzed period but is still below the national figure (21.6% as compared to 29%). Average price per drug pack is also lower (\$2.4 against \$2.84), while per capita drug consumption exceeded the same index on the national level (\$64.5 against \$57.8).

PHARMACY MARKET OF VOLGOGRAD IN THE FIRST NINE MONTHS OF 2008

The population of Volgograd is estimated at 986.4 thousand people, what is 0.7% of the total population of RF and 4.3% of the population of Southern Federal District. According to Rosstat, average salary in Volgograd region in January-September 2008 accounted for Rbl 12079.6 (\$478), what is 27% below the national average in the same reporting period (Rbl 16639.3).

According to Retail Audit of Drugs in RFTM, in the first nine months of 2008 pharmacy market of the city in rubles grew by 23% as compared to the respective period of the previous year and amounted to \$50.6 Mln (Rbl 1217 Mln) at wholesale prices (DLO is not included). The share of the city in the structure of the Russian pharmacy market accounted for 0.8%. Average retail mark-up equaled 25.3% (25.2% in 2007). The average price per drug pack at retail prices - \$2.70 (\$1.79 in 2007).

Diagram 1. Pharmacy market of Volgograd in the first nine months of 2007 – the first nine months of 2008



The top 10 list of pharmaceutical manufacturers was joined by one new participant - Solvay Pharmaceuticals, showing 1.5-fold growth of retail sales in the region and moving from 11th to 9th position in the ranking. More considerable positive dynamics was registered by Bayer Healthcare (+56%) and Pharmstandart (+60%) and as a result the corporations enlarged their market shares and improved in the list (at that Pharmstandart occupied 2nd place). Novartis (+49%) retained its leadership and moreover strengthened its presence in the retail segment. Comparatively low and even negative dynamics demonstrated by Servier/Egis (+4%), Berlin-Chemie (+18%) and Sanofi-Aventis (-1%) conditioned share reduction on the market. However, this did not prevent the growth of the cumulative share – from 37.4% to 39.2%.

Table 1. Top 10 manufacturers by pharmacy sales value

Rank		Manufacturer*	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Novartis (incl. Lek-Sandoz)	7,2	6,0
2	4	Pharmstandart	5,1	3,9
3	2	Servier/Egis	4,9	5,7
4	7	Bayer Healthcare (incl. Bayer Schering Pharma AG)	4,2	3,3
5	5	Gedeon Richter	3,9	3,9
6	6	Berlin-Chemie/ Menarini Pharma GmbH	3,7	3,8
7	3	Sanofi-Aventis	3,2	3,9
8	8	Nycomed	3,0	3,0
9	11	Solvay Pharmaceuticals	2,2	1,8
10	9	KRKA D.D.	2,0	2,0
Total			39.2	37.4

* AIPM members are in bold

The list of the leading trade names revealed important changes in the analyzed period (Table 2). Three new preparations appeared in the ranking – Yrina (almost 4-fold growth of sales), Xenical (+74%) and Pentalgin N (+157%). The leader of the top 10 list has changed – by the results of the first nine months of 2008 Arbidol (+85%) captured leadership.

Table 2. Top 10 trade names by pharmacy sales value

Rank		Trade name	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	4	Arbidol	1.4	1.0
2	3	Viagra	1.1	1.0
3	51	Yarina	1.0	0.3
4	1	Actovegin	0.9	1.1
5	9	Linex	0.7	0.8
6	2	Mildronate	0.7	1.0
7	18	Xenical	0.7	0.5
8	10	Mezym forte	0.7	0.8
9	7	Essentiale N	0.7	0.9
10	50	Pentalgin N	0.7	0.3
Total			8.6	7.7

Due to negative dynamics (-3%) the former leader Actovegin dropped to 4th position. The same reason conditioned weakening of Mildronate (-12%) and Essentiale N (-4%). At the same time three more trade names improved in the top 10 ranking in the analyzed period. The cumulative share of the 10 preparations grew from 7.7% to 8.6%.

The ranking of the top INNs and combinations was also joined by three newcomers (Table 3). The new participants are Fluconazole, Azithromycin (1.6-fold growth) and Ethylestradiol+Drospirenone (3.7-fold growth). High pharmacy sales value growth rates were also typical for Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+85%) and Xylomethazolin (+67%), which ranked from 9th to 2nd place and from 10th to 4th position, accordingly. The combination Multivitamin+Multimineral (+24%) is still the leader of the list, though its share did not change. It is to note that in six cases of ten share enlargement was observed and as a result the cumulative share of the leaders increased from 10.1% to 11.5%.

Table 3. Top 10 INNs and combinations by pharmacy sales value

Rank		INN/Combination	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007		9 months 2008	9 months 2007
1	1	Multivitamin+Multimineral	1.6	1.6
2	9	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1.4	1.0
3	2	Pancreatin	1.4	1.4
4	10	Xylomethazolin	1.2	0.9
5	14	Fluconazole	1.1	0.9
6	7	Sildenafil	1.1	1.0
7	71	Ethylestradiol+Drospirenone	1.0	0.3
8	4	Indapamide	0.9	1.2
9	3	Enalapril	0.9	1.2
10	19	Azithromycin	0.9	0.7
Total			11.5	10.1

The main peculiarity of the ranking of the top ATC groups in the analyzed period is considerable sales value growths of some groups (Table 4). Only the leader of the ranking J01 Antibacterials for systemic use (+19%) and C09 Agents acting on the renin-angiotensin system (+21%) demonstrated below-the-market dynamics and slightly reduced their shares. The most significant increase was showed by G03 Sex hormones and modulators of the genital system (+64%), R01 Nasal Preparations (+48%) and the newcomer of the top 10 ranking of ATC groups - R05 Cough and Cold Preparations (+35%).

Table 4. Top 10 ATC groups by pharmacy sales value

Rank		ATC code	ATC group	Share in total pharmacy sales value, %	
9 months 2008	9 months 2007			9 months 2008	9 months 2007
1	1	J01	Antibacterials for Systemic Use	5.8	6.3
2	2	N02	Analgesics	5.5	5.4
3	7	G03	Sex Hormones and Modulators of the Genital System	4.7	3.5
4	5	L03	Immunomodulating Agents	4.1	3.9
5	4	C09	Agents Acting on the Renin-Angiotensin System	3.8	3.9
6	6	M01	Antiinflammatory and Antirheumatic Products	3.8	3.7
7	10	R01	Nasal Preparations	3.4	2.9
8	9	A11	Vitamins	3.2	3.1
9	8	A07	Antidiarrheals, Intestinal Antiinflammatory / Antiinfective Agents	3.2	3.1
10	11	R05	Cough and Cold Preparations	3.0	2.8
Total				40.4	38.5

Conclusion. By the results of the first nine months of 2008 the Volgograd pharmacy market value amounted to \$63.4 Mln at retail prices. As two other cities of Volga Federal District this market reduced in natural terms (-12%), but at that showed the highest positive dynamics in money terms, being close to the national average (+23% against +26% in rubles). Per capita drug consumption in Volgograd was close to the figures demonstrated by Saratov and Ulyanovsk and exceeded the Russian market index (\$64.3 as compared to \$57.8). Average retail mark-up remained on the level of the previous year. Average price per drug pack came near to the figures of the Russian market (\$2.7 against \$2.84).

11.11.2008, *Vremya Novostey***Tatyana Golikova engaged notable health professionals for invention of the new treatment standards**

On the past Friday the minister Tatyana Golikova presented the extended board of the chief free-lance specialists of the Ministry of Health and Social Development, who are to work out several tens of detailed instructions, containing the lists of necessary diagnostic procedures and recommended medicines for treatment of the most general pathologies.

Several days earlier the ministers signed the order, specifying the new extended list of the chief free-lance health professionals, accounting for 49 specialists. Immunology, allergology, clinical pharmacology, hematology, transfusiology, epidemiology, dietology and transplantology are among the new specialties in the list.

All the mentioned specialists are to conduct the scrupulous analysis of the current treatment standards isolated by application level already by February in order to develop the clear system of rules of rendering medical care at all levels – from regional hospital to high-technology medical centre.

25.11.2008, *Vedomosti***The largest pharmaceutical distributors reduce their shares in supplies of drugs for beneficiaries**

The Ministry of Health and Social Development divided Rbl 14 Bln, allocated for the expensive drugs intended for beneficiaries in the first half of the next year among the distributors. The first auction for the right of drug supply within the DLO program took place in the previous week. The representative of the ministry confirmed the fact of bidding and added that the next auction will be held at the beginning of 2009 (the sum was not specified). The largest order of Rbl 4.1 Bln was given to the pharmaceutical distributor "Pharmimax" registered in the top 10 list of drug suppliers (the ranking of "Pharmexpert"). "Protek" occupying the 2nd position in the list of the pharmaceutical distributors will supply drugs at the sum of Rbl 1.9 Bln, "Rosta" placed on the 3rd position – at Rbl 2.4 Bln. According to experts, in 2008 small specialized suppliers were actively involved in the DLO program. Reimbursement problems of the latest years decreased interest of the prominent market players to the state money. At the same time the analysts mark that the state order is more secure for the companies in the conditions of crisis.

NEWS OF COMPANIES

01.11.2008, *Vedomosti***Pharmacy chain "36.6" informed the distributors about inability to reimburse for the part of the delivered production**

The letter, signed by the commercial director of the business unit "Central Russia" of the pharmacy chain "36.6" Y. Sobakina of October 10 addressed to the management of the concerned organizations – the distributors of ZAO "Apteki 36.6", became available to "Vedomosti". Taking into consideration the current situation on the financial market, the chain is unable to guarantee repayment of debts in October and November of 2008. "36.6" suggested either to sign the agreement on debt reorganization with payment after December or to pay immediately but with discount of 25%. The representatives of the pharmacy chain refused to comment on this letter. But its reality was confirmed by one of "36.6" distributors and top-managers of the two federal suppliers. According to them, the chain intends to reimburse some small regional companies.

10.11.2008, *Sekret firmy***"Natur produkt" is going to focus on drug production**

After "Renova kapital" joined stockholders of the holding "Natur produkt" in 2005, restructuring was started. Eventually, 20 "Natur produkt" business structures transformed into two independent divisions – "Natur product international" (production of drugs and parapharmaceuticals) and "Natur product retail" (retail). Since then the development strategy focuses on this or that division. Two years ago the strategy was concentrated on retail – pharmacy chain "Zdorovye lyudi". According to the stockholders' plan, the chain must have entered the list of the largest pharmacy market players in 2008. At the end of the previous year it became clear that the market can't be captured by the number of retail outlets and "Natur product retail" decided to increase margins and develop its own trade names. Private label share is expected to grow by 5% in the total sales value by the end of 2009.

In spring the managers of the company decided to concentrate on production: in the two nearest years they intend to double sales value of drugs to \$88 Mln. According to DSM Group, "Natur product international" occupied the 89th position in the ranking of the Russian pharmaceutical manufacturers by the results of August. However rushing from side to side hardly promotes realization of ambitious plans.

07.11.2008, *Quote.ru***UBS analysts overviewed the prospects of the Russian pharmaceutical companies**

Owing to constant problems in Moscow shops, conflicts with suppliers and macroeconomic situation decline, the UBS analysts do not expect radical improvement of "36.6" Company's standards in the second half of the current year. UBS experts reduced the forecasting price of the company's stocks from \$40 per share to \$5 per share and overviewed the recommendation from Buy to Neutral. Fundamental indices of "Pharmstandard" maintain stability; however weakening of ruble in mid-term period may condition decrease of gross margin. Against this background the UBS analysts cut the forecasting price of the company's stocks from \$25/GDP to \$17.5/GDP, keeping Neutral recommendation. UBS experts also decreased the forecasting price for the shares of "Veropharm" company from \$66 per action to \$43.5 per action, confirming Buy recommendation.

14.11.2008, *Advis.ru***"Protek" launched the new warehouse complex in Kazan**

The new complex is one of the most advanced pharmaceutical warehouses in Russia. Its capacity is rated at permanent storage and shipping of approximately 7000 cubic meter of commodity stock. It means that pharmacy and general health institution of Tatarstan and some regions of Volga district obtained the opportunity to operate with full assortment list of products for health and beauty. The national distributor "PROTEK" supplies the Kazan warehouse complex with nearly 13 000 trade names of 800 manufacturers.

20.11.2008, *AMI-TASS***The activity of the grouping engaged in producing and selling of counterfeit drugs is terminated in the Moscow region**

The activity of the grouping producing and selling of counterfeit drugs is terminated in the Moscow region. According to the Press Service of the Economic Security Department of the Ministry of Internal Affairs of Russian Federation, the criminals organized large clandestine manufacture for the production of adulterate medical and veterinary preparations, which was located on secure territory in Serpukhov district of the Moscow region with a view of conspiracy.

During the investigative work the total chain from production to sale of the counterfeit pharmaceutical production was identified. The clandestine enterprise realized the complete production cycle. During the inspection the investigators found the equipment for production of adulterate pharmaceuticals, packing materials as well as large volumes of production of various domestic and foreign manufacturers, among which are "Greendex", "Dalkhimpharm", "Gedeon Richter", Pfizer, etc.

PERSONEL SHIFTS

17.11.2008, *Kommersant Daily***The government replaced the head of the Federal fund of obligatory medical insurance (FFOMI)**

On Saturday by order of the Prime Minister Vladimir Putin, the head of the Department of Intergovernmental Fiscal Relations of the Ministry of Finance Andrey Yurin was appointed the head of the fund. Under a legal instrument the President of the Board is the minister of healthcare and social development, therefore the ministry of Tatyana Golikova will supervise the fund activities. The forthcoming reform of the unified social tax, which is to be divided into three insurance fees, presupposes transformation of the funds from government departments with proper political leverage as the administrator of the state funds into the analogues of the governmental insurance structures and financial agencies. Probably, the White House reckons upon much manageability of funds of the Ministry of Health and Social Development prior to this reform.

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On questions and proposals address:

Vladimir Grigorievich Shipkow, AIPM Executive Director

Tel.: 933 70 40

Information on AIPM on the Internet: <http://www.aipm.org>

Korduban Ekaterina, PR and Development Director of "Remedium" Group of Companies

Tel.: 780 34 25, fax: 780 34 26

Information on "Remedium" group of companies on the Internet: <http://www.remEDIUM.ru>