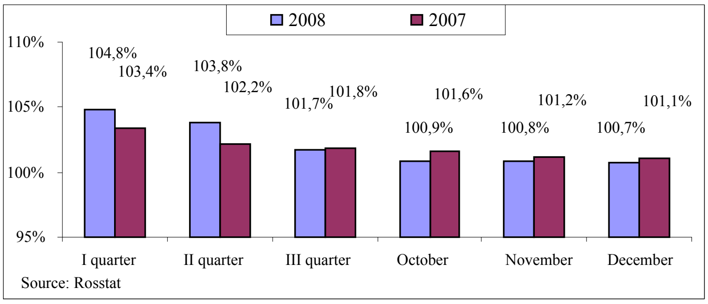
A Joint Publication of the Association of International Pharmaceutical Manufacturers in Russia and Group of Companies Remedium

## MACROECONOMIC INDICATORS

### Inflation

According to Rosstat, inflation rate on the consumer market in December 2009 amounted to 0.7%, what is below the respective figure in November (100.8%). In spite of the fact that during the last three months consumer price dynamics was lower than in the same period in the previous year, the consumption prices in January-December 2008 exceeded the same index a year earlier: 113.3% against 111.9%. Manufacturers' prices in December reduced and accounted for 92.4% against December 2007 – 93% (December 2007 against December 2006 – 125.1%).

**Diagram 1. Consumer prices (against previous year)**




Source: Rosstat

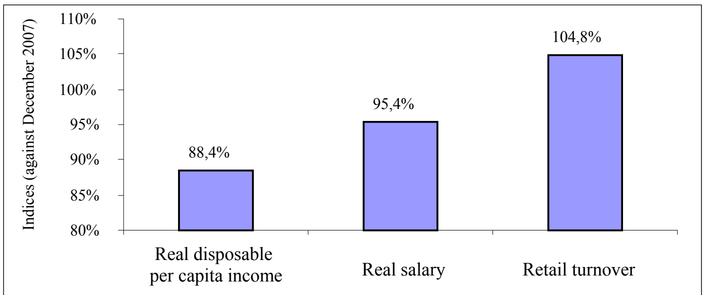
### Living standards of the population

According to preliminary Rosstat data, in December 2008 the average salary for one worker equaled Rbl 20238 ($689). Real salary in December 2008 amounted to 95.4% as compared to the respective period in 2007, and the real disposable per capita income – 88.4% (Diagram 2).

### Retail turnover

Retail turnover in December 2008 grew by 4.8% against the same figure in the previous year period and accounted for Rbl 14536 Bln (Diagram 2).

**Diagram 2.Real disposable per capita income, real salary, retail turnover in December 2008**




Source: Rosstat

### Industrial output

According to Rosstat, in December 2008 industrial output grew by 3.8% as compared to November, however, against December 2007 its reduction can be observed (89.7%). The growth of industrial output value in the current year accounted for 2.1% compared to the same period in the previous year (6.3%).

### Domestic production

According to Rosstat, production value of the domestic pharmaceutical companies in December 2008 reached $231.5 Mln, what is 17% below the respective figure in 2007, but 13% above the index in November 2008. The top 10 list of the domestic drug manufacturers by the results of December 2008 is represented in Table 1. The cumulative industrial output of the ten leading producers is estimated at $168.5 Mln (72.8% of the total production value of pharmaceutical industry in the analyzed period).

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

| Rank | Manufacturer | Production value, $Mln. |
|---|---|---|
| 1 | Pharmstandart | 31.4 |
| 2 | Veropharm | 24.0 |
| 3 | Nizhpharm | 24.0 |
| 4 | Valenta | 20.7 |
| 5 | Microgen | 20.0 |
| 6 | Materia Medica | 14.8 |
| 7 | Pharm-Centr | 13.4 |
| 8 | Akrikhin | 8.6 |
| 9 | Biosintez | 7.0 |
| 10 | Tatkhimpharmpreparaty | 4.6 |

Table 2 contains data on pharmacy sales in 10 RF regions. In November 2008 in all the analyzed regions was registered pharmacy sales reduction, the most considerable – in Rostov region (-13%). The most insignificant negative dynamics was observed in Krasnodar Territory (-2%).

**Table 2. Pharmacy sales in regions in 2008**

| Region | Pharmacy sales value, $Mln. (Wholesale prices) | | | Growth, % (in rubles) | | |
|---|---|---|---|---|---|---|
| | September 2008 | October 2008 | November 2008 | September/ August 2008 | October/ September 2008 | November/ October 2008г. |
| Moscow | 110.5 | 115.7 | 107.0 | 25% | 5% | -4% |
| Saint Petersburg | 36.8 | 45.0 | 40.4 | 18% | 22% | -7% |
| Krasnodar Territory | 22.2 | 22.4 | 19.1 | 1% | 1% | -11% |
| Novosibirsk region | 20.2 | 20.1 | 17.9 | 25% | -1% | -7% |
| Tatarstan | 17.2 | 17.9 | 15.4 | 16% | 4% | -10% |
| Krasnoyarsk Territory | 13.8 | 13.5 | 12.7 | 23% | -2% | -2% |
| Rostov region | 18.8 | 19.3 | 16.2 | 14% | 3% | -13% |
| Voronezh region | 11.2 | 11.1 | 10.1 | 26% | -1% | -5% |
| Perm | 7.1 | 6.3 | 5.8 | 29% | -12% | -5% |
| Tyumen | 4.8 | 5.0 | 4.6 | 30% | 4% | -4% |

### 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 December 2008**

| Rank | Company* | Number of advertisements |
|---|---|---|
| 1 | Reckitt Benckiser | 4 149 |
| 2 | Novartis | 3 240 |
| 3 | Berlin-Chemie Menarini Group | 1 948 |
| 4 | Bayer AG | 1 875 |
| 5 | GlaxoSmithKline | 1 652 |

Source – TNS Gallup AdFact

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

| Rank | Trade name* | Number of advertisements |
|---|---|---|
| 1 | Nurofen | 2 436 |
| 2 | Coldrex | 1 494 |
| 3 | Evalar | 1 370 |
| 4 | TeraFlu | 1 352 |
| 5 | Strepsils | 1 301 |

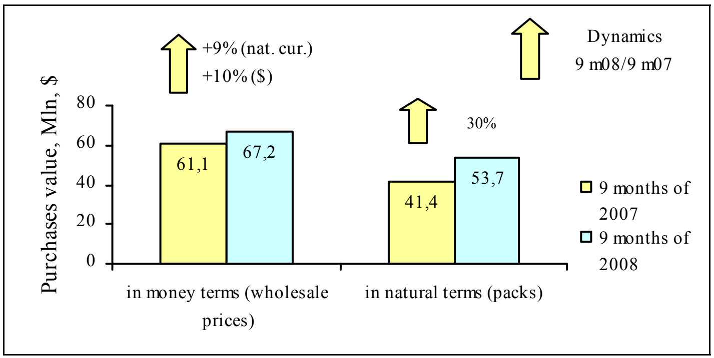
Source – TNS Gallup AdFact

* Only the drugs registered in Gosreestr are considered

## HOSPITAL MARKET OF BELORUSSIA IN THE FIRST NINE MONTHS OF 2008

According to Hospital Audit of Drugs in Belorussia™, hospital market value in January-September 2008 grew by 9% as compared to 2007 and amounted to $67.2 Mln at wholesale prices. Hospital purchases volume in natural terms increased by 30% and equaled 53.7 Mln packs. Average price per drug pack equaled $1.25 ($1.5 in 2007).

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




The top 10 ranking of manufacturers by hospital purchases value contains five Belorussian corporations (Table 1). At that, the two companies demonstrated considerable purchases value progress and noticeable share enlargement and as a result the participants occupied the leadership in the list – Belmedpreparty (+105%) and Borisovskiy ZMP (+76%). High positive dynamics was also registered by the newcomers of the ranking - Pfizer International and ABC Pharma. Other six companies showed negative tendency of purchases – from 5% by Pfizer International to -62% by Sanofi-Aventis. However, in spite of this, the cumulative share of the top 10 list notably grew and accounted for 52.5%.

**Table 1. Top 10 manufacturers by hospital purchases value**

| Rank | | Manufacturer* | Share in total hospital purchases value, % | |
|---|---|---|---|---|
| 9 months 2008 | 9 months 2007 | | 9 months 2008 | 9 months 2007 |
| 1 | 3 | Belmedpreparty | 14.4 | 7.7 |
| 2 | 2 | Borisovskiy ZMP | 12.9 | 8.0 |
| 3 | 11 | **Nycomed** | 5.4 | 2.9 |
| 4 | 6 | **Pfizer International Inc.** | 4.4 | 5.1 |
| 5 | 7 | **Merck Sharp& Dohme** | 3.3 | 4.2 |
| 6 | 9 | Nesvizhskiy ZMP | 3.0 | 3.5 |
| 7 | 8 | Pharmland SP | 2.8 | 3.5 |
| 8 | 10 | **GlaxoSmithKline** | 2.6 | 3.0 |
| 9 | 5 | **Sanofi-Aventis** | 1.9 | 5.5 |
| 10 | 324 | ABC Pharma | 1.9 | 0.0 |
| **Total** | | | **52.5** | **43.3** |

* AIPM members are in bold

Significant changes took place in the top 10 list of trade names (Table 2). By the results of the first nine months of 2008 the ranking was joined by Actovegin (+135%), Cefotaxime (+46%), Painem and Cefepime (+135%). More considerable dynamics and more than 2-fold share increase was demonstrated by Emoxipine (+159%), what conditioned the improvement of the participant to 8th position. The leader of the previous year Meronem (-85%) considerably weakened its positions and dropped to 20th place. Due to advanced growth of hospital purchases value, Ceftriaxone (+119%) occupied 2nd place instead of 6th, Cefazolin (+74%) – from 9th to 3rd position. Seven participants of the list in various degree enlarged their market share in the hospital segment, what resulted in the increase of the cumulative share from 18.6% to 27%.

**Table 2. Top 10 trade names by hospital purchases value**

| Rank | | Trade name | Share in total hospital purchases value, % | |
|---|---|---|---|---|
| 9 months 2008 | 9 months 2007 | | 9 months 2008 | 9 months 2007 |
| 1 | 8 | Emoxipine | 4.7 | 2.0 |
| 2 | 6 | Ceftriaxone | 4.4 | 2.2 |
| 3 | 9 | Cefazolin | 3.0 | 1.9 |
| 4 | 3 | Tienam | 2.7 | 4.0 |
| 5 | 4 | Sodium chloride | 2.3 | 2.8 |
| 6 | 18 | Actovegin | 2.2 | 1.0 |
| 7 | 5 | Fraxiparine | 2.2 | 2.4 |
| 8 | 13 | Cefotaxime | 2.1 | 1.5 |
| 9 | 2021 | Painem | 1.9 | 0.0 |
| 10 | 26 | Cefepime | 1.6 | 0.7 |
| **Total** | | | **27.0** | **18.6** |

The ranking of the leading INNs and combinations also revealed notable changes connected with previous list. High positive dynamics of Emoxipine, Ceftriaxone and Cefazolin allowed the respective INNs – Methylethylpiridinol (+158%), Ceftriaxone (+98%) and Cefazolin (+65%) considerably improve in the ranking in the analyzed period and occupy 1st, 2nd and 4th place, accordingly. At he same time the leader of the previous year Meropenem (-52%) dropped to 5th place. Remarkable growth demonstrated by Cefotaxime (+21%), Cefepime (+114%) and Octreotide (+113%) was conditioned by the hospital purchases growth of the respective trade names (Octreotid is placed on 11th position due to purchases enlargement by 110%), what allowed the observed INNs to enter the ranking. Filgrastim, Trastuzumab and Lenograstim left the list in the first nine months of 2008. The cumulative share of the top 10 INNs increased by 3.1% and reached 28.4%.

**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 | 9 | Methylethylpiridinol | 4.7 | 2.0 |
| 2 | 5 | Ceftriaxone | 4.4 | 2.4 |
| 3 | 3 | Imipenem+Cilastatin | 3.9 | 4.0 |
| 4 | 8 | Cefazolin | 3.0 | 2.0 |
| 5 | 1 | Meropenem | 2.8 | 6.2 |
| 6 | 4 | Sodium chloride | 2.3 | 2.8 |
| 7 | 6 | Nadroparin calcium | 2.2 | 2.4 |
| 8 | 11 | Cefotaxime | 2.1 | 1.9 |
| 9 | 22 | Cefepime | 1.6 | 0.8 |
| 10 | 23 | Octreotid | 1.6 | 0.8 |
| **Total** | | | **28.4** | **25.3** |

As against the previous ranking almost all participants of the ATC list except L01 Antineoplastic agents (-80%) demonstrated positive hospital purchases dynamics and share growth. Only the progress showed by B01 Antithrombotic agents (+9%) equaled average market increase. The most dynamic group was C05 Vasoprotectives (+160%), ranked from 9th to 4th place. Against the background of market share enlargement, considerable ranking progress was demonstrated N01 Anesthetics (+66%) and B06 Other hematological agents (+132%) – they occupied 8th and 9th places against 11th and 22nd positions in the previous year, correspondingly. The cumulative share of the top 10 ATC groups amounted to 62.6% (59.9% in 2007).

**Table 4. Top 10 ATC groups by hospital purchases value**

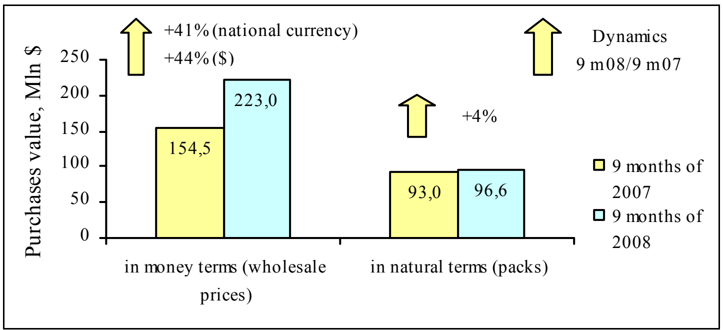
| Rank | | ATC code | ATC group | Share in total hospital purchases value, % | |
|---|---|---|---|---|---|
| 9 months 2008 | 9 months 2007 | | | 9 months 2008 | 9 months 2007 |
| 1 | 1 | J01 | Antibacterials for Systemic Use | 27.3 | 24.2 |
| 2 | 4 | B05 | Plasma Substitutes and Perfusion Solutions | 7.8 | 7.6 |
| 3 | 5 | B01 | Antithrombotic Agents | 5.1 | 5.1 |
| 4 | 9 | C05 | Vasoprotectives | 4.9 | 2.1 |
| 5 | 8 | C01 | Cardiac Therapy | 3.5 | 2.1 |
| 6 | 7 | N05 | Psycholeptics | 3.4 | 2.2 |
| 7 | 6 | B02 | Antihemorrhagics | 3.3 | 2.6 |
| 8 | 11 | N01 | Anesthetics | 2.9 | 1.9 |
| 9 | 22 | B06 | Other Hematological Agents | 2.3 | 1.1 |
| 10 | 2 | L01 | Antineoplastic Agents | 2.1 | 11.0 |
| **Total** | | | | **62.6** | **59.9** |

**Conclusion.** By the results of January-September 2008 growth tendency of the Belorussian hospital market observed in the 1st half of the current year, continues (in money terms at the level of retail market). At that, the market dynamics in natural terms is much more intensive, than in money terms. Reduction of average price per drug pack and notable changes in the principle rankings confirm important shift in the policy of hospital purchases towards the domestic production. The positions of the local manufacturers weakened in the hospital segment of the Belorussian pharmaceutical market in the analyzed period.

## HOSPITAL MARKET OF UKRAINE IN THE FIRST NINE MONTHS OF 2008

According to Hospital Audit of drugs in Ukraine™, in the first nine months of 2008 hospital purchases value of drugs in Ukraine grew by 41% in national currency as compared the same figure in 2007 and equaled $223 Mln at wholesale prices (Diagram 1). Realization volume in natural terms slightly increased (only by 4%) and accounted for 96.6 Mln packs. Average price per drug pack grew to $2.31 as compared to $1.66 in 2007.

**Diagram 1. Hospital market of Ukraine in the 1st nine months of 2007 – 1st nine months of 2008**




Ukrainian companies still occupy the leading positions in the top 10 list of pharmaceutical manufacturers by hospital purchases value in the first three quarters of 2008 (Table 1). Arterium (+46%) is the leader of the ranking, Darnitsa (+53%) occupied the second place. High purchases dynamics allowed Yuria-Pharm (+77%) to rank from 5th to 3rd position, leaving behind less dynamic corporations - Sanofi-Aventis (+22%) and Pharmak (+34%). Another Ukrainian producer - Biopharma (+39%) dropped to 9th place. The newcomers are the two western companies - Novartis (+137%) and GlaxoSmithKline (+60%), which captured 6th and 8th positions, accordingly. Due to insignificant positive dynamics, Gedeon Richter (+24%) and AstraZeneca (+18%) left the ranking in the analyzed period. The cumulative share of the top 10 manufacturers accounts for 37.6%, what is more than in the previous year (35.3%).

**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 | Arterium | 6.0 | 5.9 |
| 2 | 2 | Darnitsa | 5.6 | 5.3 |
| 3 | 5 | Yuria-Pharm | 3.9 | 3.2 |
| 4 | 3 | **Sanofi-Aventis** | 3.8 | 4.5 |
| 5 | 4 | Pharmak | 3.8 | 4.1 |
| 6 | 14 | **Novartis (incl. Lek-Sandoz)** | 3.6 | 2.2 |
| 7 | 10 | **Berlin-Chemie/ Menarini Pharma GmbH** | 3.3 | 2.5 |
| 8 | 11 | **GlaxoSmithKline** | 2.7 | 2.5 |
| 9 | 6 | Biopharma | 2.6 | 2.7 |
| 10 | 8 | **Nycomed** | 2.3 | 2.6 |
| **Total** | | | **37.6** | **35.3** |

* AIPM members are in bold

Top 10 list of trade names was joined by three new participants (Table 2). The new preparations are – Menopur, Glivec and Contrykal, which demonstrated purchases value enlargement in 9, 12 and 2 times, respectively. Considerably growth dynamics (in 2.4 times) allowed Reosorbilact to move from 8th to 5th place. In spite of slight share reduction the leadership is occupied by Sodium chloride (+30%), the second place is captured by Ceftriaxone (+28%). Actovegin (+18%) and Meronem (-5%), which were located on 3rd and 4th positions, correspondingly, notably decreased their market shares and weakened in the top 10 list. Glucose (+28%) ranked from 5th to 3rd place in the analyzed period. The cumulative share of the top 10 trade names grew by 1.1% and accounted for 17.8%.

**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 | 3.9 | 4.4 |
| 2 | 2 | Ceftriaxone | 2.6 | 3.0 |
| 3 | 5 | Glucose | 1.7 | 1.9 |
| 4 | 3 | Actovegin | 1.7 | 2.1 |
| 5 | 8 | Reosorbilact | 1.6 | 0.9 |
| 6 | 6 | Mildronate | 1.6 | 1.4 |
| 7 | 4 | Meronem | 1.4 | 2.1 |
| 8 | 102 | Menopur | 1.2 | 0.2 |
| 9 | 143 | Glivec | 1.2 | 0.1 |
| 10 | 23 | Contrykal | 1.0 | 0.6 |
| **Total** | | | **17.8** | **16.7** |

The top 3 INNs and combinations retained the positions occupied earlier, in spite of share decrease (Table 3). The top 3 ranking consists of Sodium chloride (+30%), Ceftriaxone (+39%) and Ethanol (+14%). Negative purchases dynamics demonstrated by Meropenem (-4%) conditioned weakening in the list by 3 positions (from 4th to 7th place). This allowed three participants - Dextrose (+26%), Insulin-isophan (human biosyntactic) (+54%) and Meldonium (+55%), which were placed on 5th, 6th and 7th positions on 2007, respectively, to improve by one position in the top 10 ranking. Considerable growth of hospital purchases showed by Glivec and Menopur allowed Imatinib and Menotropins to enter the list of the leading INNS and combinations. The cumulative share of the list participants equaled 19.4% of total hospital segment, exceeding the figure of the previous year (18.6%).

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

| Rank | | INN/ Combination | Share in total purchases value, % | |
|---|---|---|---|---|
| 9 months 2008 | 9 months 2007 | | 9 months 2008 | 9 months 2007 |
| 1 | 1 | Sodium chloride | 3.9 | 4.4 |
| 2 | 2 | Ceftriaxone | 3.4 | 3.6 |
| 3 | 3 | Ethanol | 1.9 | 2.4 |
| 4 | 5 | Dextrose | 1.7 | 2.0 |
| 5 | 6 | Insulin-isophan (human biosyntactic) | 1.6 | 1.5 |
| 6 | 7 | Meldonium | 1.6 | 1.4 |
| 7 | 4 | Meropenem | 1.4 | 2.1 |
| 8 | 142 | Imatinib | 1.3 | 0.2 |
| 9 | 10 | Hydroxyethyl starch | 1.3 | 0.9 |
| 10 | 111 | Menotropins | 1.2 | 0.2 |
| **Total** | | | **19.4** | **18.6** |

The top 10 ranking of ATC groups was traditionally the most stable (Table 4). The top 4 list remained unchanged: J01 Antibacterials for systemic use (+41%), B05 Plasma substitutes and perfusion solutions (+61%), A10 Drugs used in diabetes (+36%) and C01 Cardiac therapy (+55%). Five of the last groups, including the newcomers, improved their ranking positions. These groups are: N05 Psycholeptics (+58%) and L01 Antineoplastic agents (+71%), which moved from 11th to 9th place and from 12th to 10th place, accordingly. The cumulative share of the top 10 list grew by 2% and amounted to 57.9%.

**Table 4. Top 10 ATC groups by hospital purchases value**

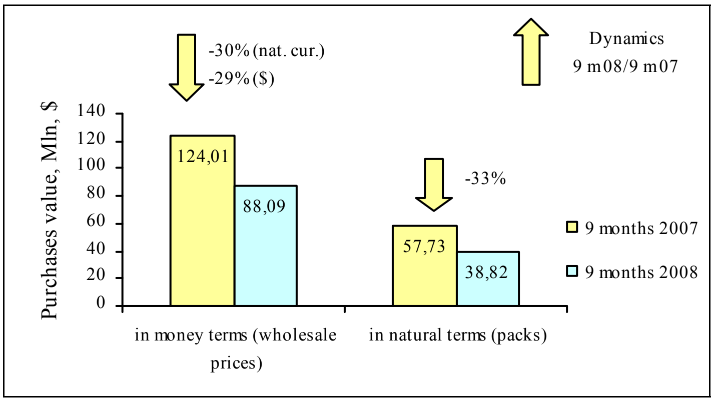
| Rank | | ATC code | ATC group | Share in total purchases value, % | |
|---|---|---|---|---|---|
| 9 months 2008 | 9 months 2007 | | | 9 months 2008 | 9 months 2007 |
| 1 | 1 | J01 | Antibacterials For Systemic Use | 15.3 | 15.7 |
| 2 | 2 | B05 | Plasma Substitutes And Perfusion Solutions | 13.3 | 12.0 |
| 3 | 3 | A10 | Drugs Used In Diabetes | 6.2 | 6.6 |
| 4 | 4 | C01 | Cardiac Therapy | 4.7 | 4.4 |
| 5 | 6 | A16 | Other Alimentary Tract And Metabolism Products | 3.5 | 3.3 |
| 6 | 8 | N01 | Anesthetics | 3.2 | 3.0 |
| 7 | 10 | N06 | Psychoanaleptics | 3.0 | 2.7 |
| 8 | 7 | B01 | Antithrombotic Agents | 2.9 | 3.2 |
| 9 | 11 | N05 | Psycholeptics | 2.9 | 2.6 |
| 10 | 12 | L01 | Antineoplastic Agents | 2.9 | 2.4 |
| **Total** | | | | **57.9** | **55.8** |

**Conclusion**. By the results of the nine months of 2008 the hospital market of Ukraine demonstrated moderate growth in natural terms (+4%) and advanced growth in money terms (+44% in dollars), exceeding the Russian market dynamics (+36%). As compared to the pharmacy segment of Ukraine (+14% in packs, +53% in dollars) the hospital market demonstrated less considerable increase. Local companies which captured leadership on the market strengthened their positions against the previous year. Process of market concentration growth was observed in terms of all the analyzed figures – as against the Russian market, where the concentration in hospital segment reduced in terms of the ranking of trade names and INNs.

## HOSPITAL MARKET OF KAZAKHSTAN IN THE FIRST NINE MONTHS OF 2008

According to Hospital Audit of Drugs in Kazakhstan™, hospital market value in January-September 2008 reduced by 30% and amounted to $88 Mln (10.6 Bln tenge) at wholesale prices. Hospital purchases volume in natural terms also declined (-33%) and equaled 39 Mln packs. Average price per drug pack accounted for $2.27 – what is slightly above the same figure in 2007 ($2.15).

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




The top 10 list of drug producers revealed some changes in the analyzed period. One new participant appeared in the ranking – the domestic corporation Valenta (-14%), which moved from 14th to 9th position, in spite of purchases value reduction. Negative dynamics prevails in the analyzed lists, though there is some exclusion. Ranking improvement was demonstrated by Sanofi-Aventis (+3%) and Novartis (+7%), which moved from 5th to 3rd place and from 8th to 5th place, correspondingly. In spite of significant market decrease Nycomed (-19%) not only retained its leadership, but also enlarged its share. The leading corporations by purchases value accumulated 47.8%.

**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 | **Nycomed** | 10.5 | 9.0 |
| 2 | 4 | Khimpharm | 6.9 | 5.0 |
| 3 | 5 | **Sanofi-Aventis** | 6.0 | 4.0 |
| 4 | 2 | **GlaxoSmithKline** | 5.5 | 8.3 |
| 5 | 8 | **Novartis (incl. Sandoz-Lek)** | 4.9 | 3.2 |
| 6 | 3 | **Janssen-Cilag AG** | 4.5 | 6.3 |
| 7 | 10 | **Berlin-Chemie/ Menarini Pharma GmbH** | 2.8 | 3.0 |
| 8 | 7 | **Gedeon Richter Ltd.** | 2.3 | 3.2 |
| 9 | 14 | Valenta (Otechestvennye lekarstva) | 2.2 | 1.8 |
| 10 | 9 | **Pliva D.D.** | 2.1 | 3.1 |
| **Total** | | | **47.8** | **47.1** |

* AIPM members are in bold

Against the background of negative purchases dynamics, only one preparation in the list of the leading trade names demonstrated growth. This is the newcomer of the list Cef III (+11%), occupying 5th position (14th place in 2007) by the results of the first nine months of 2008. The top 10 list was joined by three new participants - Glucose (-4%), Curosurf (-1%) and Heptral (-37%), located on 3rd, 6th and 10th places, respectively. Actovegin (-29%) preserve and even strengthened its leadership, increasing market share by almost 1%. Sodium chloride (-29%) ranked from 4th to 2nd position, Cefazolin (-19%) – from 6th to 4th place. The total share of the top 10 list grew and accounted for 25%.

**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 | Actovegin | 6.9 | 6.0 |
| 2 | 4 | Sodium chloride | 2.6 | 2.5 |
| 3 | 11 | Glucose | 2.4 | 1.7 |
| 4 | 6 | Cefazolin | 2.4 | 2.0 |
| 5 | 14 | Cef III | 2.1 | 1.3 |
| 6 | 13 | Curosurf | 1.9 | 1.3 |
| 7 | 2 | Fortum | 1.9 | 3.0 |
| 8 | 3 | Rispolept | 1.9 | 2.8 |
| 9 | 5 | Contrykal | 1.6 | 2.5 |
| 10 | 12 | Heptral | 1.5 | 1.7 |
| **Total** | | | **25.1** | **24.9** |

Ceftriaxone became the leaders of the top 10 list of INNs and combinations in the analyzed period (Table 3). The participant demonstrated almost 1.5-fold growth of purchases value and improved by three positions in the list. Ceftazidime (-46%) remained on 2nd place, Sodium chloride (-29%) occupied 3rd position (6th place in 2007). More significant ranking progress was showed by the new INNs - Dextrose (-4%) moved from 12th to 6th place, Poractant alfa (-1%) – from 14th to 7th place and Cefepime (-1%) – from 16th to 9th position. As against the two previous rankings, the cumulative share of the observed list participants reduced by 0.5% and amounted to 24.1%.

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

| Rank | | INN/ Combination | Share in total purchases value, % | |
|---|---|---|---|---|
| 9 months 2008 | 9 months 2007 | | 9 months 2008 | 9 months 2007 |
| 1 | 4 | Ceftriaxone | 4.2 | 2.9 |
| 2 | 2 | Ceftazidime | 2.6 | 3.3 |
| 3 | 6 | Sodium chloride | 2.6 | 2.5 |
| 4 | 5 | Cefazolin | 2.6 | 2.6 |
| 5 | 1 | Risperidon | 2.5 | 3.4 |
| 6 | 12 | Dextrose | 2.4 | 1.7 |
| 7 | 14 | Poractant alfa | 1.9 | 1.3 |
| 8 | 3 | Aproprinin | 1.8 | 3.2 |
| 9 | 16 | Cefepime | 1.8 | 1.3 |
| 10 | 7 | Cefuroxime | 1.8 | 2.3 |
| **Total** | | | **24.1** | **24.6** |

The most considerable growth was demonstrated by J01 Antibacterials for systemic use (-27%): its share increased from 20.1% to 21.0% as compared to same period in 2007. In spite of share decrease, 2nd place is still occupied by B05 Plasma substitutes and perfusion solutions (-39%). B06 Other hematological agents (-21%) ranked from 4th to 3rd place. Improvement was also registered by three ATC groups - L01 Antineoplastic agents (+18%), which captured 4th position (6th in the previous year), M01 Anti-inflammatory and antirheumatic products (+17%) – ranked from 17th to 9th place and B03 Antianemic Preparations (-20%) moved from 11th to 10th position. The cumulative share of the top 10 list grew and equaled 60%.

**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 | 21.0 | 20.1 |
| 2 | 2 | B05 | Plasma Substitutes and Perfusion Solutions | 9.9 | 11.2 |
| 3 | 4 | B06 | Other Hematological Agents | 7.0 | 6.1 |
| 4 | 6 | L01 | Antineoplastic Agents | 6.3 | 3.7 |
| 5 | 3 | B02 | Antihemorrhagics | 4.8 | 6.2 |
| 6 | 5 | N05 | Psycholeptics | 4.7 | 5.7 |
| 7 | 7 | B01 | Antithrombotic Agents | 3.6 | 3.7 |
| 8 | 8 | N06 | Psychoanaleptics | 2.5 | 2.9 |
| 9 | 17 | M01 | Antiinflammatory and Antirheumatic Products | 2.5 | 1.5 |
| 10 | 11 | B03 | Antianemic Preparations | 2.4 | 2.1 |
| **Total** | | | | **59.6** | **57.9** |

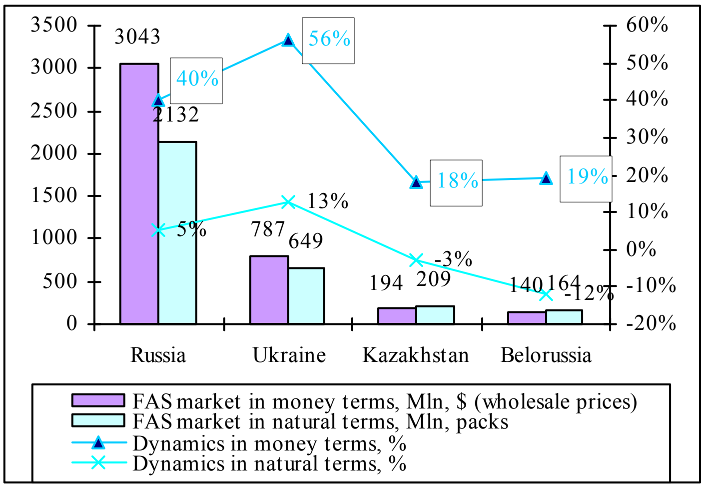
**Conclusion**. Hospital market of Kazakhstan in the first nine months of 2008 decreased by one third in money and natural terms. As against pharmacy market, oriented on import preparations, the Kazakh manufacturer Khimpharm is one of the hospital market leaders. According to the observed lists, hospital market concentration is high and continues to increase, especially in terms of manufacturers and top INNs.

## PHARMACY MARKET OF OTC DRUGS IN CIS COUNTRIES IN THE FIRST NINE MONTHS OF 2008

The present report is based on the Retail Audit of Drugs in RF™, Retail Audit of Drugs in Ukraine™, Retail Audit of Drugs in Kazakhstan™ and Retail Audit of Drugs in Belorussia™. The definition of OTC drugs is based on the official lists of the respective countries.

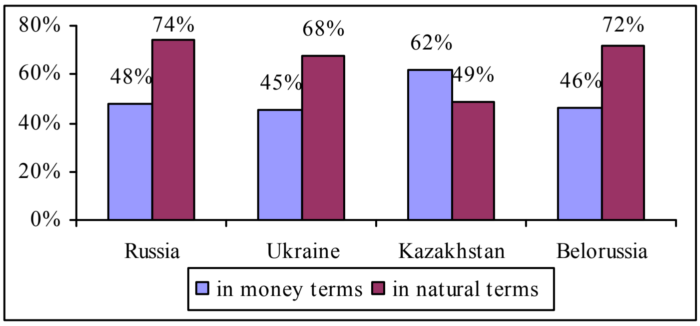
RF OTC market value exceeded the cumulative value of the markets of Ukraine, Kazakhstan and Belorussia in money terms (at wholesale prices) in 2.7 times, and in natural terms – in 2.1 times (Diagram 1). The most considerable growth rates of OTC segments in money terms were registered in Ukraine and the most insignificant – in Kazakhstan. At that, Belorussia and Kazakhstan demonstrated marker reduction in natural terms – by 12% and 35, correspondingly.

**Diagram 1. Pharmacy market of OTC drugs in CIS countries in the first nine months of 2008**




On the pharmacy market of Russia, Ukraine and Belorussia OTC drugs account for slightly less than half of the total sales value in money terms, in Kazakhstan – 62% (Diagram 2). At the same time the share of OTC drugs in natural terms in Russia, Ukraine and Belorussia exceeds 2/3 of the market while in Kazakhstan this figure equals 49%.

**Diagram 2. Share of OTC drugs on the pharmacy markets of CIS countries in the first nine months of 2008**




The highest average price for OTC drug was observed in Russia ($1.87), the lowest ($1.1) – in Belorussia (Table 1). It is to note that in three countries – Russia, Ukraine and Belorussia – price for OTC drugs increased more that y 70%, while in Kazakhstan – by 51% as compared to 2007. The highest retail mark-up for the observed preparations was registered in Russia (Table 1). However, only the RF market demonstrated reduction of mark-up against the previous year. This figure in Ukraine did not change, while in Kazakhstan and Belorussia this index grew.

**Table 1. Average retail price and mark-up for FAS and drugs***

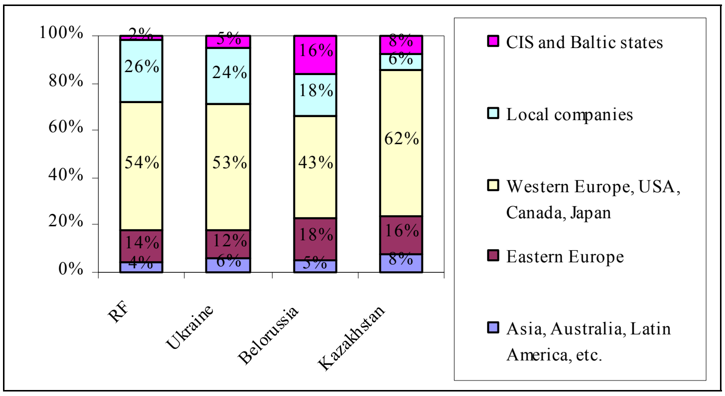
| | Russia | | Ukraine | | Kazakhstan | | Belorussia | |
|---|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Average retail price, $ | 1,87 | 1,06 | 1,51 | 0,87 | 1,16 | 0,76 | 1,10 | 0,63 |
| Average retail mark-up, % | 31% | 33% | 24% | 24% | 25% | 23% | 28% | 26% |

* Source: Retail Audit of Drugs in RF™, Retail Audit of Drugs in Ukraine™, Retail Audit of Drugs in Kazakhstan™ and Retail Audit of Drugs in Belorussia™

The highest per capita OTC consumption – in Russia ($28), slightly lower – in Ukraine ($21.1). Residents of Belorussia spent on average $18.6 on OTC drugs, of Kazakhstan - $15.6.

Distribution of OTD sales by countries of origin is presented in Diagram 3. Manufacturers from Western Europe, USA, Canada and Japan are the leaders on the OTC markets of all the countries: in Russia and Ukraine their share reached 53% and 54%, in Kazakhstan – 62%, in Belorussia – 43%. The share of preparations manufactured by local producers is rather significant on the Russia, Ukrainian and Belorussian market. Only in Kazakhstan the share of local companies accounts for only 6%. Top positions on all the observed markets are occupied by the pharmaceutical producers from Eastern Europe (from 12% to 18%), and in Belorussia also by manufacturers from CIS and Baltic states (16%).

**Diagram 3. Structure of OTC pharmacy markets by country of origin in 2008**




Top 10 lists of manufacturers of OTC drugs in CIS countries differ by companies and ranks (Table 2). However, several producers occupy rather strong positions in all the analyzed countries. Novartis is in the top 3 lists, In Kazakhstan it is the leader. Bayer Healthcare occupies leadership in Belorussia, in Ukraine and Kazakhstan it is placed on 2[nd] place, in Russia it is on 5[th] position. The top 10 lists of the four countries also contain Berlin-Chemie and Sanofi-Aventis. Nycomed is not in the top 10 list only in Ukraine (27[th] place). GlaxoSmithKline, Bionorica, Actavis and Stada-Nizhpharm are located in the top 10 list of two states. It is to note that among the leaders of the Russian, Ukrainian and Belarus markets we can observe local manufacturers: in Russia and Ukraine – 2 local producers, in Belorussia – 4 domestic companies. At the same time there are no domestic manufacturers in top 10 list on Kazakh market: Khipharm occupies only 12[th] position in the analyzed period.

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**Table 2. Top 10 OTC manufacturers by pharmacy sales value**

| Rank '08 | RF | | Ukraine | | Belorussia | | Kazakhstan | |
|---|---|---|---|---|---|---|---|---|
| | Rank'07 | Manufacturer | Rank'07 | Manufacturer | Rank'07 | Manufacturer | Rank'07 | Manufacturer |
| 1 | 2 | Pharmstandart | 2 | **Berlin-Chemie/ Menarini Pharma GmbH** | 1 | **Bayer Healthcare (incl. Bayer Schering Pharma AG)** | 1 | **Novartis (incl. Lek-Sandoz)** |
| 2 | 1 | **Novartis (incl. Lek-Sandoz)** | 1 | **Bayer Healthcare (incl. Bayer Schering Pharma AG)** | 5 | **Novartis (incl. Lek-Sandoz)** | 5 | **Bayer Healthcare (incl. Bayer Schering Pharma AG)** |
| 3 | 3 | **Sanofi-Aventis** | 4 | **Novartis (incl. Lek-Sandoz)** | 4 | **Sanofi-Aventis** | 2 | **Berlin-Chemie/ Menarini Pharma GmbH** |
| 4 | 4 | **Berlin-Chemie/ Menarini Pharma GmbH** | 3 | **Sanofi-Aventis** | 2 | Borisovskiy zavod medpreparatov | 4 | **Sanofi-Aventis** |
| 5 | 5 | **Bayer Healthcare (incl. Bayer Schering Pharma AG)** | 5 | Pharmak | 3 | **Berlin-Chemie/ Menarini Pharma GmbH** | 3 | **Ratiopharm GmbH** |

| Rank '08 | RF | | Ukraine | | Belorussia | | Kazakhstan | |
|---|---|---|---|---|---|---|---|---|
| | Rank'07 | Manufacturer | Rank'07 | Manufacturer | Rank'07 | Manufacturer | Rank'07 | Manufacturer |
| 6 | 6 | **Johnson & Johnson** | 6 | Biologische Heilmittel Heel GmbH | 7 | Minskinterkaps SP | 6 | Solvay Pharmaceuticals |
| 7 | 8 | **Nycomed** | 7 | Actavis | 9 | **Nycomed** | 7 | **Nycomed** |
| 8 | 7 | **Solvay Pharmaceuticals** | 11 | Richard Bittner GmbH | 8 | Pharmtekhnologia | 9 | **Stada-Nizhpharm** |
| 9 | 11 | **Stada-Nizhpharm** | 8 | Darnitsa | 10 | Actavis | 8 | **GlaxoSmithKline** |
| 10 | 9 | **GlaxoSmithKline** | 14 | Bionorica | 6 | Belmedpreparaty | 15 | Bionorica |

* AIPM members are in bold

**Table 3. Top 10 OTC trade names by pharmacy sales value**

| Rank '08 | RF | | Ukraine | | Belorussia | | Kazakhstan | |
|---|---|---|---|---|---|---|---|---|
| | Rank'07 | Trade name | Rank'07 | Trade name | Rank'07 | Trade name | Rank'07 | Trade name |
| 1 | 1 | Arbidol | 1 | Essentiale N | 8 | Linex | 2 | Linex |
| 2 | 2 | Linex | 5 | Mezym forte | 4 | Essentiale N | 1 | Mezym forte |
| 3 | 3 | Essentiale N | 18 | Codterpin IC | 26 | TeraFlu against cold and fever | 4 | Hylak forte |
| 4 | 7 | Terpincode | 3 | Phezam | 3 | Theraflex | 9 | Creon 10000 |
| 5 | 4 | Mezym forte | 6 | Prostamol Uno | 11 | Crataegi tinctura | 8 | Essentiale N |
| 6 | 5 | TeraFlu against cold and fever | 17 | Canephron N | 9 | Cardiomagnyl | 7 | TeraFlu against cold and fever |
| 7 | 15 | Pentalgin-N | 12 | Arbidol | 29 | Fervex | 3 | Prostamol Uno |
| 8 | 6 | No-spa | 2 | Lasolvan | 7 | Carsil | 5 | Ambrobene |
| 9 | 10 | Lasolvan | 4 | No-spa | 1 | Prostamol Uno | 19 | Canephron N |
| 10 | 8 | Wobenzym | 7 | Hepabene | 2 | Mezym forte | 16 | No-spa |

The top 10 list of trade name by pharmacy sales value are presented in table 3. There are more differences between the top 10 lists of the four countries than in the first ranking. Only two preparations entered the top 10 rankings of all the analyzed countries. The newcomers are Essentiale N and Mezym forte. The lists of the leaders include Linex, TeraFlu against cold and fever, No-spa and Prostamol Uno, while Arbidol and Lasolvan may be observed in the lists of Russia and Ukraine. Structural changes as compared to the respective period of 2007 took place in all the observed states. The RF top 10 list was joined by one new preparation (Pentalgin-N), The Kazakh list – by two new trade names and in the Ukrainian and Belarus three preparations appeared. It is to note that Arbidol and Essentiale N retained their leadership on the RF and Ukrainian markets, accordingly. The former leaders in Belorussia and Kazakhstan were outstripped by Linex.

**Table 4. Top 10 OTC ATC groups by pharmacy sales value**

| Rank '08 | RF | | Ukraine | | Belorussia | | Kazakhstan | |
|---|---|---|---|---|---|---|---|---|
| | Rank '07 | ATC group | Rank '07 | ATC group | Rank '07 | ATC group | Rank '07 | ATC group |
| 1 | 1 | N02 Analgesics | 1 | R05 Cough and Cold Preparations | 1 | A11 Vitamins | 1 | N02 Analgesics |
| 2 | 2 | A11 Vitamins | 2 | N02 Analgesics | 2 | N02 Analgesics | 3 | A11 Vitamins |
| 3 | 3 | R05 Cough and Cold Preparations | 3 | A11 Vitamins | 3 | R05 Cough and Cold Preparations | 2 | R05 Cough and Cold Preparations |
| 4 | 4 | A07 Antidiarreals, Intestinal Antiin-flammatory / Antiinfective Agents | 4 | A05 Bile and Liver Therapy | 6 | A07 Antidiarreals, Intestinal Antiin-flammatory / Antiinfective Agents | 4 | A07 Antidiarreals, Intestinal Antiin-flammatory / Antiinfective Agents |
| 5 | 5 | R01 Назальные препараты | 5 | R01 Nasal Preparations | 8 | R01 Nasal Preparations | 5 | R01 Nasal Preparations |
| 6 | 6 | L03 Immunomodulating Agents | 6 | A07 Antidiarreals, Intestinal Antiin-flammatory / Antiinfective Agents | 4 | N05 Psycholeptics | 6 | A09 Digestives, Incl. Enzymes |
| 7 | 7 | R06 Antihistamines For Systemic Use | 8 | R02 Throat Preparations | 5 | A05 Bile and Liver Therapy | 7 | A05 Bile and Liver Therapy |
| 8 | 8 | M02 Topical Products For Joint And Muscular Pain | 7 | N05 Psycholeptics | 10 | R02 Throat Preparations | 8 | G04 Urologicals |
| 9 | 9 | N05 Psycholeptics | 9 | G04 Urologicals | 16 | L03 L03 Immunomodulating Agents | 9 | M02 Topical Products For Joint And Muscular Pain |
| 10 | 10 | A09 Digestives, Incl. Enzymes | 10 | M02 Topical Products For Joint And Muscular Pain | 7 | A12 Mineral Supplements | 10 | R02 Throat Preparations |

The list of the leading ATC groups was the most stable (Table 4). The top 3 rankings are occupied by: N02 Analgesics, A11 Vitamins and R05 Cough and Cold Preparations. 4th position in three countries is occupied by A07 Antidiarreals, Intestinal Antiin-flammatory / Antiinfective Agents. In the Ukrainian list 4th place is captured by A05 Bile and Liver Therapy, while A07 is located on 6th position. 5th position in all the analyzed courtiers is occupied by R01 Назальные препараты. Beginning from 6th position the top 10 list of all the states considerably differ. It is to mention that only the Belorussian ranking was joined by the new participant - L03 Immunomodulating Agents.

**Conclusion**. By the results of the first nine months of 2008, growth rates of OTC segment in the analyzed CIS states slightly exceeded the dynamics of retail markets. At that, the most significant progress was demonstrated by OTC market of Ukraine. On average the most expensive OTC drugs are sold in Russia, while the cheapest – in Belorussia. Russia is the leader by the level of retail mark-up and by per capita drug consumption.

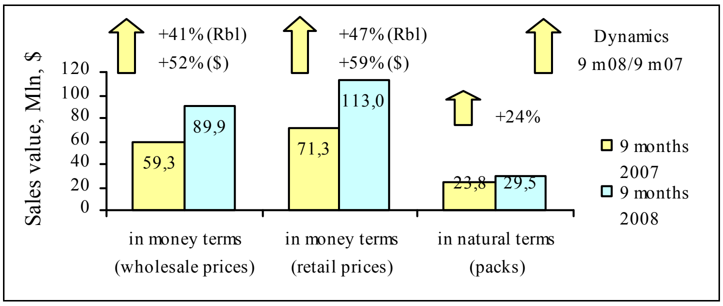
The import production dominates on the OTC markets of the observed countries, at that, the most considerable gap is registered in Kazakhstan. The analyzed lists confirm that the OTC drug consumption structures are very similar in all the CIS countries, though there are several differences, especially in preference of this or that product.

## PHARMACY MARKET OF YEKATERINBURG IN THE FIRST NINE MONTHS OF 2008

Yekaterinburg is the center of Sverdlovsk region, belonging to the Ural Federal District of Russian Federation. The population of the city is estimated at 1323,0 thousand people, what is 10.8% of the population of UFD and 0.9% of the total RF population. According to Rosstat, average salary in Sverdlovsk region in January-September 2008 reached Rbl 16926,1 ($670), what is 2% above the national average (Rbl 16639,3).

According to Retail Audit of Drugs in RF™, by the results of the first nine months of 2008 pharmacy market value of the city grew by 41% in rubles as compared to the same period of 2007 and accounted for $89.9 Mln (Rbl 2.16 Bln) at wholesale prices (DLO is not included). Pharmaceutical market of the city in natural terms equals 29.5 Mln packs, what is 24% above the figure of the previous year. On average drug pack cost $3.38 considerably exceeding the index of 2007 - $2.5. Average retail mark-up also increased: from 20% to 26%. The share of the city in the Russian pharmacy market structure amounted to 1.4%.

**Diagram 1. Pharmacy market of Yekaterinburg in the 1st nine months of 2007 – 1st nine months of 2008**




One new participant entered the list of manufacturers by pharmacy sales value in the analyzed period (Table 1). Due to advanced growth rates Boehringer Ingelheim (+80%) occupied 10th place instead of 13th position. More noticeable positive dynamics was demonstrated by Pharmstandart (+167%), which allowed the corporation to rank from 8th to 3rd position, leaving behind Bayer Healthcare (41%), Gedeon Richter (+46%) and Servier/Egis (+47%). Novartis (+66%) and Sanofi-Aventis (+27%) retained the leading positions in the ranking. At that, first company enlarged its share on the market due to considerable progress, and the second manufacturer reduced its share. The share of Solvay Pharmaceuticals (+34%) also decreased, what conditioned weakening in the list (from 6th to 8th place). The cumulative share of the top 10 producers grew by 1.2% and equaled 38.1%.

**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)** | 6.3 | 5.8 |
| 2 | 2 | **Sanofi-Aventis** | 4.5 | 5.4 |
| 3 | 8 | Pharmstandart | 4.5 | 2.6 |
| 4 | 3 | **Bayer Healthcare (incl. Bayer Schering Pharma AG)** | 4.3 | 4.6 |
| 5 | 4 | **Gedeon Richter** | 3.8 | 3.9 |
| 6 | 5 | **Servier/Egis** | 3.5 | 3.6 |
| 7 | 7 | **Berlin-Chemie/ Menarini Pharma GmbH** | 3.4 | 3.3 |
| 8 | 6 | **Solvay Pharmaceuticals** | 3.0 | 3.4 |
| 9 | 9 | **Nycomed** | 2.6 | 2.5 |
| 10 | 13 | **Boehringer Ingelheim Pharma GmbH** | 2.2 | 1.9 |
| **Total** | | | **38.1** | **36.9** |

* AIPM members are in bold

Only one participant of the top 10 ranking - Heptral (+68%) – remained on the same place (Table 2).

**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 | 16 | Arbidol | 1.1 | 0.5 |
| 2 | 1 | Essentiale N | 1.0 | 1.0 |
| 3 | 3 | Heptral | 1.0 | 0.9 |
| 4 | 7 | Linex | 0.8 | 0.7 |
| 5 | 6 | Viagra | 0.7 | 0.8 |
| 6 | 154 | Terpincode | 0.7 | 0.2 |
| 7 | 17 | Movalis | 0.7 | 0.5 |
| 8 | 2 | Xenycal | 0.6 | 0.9 |
| 9 | 13 | Detralex | 0.6 | 0.6 |
| 10 | 5 | Actovegin | 0.6 | 0.8 |
| **Total** | | | **7.8** | **7.0** |

The list was joined by four new trade names - Arbidol (+214%) and Terpincode (+529%), demonstrating notable rise (from 16th to 1st and from 154th to 6th position, respectively), as well as Movalis (+91%) and Detralex (+61%), moving from 17th to 7th place and from 13th to 9th position. The leader of the previous year Essentiale N (+49%), retained its share but dropped in the list of pharmaceuticals by pharmacy sales value on 2nd place. The ranking positions of two more participants reduced: Xenycal (+4%) (from 2nd to 8th place) and Actovegin (+11%) (from 5th to 10th place). At the same time Linex (+58%) and Viagra (+36%) ranked to the highest positions (from 7th to 4th and from 6th to 5th place, correspondingly). The cumulative share of the 10 leaders slightly increased and equaled 7.8%.

The ranking of the leading INNs and combinations also revealed noticeable changes (Table 3). Three newcomers appeared in the list: Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+214%) – ranked from 30th to 3rd place, Meloxicam (+98%) – from 23rd to 9th place, Ethinylestradiol+Desogestrel (+38%) – from 11th to 10th place. Considerable ranking progress (from 10th to 4th position) was registered by Xylomethazolin (+101%). Ademetionine (+70%) also raised in the list (from 7th to 6th place). Three groups: Fluconazole (+43%), Phospholipides (+49%) and Enalapril (+33%) dropped down in the top 10 list of INNs and combinations. The cumulative share of the leaders accounted for 11.1%, exceeding the same figure in 2007 (10.2%).

**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 | 2.2 | 2.1 |
| 2 | 2 | Pancreatin | 1.3 | 1.3 |
| 3 | 30 | Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester | 1.1 | 0.5 |
| 4 | 10 | Xylomethazolin | 1.1 | 0.9 |
| 5 | 3 | Fluconazole | 1.0 | 1.1 |
| 6 | 7 | Ademetionine | 1.0 | 0.9 |
| 7 | 5 | Phospholipides | 1.0 | 1.0 |
| 8 | 4 | Enalapril | 0.9 | 1.0 |
| 9 | 23 | Meloxicam | 0.8 | 0.6 |
| 10 | 11 | Ethinylestradiol+Desogestrel | 0.8 | 0.8 |
| **Total** | | | **11.1** | **10.2** |

The ranking of the top ATC groups the four positions remained unchanged (Table 4). J01 Antibacterials for systemic use (+44%) retained leadership on the market, A11 Vitamins (+59%) – remained on 3rd position, while M01 Antiinflammatory and antirheumatic products (+62%) and C09 Agents acting on the renin-angiotensin system (+58%) are still located on 6th and 7th places, respectively. R05 Cough and cold preparations (+101%),ranked from 12th to 8th position entered the top 10 list for the first time. It is to note that N02 Analgesics and L03 Immunomodulating agents also improved in the list in the analyzed period. The cumulative share of the leaders increased from 38.2% to 39.6%.

**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 | 4.8 | 5.1 |
| 2 | 4 | N02 | Analgesics | 4.6 | 4.0 |
| 3 | 3 | A11 | Vitamins | 4.5 | 4.3 |
| 4 | 2 | G03 | Sex Hormones and Modulators of the Genital System | 4.3 | 4.8 |
| 5 | 8 | L03 | Immunomodulating Agents | 3.9 | 3.4 |
| 6 | 6 | M01 | Antiinflammatory and Antirheumatic Products | 3.8 | 3.6 |
| 7 | 7 | C09 | Agents Acting on the Renin-Angiotensin System | 3.6 | 3.4 |
| 8 | 12 | R05 | Cough and Cold Preparations | 3.4 | 2.6 |
| 9 | 5 | N06 | Psychoanaleptics | 3.4 | 3.7 |
| 10 | 9 | A05 | Bile and Liver Therapy | 3.2 | 3.2 |
| **Total** | | | | **39.6** | **38.2** |

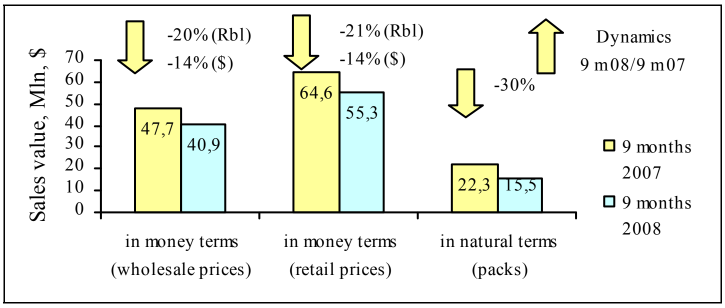
**Conclusion**. By the results of the first nine months of 2008 the pharmacy market value of Yekaterinburg amounted to $113.0 Mln at retail prices. Dynamics of the regional market was significantly intensive than the national market growth rates both in money terms (+59% against +36% in dollars), and natural terms (+24% against +5%). The higher growth rates were demonstrated by the average price per drug pack ($3.83 against $2.84) and per capita drug consumption ($85.7 against $57.75). At the same time retail mark-up was outstripped by the Russian average (26% against 29%).

## PHARMACY MARKET OF TYUMEN IN THE FIRST NINE MONTHS OF 2008

Tymen is the center of Tyumen region, belonging to the Ural Federal District of Russian Federation. The population of the city is estimated at 560,0 thousand people, what is 4.6% of the population of UFD and 0.4% of the total RF population. According to Rosstat, average salary in Tyumen region in January-September 2008 reached Rbl 32894,3 ($1303), what is twice above the national average, amounting to Rbl 16639,3 ($659).

According to Retail Audit of Drugs in RF™, by the results of the first nine months of 2008 pharmacy market value of the city reduced by 20% as compared to the same period of 2007 and accounted for $40.9 Mln (Rbl 983.5 Mln) at wholesale prices (DLO is not included). Pharmaceutical market of the city in natural terms equals 15.5 Mln packs, what is 30% below the figure of the previous year. On average drug pack price increased from $2.14 to $3.57. Average retail mark-up remained on the level of the previous year – 35%. The share of the city in the Russian pharmacy market structure amounted to 0.6%.

**Diagram 1. Pharmacy market of Tyumen in the 1st nine months of 2007 – 1st nine months of 2008**




By the results of the analyzed period Novartis (-6%) still occupies the leading position in the top 10 list of manufacturers by pharmacy sales value (Table 1). Due to the most significant positive dynamics among the leaders (+29%), Pharmstandart ranked up from 5th to 2nd place. At that, Sanofi-Aventis (-24%) and Servier/Egis (-15%) weakened by one position in the top 10 list.Two more companies with negative dynamics dropped in the ranking: Berlin-Chemie (-22%) and Solvay (-20%). It is to note that only two corporations demonstrated sales value progress: Pharmstandart and Bayer Healthcare (+5%). However, against the background of considerable negative dynamics of the regional market, sales decrease conditioned share reduction of only four participants of the ranking, at that, the cumulative share of 10 leaders grew from 37.3% 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)** | 6.7 | 6.1 |
| 2 | 5 | Pharmstandart | 5.2 | 3.4 |
| 3 | 2 | **Sanofi-Aventis** | 5.0 | 5.6 |
| 4 | 3 | **Servier/Egis** | 4.0 | 4.0 |
| 5 | 6 | **Bayer Healthcare (incl. Bayer Schering Pharma AG)** | 3.8 | 3.1 |
| 6 | 4 | **Berlin-Chemie/ Menarini Pharma GmbH** | 3.4 | 3.8 |
| 7 | 8 | **Nycomed** | 3.0 | 2.9 |
| 8 | 7 | Solvay Pharmaceuticals | 2.9 | 3.1 |
| 9 | 9 | **Gedeon Richter** | 2.7 | 2.8 |
| 10 | 10 | **Boehringer Ingelheim Pharma GmbH** | 2.5 | 2.4 |
| **Total** | | | **39.2** | **37.3** |

* AIPM members are in bold

As against the previous ranking, five participants of the top 10 list of trade names demonstrated positive dynamics and strengthened in the pharmacy segment (Table 2). Among them are three newcomers: Terpincode (+75%), which moved from 23rd to 2nd place, Detralex (+38%) – from 19th to 8th position and Linex (+17%) – from 15th to 10th place. Arbidol (+64%), which occupied 4th position captured leadership in the analyzed period. Plavix (+6%) also registered growth of sales value and as a result moved from 7th to 4th position. Essentiale N improved in the top 10 list, though showing reduction by sales value (-3%). The cumulative share of the leading trade names increased from 7.5% to 9% mainly due to the new preparations.

**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 | 1.6 | 0.8 |
| 2 | 23 | Terpincode | 0.9 | 0.5 |
| 3 | 1 | Actovegin | 0.9 | 1.1 |
| 4 | 7 | Plavix | 0.8 | 0.7 |
| 5 | 6 | Essentiale N | 0.8 | 0.7 |
| 6 | 2 | Viagra | 0.8 | 0.9 |
| 7 | 5 | Simbicort Turbuhaler | 0.8 | 0.8 |
| 8 | 19 | Detralex | 0.8 | 0.5 |
| 9 | 3 | Heptral | 0.7 | 0.9 |
| 10 | 15 | Linex | 0.7 | 0.5 |
| **Total** | | | **9.0** | **7.5** |

The top 10 list of INNs and combinations was half renewed (Table 3). The new groups are: Codeine+Sodium hydrocarbonate+Therpinhydrate (+75%), Clopidogrel (+10%), Multivitamin (+8%), Azithromycin (+3%) and Ethinylestradiol+Desogestrel (-6%) – occupied from 6th to 10th positions, accordingly. Besides three more representatives of the list demonstrated ranking progress. Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+64%) ranked from 8th to 2nd place, Xylometazoline (+22%) moved from 10th to 3rd position and Ketoprofen (+4%) moved from 6th to 4th place in the analyzed period. Multivitamin+Multimineral (+6%) retained and consolidated its leadership. Due to negative dynamics, Pancreatin (-21%) dropped from 2nd to 5th place. The cumulative share of the top INNs and combinations notable grew and equaled 11.2% (instead of 8.5% in 2007).

**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 | 1.8 | 1.5 |
| 2 | 8 | Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester | 1.6 | 0.8 |
| 3 | 10 | Xylometazoline | 1.1 | 0.8 |
| 4 | 6 | Ketoprofen | 1.0 | 0.9 |
| 5 | 2 | Pancreatin | 1.0 | 1.1 |
| 6 | 39 | Codeine+Sodium hydrocarbonate+Therpinhydrate | 0.9 | 0.5 |
| 7 | 15 | Clopidogrel | 0.9 | 0.7 |
| 8 | 16 | Multivitamin | 0.9 | 0.7 |
| 9 | 14 | Azithromycin | 0.9 | 0.7 |
| 10 | 11 | Ethinylestradiol+Desogestrel | 0.9 | 0.8 |
| **Total** | | | **11.2** | **8.5** |

The leader of the ranking of the leading ATC groups also remained the same (Table 4). This is J01 Antibacterials for systemic use (-21%), which in spite of negative dynamics of pharmacy sales value and share decrease remains the leader on the market. G03 Sex hormones and modulators of the genital system (+11%) ranked from 4th to 2nd position, while N02 Analgesics (-11%) and L03 Immunomodulating agents (0%) dropped down by one position and are located on 3rd and 4th places in the analyzed period. The top 10 list was joined by two new ATC groups demonstrating considerable retail sales value growth: R05 Cough and cold preparations (+10%) and R01 Nasal preparations (+4%) (6th and 9th position, respectively). Sales value increase also was registered by A11 Vitamins (+2%), and as a result the group moved from 6th to 5th place. The top 10 ATC groups enlarged their share by 3.1% and accumulated 40.4% in the first nine months of 2008.

**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 | 5.4 | 5.9 |
| 2 | 4 | G03 | Sex Hormones and Modulators of the Genital System | 4.9 | 3.8 |
| 3 | 2 | N02 | Analgesics | 4.9 | 4.7 |
| 4 | 3 | L03 | Immunomodulating Agents | 4.8 | 4.1 |
| 5 | 6 | A11 | Vitamins | 4.2 | 3.5 |
| 6 | 11 | R05 | Cough and Cold Preparations | 3.7 | 2.9 |
| 7 | 5 | M01 | Antiinflammatory and Antirheumatic Products | 3.6 | 3.6 |
| 8 | 7 | C09 | Agents Acting on the Renin-Angiotensin System | 3.1 | 3.5 |
| 9 | 13 | R01 | Nasal Preparations | 2.9 | 2.4 |
| 10 | 10 | N06 | Psychoanaleptics | 2.8 | 2.9 |
| **Total** | | | | **40.4** | **37.3** |

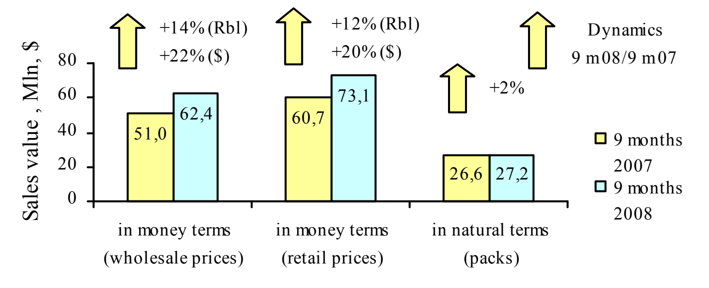
**Conclusion**. Bu the results of three quarters of 2008 pharmacy market of Tyumen was estimated at $55.3 Mln at retail prices, at that, its reduction, especially in natural terms, was observed. Average price per drug pack ($3.57), average retail mark-up (35%) as well as per capita drug consumption ($98.7) on Tyumen market exceeded the same figures on the national level ($2.84, 29% and $57.75).

## PHARMACY MARKET OF CHELYABINSK IN THE FIRST NINE MONTHS OF 2008

The population of Chelyabinsk is estimated at 1092,0 thousand people, what is 8.9% of the population of UFD and 0.8% of the total RF population. According to Rosstat, average salary in Chelyabinsk region in January-September 2008 reached Rbl 14622,6 ($579), what is by 12% lower than the national average, amounting to Rbl 16639,3 ($659).

According to Retail Audit of Drugs in RF™, by the results of the first nine months of 2008 pharmacy market value of the city grew by 14% as compared to the same period of 2007 and accounted for $62.4 Mln (Rbl 1.5 Bln) at wholesale prices (DLO is not included). Pharmaceutical market of the city in natural terms equals 27 Mln packs, what is 2% above the figure of the previous year. On average drug pack price equaled $2.69 ($1.92 in 2007). Average retail mark-up amounted to 17% (19% in 2007). The share of the city in the Russian pharmacy market structure amounted to 1%.

**Diagram 1. Pharmacy market of Chelyabinsk in the 1st nine months of 2007 – 1st nine months of 2008**




The top 10 list pharmaceutical manufacturers was not joined by the new participants but revealed inner shifts (Table 1). Only the leader of the ranking Novartis (+29%) and Astellas Pharma, closing the list, remained on the same positions. Five corporations demonstrated share reduction and weakening in the list, while three companied, on the contrary, showed ranking progress. These participants are: the domestic producer Pharmstandart (+74%), which due to the most considerable dynamics among the leaders moved from 4th to 2nd place, as well as Servier/Egis (+18%) and Nycomed (+28%), which captured 5th and 8th positions, accordingly. The cumulative share of the top drug manufacturers remained relatively stable, amounting to 37.9%.

**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)** | 6.6 | 6.3 |
| 2 | 4 | Pharmstandart | 5.4 | 3.8 |
| 3 | 2 | **Bayer Healthcare (incl. Bayer Schering Pharma AG)** | 4.5 | 4.9 |
| 4 | 3 | **Sanofi-Aventis** | 3.7 | 4.1 |
| 5 | 7 | **Servier/Egis** | 3.4 | 3.5 |
| 6 | 5 | **Gedeon Richter** | 3.4 | 3.6 |
| 7 | 6 | **Berlin-Chemie/ Menarini Pharma GmbH** | 3.4 | 3.6 |
| 8 | 9 | **Nycomed** | 3.0 | 2.8 |
| 9 | 8 | Solvay Pharmaceuticals | 2.5 | 2.8 |
| 10 | 10 | **Astellas Pharma** | 2.0 | 2.1 |
| **Total** | | | **37.9** | **37.6** |

* AIPM members are in bold

As in the previous list the leader of the top 10 ranking of trade names as well as the preparation, closing the ranking, remained on the same places (Table 2). These participants are Arbidol (+83%) and Flemoxin Solutab (+31%). The top 10 list was joined by three new trade names.

**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 | 1.6 | 1.1 |
| 2 | 18 | Terpincode | 1.0 | 0.5 |
| 3 | 2 | Actovegin | 0.9 | 1.0 |
| 4 | 123 | Nurofen plus | 0.9 | 0.2 |
| 5 | 3 | Essentiale N | 0.9 | 0.9 |
| 6 | 4 | Viagra | 0.8 | 0.8 |
| 7 | 5 | Linex | 0.7 | 0.7 |
| 8 | 7 | Concor | 0.6 | 0.6 |
| 9 | 11 | Heptral | 0.6 | 0.6 |
| 10 | 10 | Flemoxin Solutab | 0.6 | 0.6 |
| **Total** | | | **8.8** | **6.9** |

Due to almost 3-fold growth of retail sales value, Terpincode moved from 18th to 2nd position. More significant ranking progress was demonstrated by Nurofen plus (5.6-fold growth) rising from 123rd to 4th place. Heptral (+34%) ranked from 11th to 9th position in the analyzed period. The cumulative share of the top 10 preparations almost 2-fold increased and accounted for 8.8%.

As in the previous rankings two representatives of the top 10 list of INNs and combinations retained their positions (Table 3). These are the leader of the list - Multivitamin+Multimineral (+16%) and Phospholipides (+22%) occupying 8th position.Methylphenylthiomethyl-dimethylaminomethyl-hydroxybromindol carbonic acid ethyl ester (+83%) rose from 3rd to 2nd position, leaving behind Ethinylestradiol+Desogestrel (+9%). Two more INNs - Fluconazole (+5%) and Pancreatin (+15%) – dropped down to the lower places (6th and 10th positions, correspondingly). Other four participants demonstrated ranking progress, the most significant by the newcomers - Codeine+Sodium hydrocarbonate+Therpinhydrate and Codeine+Ibuprofen (sales value grew in 3 and 6 times, respectively). The cumulative share of the leading INNs and combinations increased from 10.2% to 11.6%.

**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 | 2.3 | 2.4 |
| 2 | 3 | Methylphenylthiomethyl-dimethylaminomethyl-hydroxybromindol carbonic acid ethyl ester | 1.6 | 1.1 |
| 3 | 2 | Ethinylestradiol+Desogestrel | 1.2 | 1.4 |
| 4 | 5 | Xylometazoline | 1.1 | 1.0 |
| 5 | 41 | Codeine+Sodium hydrocarbonate+Therpinhydrate | 1.0 | 0.5 |
| 6 | 4 | Fluconazole | 0.9 | 1.1 |
| 7 | 136 | Codeine+Ibuprofen | 0.9 | 0.2 |
| 8 | 8 | Phospholipides | 0.9 | 0.9 |
| 9 | 10 | Azithromycin | 0.9 | 0.8 |
| 10 | 7 | Pancreatin | 0.9 | 0.9 |
| **Total** | | | **11.6** | **10.2** |

The leader of the pharmacy market of Chelyabinsk still remains J01 Antibacterials for systemic use (+15%) (Table 4). Due to the highest positive sales value dynamics, N02 Analgesics (+49%) moved from 4th to 2nd place, leaving behind G03 Sex hormones and modulators of the genital system (+15%). It is to note that the ranking progress was also registered by three more list participants. These AYC groups are - L03 Immunomodulating agents (+27%), R05 Cough and cold preparations (+48%), as well as the new participant - R01 Nasal preparations (+32%). The cumulative share of the market leaders slightly grew - from 40.2% to 40.9%.

**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 | 5.5 | 5.9 |
| 2 | 4 | N02 | Analgesics | 5.4 | 4.5 |
| 3 | 2 | G03 | Sex Hormones and Modulators of the Genital System | 4.9 | 5.2 |
| 4 | 5 | L03 | Immunomodulating Agents | 4.4 | 4.2 |
| 5 | 3 | A11 | Vitamins | 4.3 | 4.6 |
| 6 | 6 | M01 | Antiinflammatory and Antirheumatic Products | 3.9 | 3.9 |
| 7 | 9 | R05 | Cough and Cold Preparations | 3.6 | 2.9 |
| 8 | 7 | C09 | Agents Acting on the Renin-Angiotensin System | 3.2 | 3.3 |
| 9 | 8 | N06 | Psychoanaleptics | 2.9 | 3.1 |
| 10 | 11 | R01 | Nasal Preparations | 2.8 | 2.6 |
| **Total** | | | | **40.9** | **402** |

**Conclusion**. By the results of the first none months of 2008 the pharmacy market of Chelyabinsk equaled $73 Mln at final consumption prices, being outstripped by RF market by growth rates (+20% against +36% in dollars). Average price per drug pack as well as retail mark-up were lower than the same figures on the national level: $2.69 against $2.84 and +17% against +29%. At the same time per capita expenses for drugs in pharmacies ($60.0) exceeded the respective RF index ($57.75).

## DLO/ONLC

*15.01.2009, Rossiyskaya gazeta*

**The Ministry of Health and Social Development intends to defend beneficiaries from hike of prices for treatment**

Last month marketing agencies studying the pharmaceutical market did not expect dramatic rise of prices for drugs. However, after the New Year holidays ruble went down in value to both dollar and euro. It means that together with total import growth of prices for drugs is imminent. According to experts' conclusions, accomplishment of federal programs on provision of beneficiaries and invalids with drugs is in jeopardy. However the officers of the Ministry of Health and Social Development are not given to dramatize the situation. Regional tenders within ONLC program took place at the end of the previous year. Prices are fixed. The tender on provision of patients suffering from diseases requiring expensive treatment conducted on the federal level was also held, at that by the results of the tender on the first half of 2009 decrease in prices for drugs as compared to the second half of 2008 was registered. According to the ministers, all the obligations to beneficiaries are performed in full measure and will be performed in the future.

*21.01.2009, Vremya novostey*

**Breakdowns related to provision of preparations registered in the list of essential drugs may take place in the regions**

After the New Year holidays almost all wholesale distributors found out that they are indebted to the manufacturers approximately by one third more money in rubles than they supposed. Three quarter of drugs on the Russian pharmaceutical market are foreign preparations, so the contracts on their supplies are concluded in dollars and euro. Of course the value of obligations in currency is not changed, but the difference in rate of exchange made them difficult to be executed for the Russian companies, which domestically calculate payments in rubles.

However according to the law essential drugs may not become more expensive: manufacturers' prices as well as the value of retail mark-up are fixed in rubles by the orders of local healthcare authorities and are changed not oftener than once a year. At that, the drugs must be available in pharmacies and be warehoused in hospitals in any circumstances. But the companies are not ready to perform such obligations at a sacrifice. As Kuzin reported, by essential drug supplies the distribution mark-up does not exceed 15%, while the pharmacy mark-up is not more than 20%. So it is easy to calculate that by dollar hike by nearly 30% wholesales and retailers will have to work almost for nothing.

*21.01.2009, Gudok*

**Realization of antibiotics and psychotropic agents without prescription may be ceased in the coming months**

Roszdravnadzor published a letter notifying about the large-scale inspections of pharmacy chains and hospitals. Pharmacies will be controlled with the view to over-the-counter drug sales, while the hospitals will be inspected with the view to safety of prescription blanks. The raids will be held throughout the country in the first half of the year. Roszdravnadzor intends to carry out the first system check, what, according to the ministers, will bring good results. When detecting intruders the department officers will make inspection acts which will be sent to law enforcement bodies and procuracy for consideration and after that to the court.

*23.01.2009, Rossiyskaya gazeta*

**Roszdravnadzor considers the possibility of freezing the prices for drugs**

This is only one proposal from the list of possible anti-recessionary measures, which were debated in Roszdravnadzor on February 22. The federal agency constantly monitoring the pharmaceutical market did not register serious changes neither by quantity nor by assortment of available drugs. According to the Head of Roszdravnadzor N. Yurgel, realization of national programs on drug provision of beneficiaries is stable, while the situation with prices is disturbing. As explained by the Deputy Head of Roszdravnadzor E. Telnova, the ministry together with the Federal Tariffs Service organized consultations on measures of stabilization of the pharmaceutical market with market players. One of the proposed measures is the conclusion of tariff agreement according to which pharmaceutical wholesalers and retailers would agree to temporarily fix the maximum manufacturers' prices and mark-ups until the climax of the recession is went through. At that, terms of the agreement may be reconsidered quarterly. Evidently, the matter will concern not the whole spectrum of preparations but particular list of essential drugs. In preference the government may meet the needs of business, for example, by reducing or even zeroing out (temporarily) customs duty and granting delay for tax payments.

## NEWS OF COMPANIES

*13.01.2009, RBK daily*

**The pharmaceutical distributor "Genezis" announced its bankruptcy**

The trial with regard to case of business failure of the large pharmaceutical distributor "Genezis", the owners of which died last year, took place at the arbitration court of Saint Petersburg and the Leningrad region. Complaint on bankruptcy of ZAO "Genezis" was sent to the Court in the middle of December 2008 and external administrator of the company is to be approved during the meeting. ZAO "Genezis" appeared as an applicant and the representative of the company promoters – as a defendant.

Recently the company functioned without stockholders. The General Director and part-owner of "Genezis" A. Khromov was shoot dead in his flat at the end of November of the previous year, while the second stockholder V. Grigoriadi tragically died two months earlier. They also owned a pharmacy chain "Pervaya pomosh", which continues its activity. Experts associate the reason of the distributor's business failure namely with ambitious plans of development of this pharmacy chain. According to "Pervaya pomosh" officials, the condition of the chain is stable and it continues working. According to the experts' esteems, as concerns the distribution business, there will be hardly any purchasers.

*15.01.2009, Kommersant*

**The new owner of "Kraspharma" closed the production**

The Russian company dealing with chemical engineering (OOO "Russkaya kompaniya khimicheskogo inzhiniringa") headed by I. Shpurov, became the new owner of the pharmaceutical facility OAO "Kraspharma" sold by "Valenta" holding in October. The businessman is known by creation of the company based on scandalous federal state unitary enterprise "NII shinnoy promyshlennosti" being qualified for the structures of "Tatneft" and "SIBUR".

The new holder has already begun the reorganization of "Kraspharma": the information on suspension of production was posted on the web-site of Federation of Trade Unions of the Krasnoyarsk Territory. According to the representative of the Federation, the management of the company developed the program aimed at finding a way out of the crisis for "Kraspharma", which will allow building the new high-technology facility in Krasnoyarsk in 1-1.5 years. At that, within the program 1.1 thousand workers will be fired from the factory. As the press secretary of "Kraspharma" L. Vlasyuk stated, the new owner is carrying out an audit of the company, after which the volume of investments required to reconstruct operation of the business will be announced. Meanwhile, the industrial experts are confident that he considers this facility only as immovable property.

*28.01.2009, Vedomosti (Rostov-on-Don)*

**The group "Pharmatsevt" based in Rostov-on-Don set up the facility producing blood glucose lowering drugs licensed by the Danish Novo Nordisk**

According to the promoter of "Pharmatsevt" P. Pribylov, annual rated capacity of the factory accounts for 500 Mln tablets of blood glucose lowering drug novoformin (international nonproprietary name - metformin).

As the Vice-President of the company P. Solber reported, Novoformin will be manufactured under the license and control of the Danish Novo Nordisk (one of the largest producers of blood glucose lowering drugs in the world). Raw product for the manufacture will be imported from the Netherlands. "Pharmatsevt" is the leading distributor of Novo Nordisk insulin in the southern RF regions for already several years.

P. Pribylov refused to disclose the volume of investments to the project, having mentioned that these are the own funds of "Pharmatsevt". According to the experts' esteems, the investments amount to approximately $20 Mln.

The analysts admonish that the company will have to face serious competition from the top pharmaceutical manufacturers by sales value on the Russian market - Berlin-Chemie and Nycomed.

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