RUSSIAN Pharmaceutical Market

Issue: July 2007

Retail audit of the Russian pharmaceutical market – May 2007
Drugs import – April 2007

The given information is based on retail audit of the Russian pharmaceutical market by DSM Group; QMS meets **ISO 9001:2000** requirements

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SUMMARY

Drugs commercial market value increased by 17.6% (in dollars) in the period of January-May 2007 compared to that of 2006 and amounted to **$2193 mln**.

The drugs commercial market value (in pharmacy purchase prices) decreased by 2.6% in May compared to April 2007 and amounted to $441 mln (VAT included); however it is 18.4% higher than in May 2006.

The weighted average price per drug unit on the Russian commercial market amounted to 38.17 rubles ($1.48) which is 5.45% lower (in ruble terms) than in April 2007.

Prices on the commercial pharmacy market increased in May compared to April 2007 by 0.4% in dollars and by 0.3% in rubles.

Drugs consumption structure did not changed in May 2007 compared to April 2007. **The average unit price** increased at three price segments: by 10.28% at “Under 50 rubles” segment, at 2.55% for “50-150 rubles” segment, by 0.91% at “150-500” segment. However the figure decreased by 6.42% for the expensive drugs priced at more than 500 rubles per unit.

In May 2007, **domestic and imported drugs ratio** in value terms amounted to 23% and 77% correspondingly. In unit terms domestic drugs share slightly decreased: from 70% in May 2006 to 66% in May 2007.

The proportion of Rx and OTC drugs on the pharmaceutical market is stable. In May 2007 Rx drugs cover 61% of commercial sales value. In unit terms Rx drugs share amounted to 38% in May 2007.

In May 2007 Sanofi-Aventis leads **TOP-10 drugs manufactures**. Berlin-Chemie /A.Menarini/ increased its share by 0.2% and is the 2nd in May 2007, while Pharmstandard is the 3rd one.

Pharmstandard shows maximum growth in share (+47.3%) for the period of May 2006 – May 2007.

The 1st one among the **TOP-20 leading drug trade names** of May 2007 is Actovegin. Viagra rose from the 3rd position to the 2nd one. Enap with its share of 0.75% became the 3rd.

For the period of January-May 2007 **Russian NS (nutritional supplements) pharmacy market value** increased by 6% compared to that of 2006 and amounted to $140 mln.

NS market value decreased from $30 mln in April to $27 mln in May 2007 (-10.7%). However it increased in May 2007 by 2.3% in value terms in comparison to the previous month.

The **weighted average cost per NS unit** is $1.62 (42 rubles) in May 2007 which is 14% lower than in April.

Capilar (by Diod) still leads the **TOP-20 NS trade names**. Bilberry-Forte and Ovesol (both by Evalar) are the 2nd and the 3rd ones. AlphaVIT (by Akva-MDT/Akvion) left TOP-3 in April 2007 due to 33.6% share decrease. It is 4th in May 2007.

TOP-3 NS manufacturers on the NS commercial market stayed the same in May 2007.

I. Russian drugs commercial market in May 2007

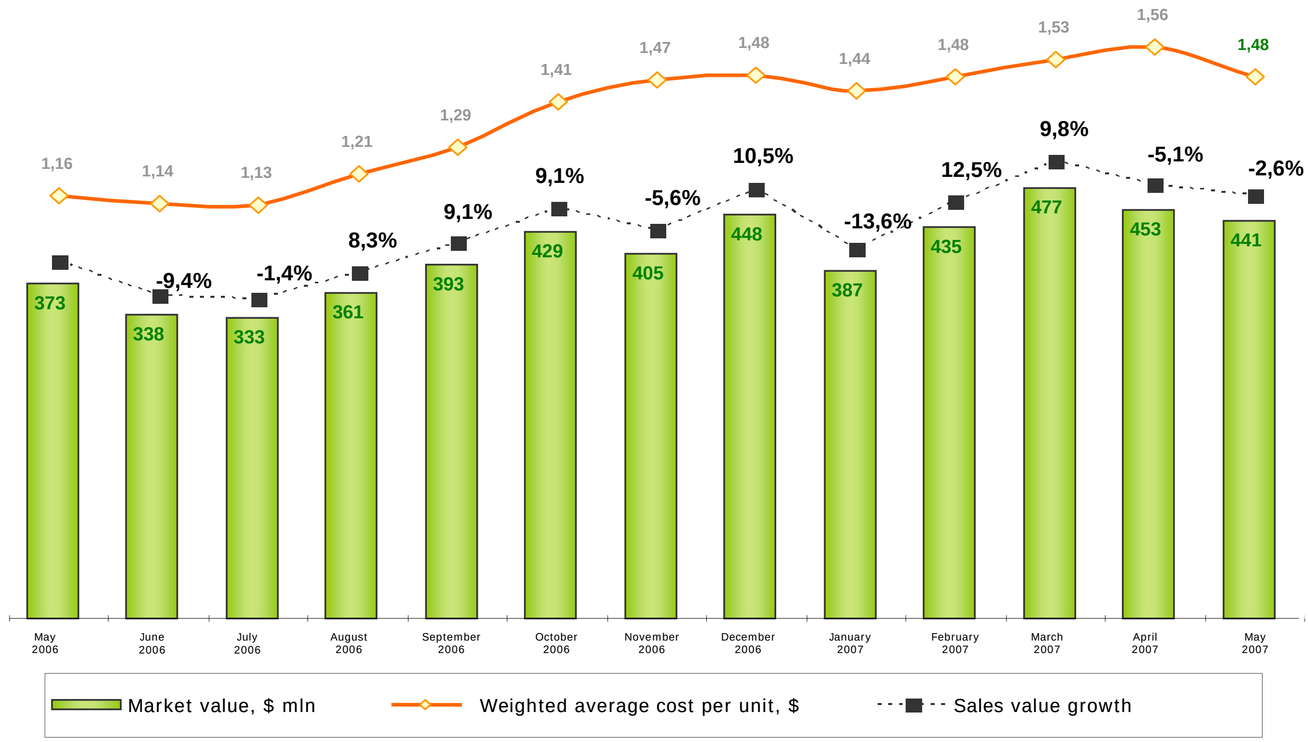
Commercial segment of the pharmaceutical market includes pharmacy sales of drugs and Parapharmaceutics, exclusive of sales under Drugs Reimbursement Program.

1. Drugs commercial market value

Diagram 1 shows dynamics in Russian commercial market volume of RTU drugs in wholesale prices from May 2006 to May 2007.

Diagram 1

Drugs commercial market value in May 2006 – May 2007



Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets **ISO 9001:2000** requirements.

According to the DSM Group's retail audit data, drugs commercial market value has been gradually decreasing since April 2007. In May 2007 it amounted to $441 mln (VAT included) which is 2.6% lower than in April.

Drugs commercial market increased by 18.2% in dollars in May 2007 compared to that of 2006; and by 12.9% in rubles.

The weighted average cost per drug unit is 38.17 rbl. ($1.48), which is 5.45% lower (in ruble terms) than in April 2007.

Drugs commercial market value for the period of January-May 2007 amounted to $2.193 billion, which is 17.6% higher than the year before. In rubles this figure is 57.271 billion (+10.6% compared to the previous year.)

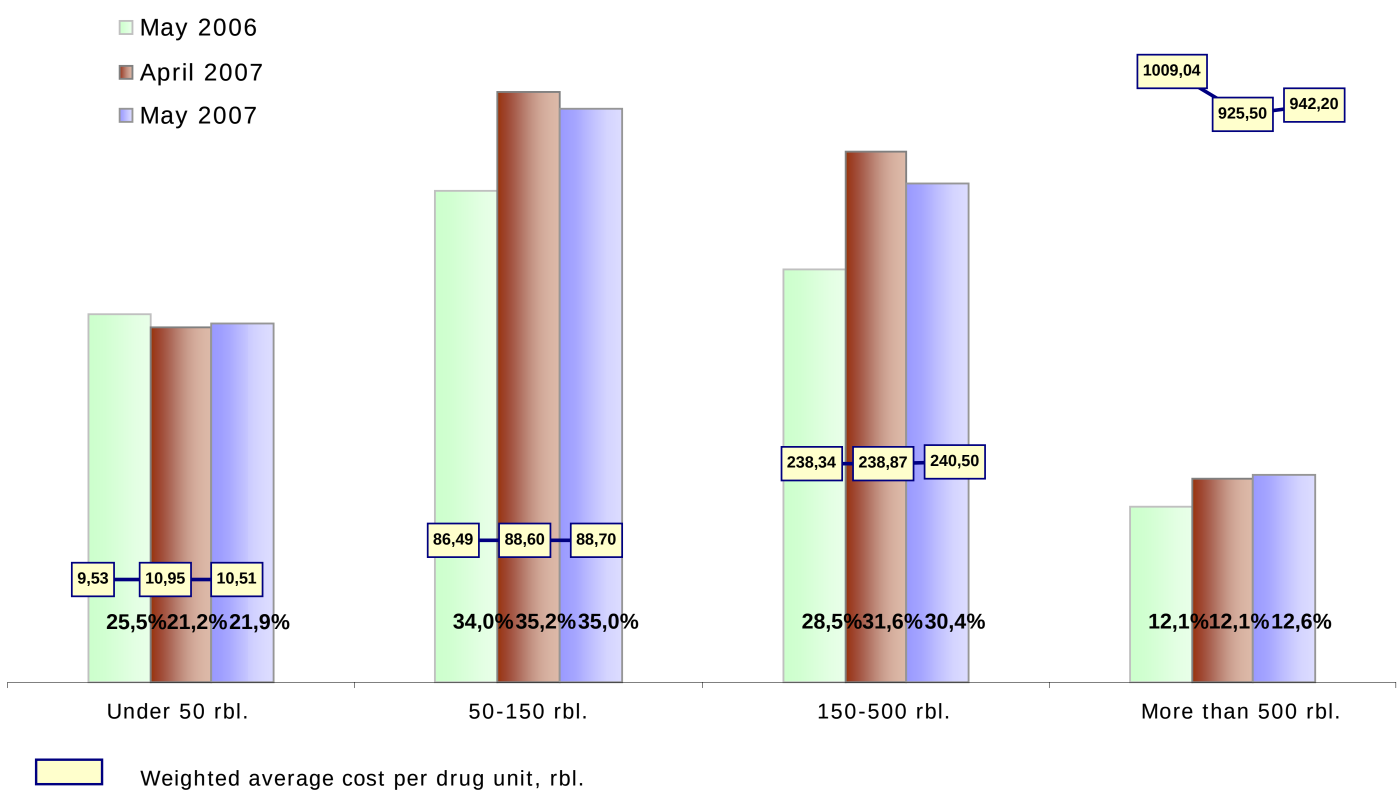
2. Structure of the Russian commercial market

2.1. Drugs consumption structure for different price categories

Diagram 2 shows dynamics in drug consumption structure (in value terms) with regard to various price categories.

Diagram 2

Sales value of various price categories of drugs on the commercial market (May 2006, April 2007, May 2007)



Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets **ISO 9001:2000** requirements.

In May 2007 compared to May 2006, average unit price increased at the first three segments: by 10.28% at “Under 50 rubles” segment, at 2.55% for “50-150 rubles” segment, by 0.91% at “150-500” segment. However the figure decreased by 6.42% for the expensive drugs priced at more than 500 rubles per unit.

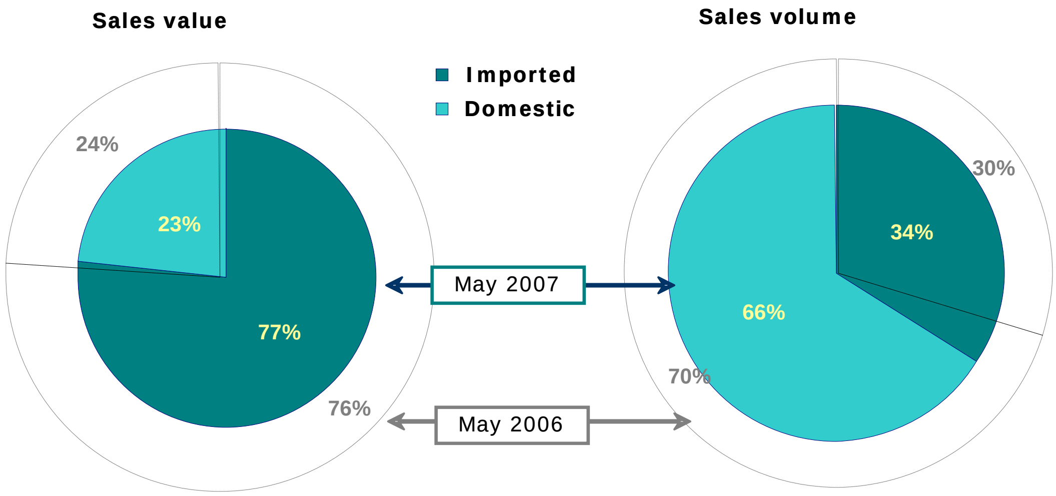
From April to May 2007, the average unit price decreased by 4% at “Under 50 rules” segment. For the rest segments we see slight decrease in average unit price.

2.2. Proportion of imported and domestic drugs

The proportion of domestic and imported drugs by pharmacy sales in Russia is shown in *Diagram 3*.

Diagram 3

Shares of domestic and imported drugs on the Russian commercial pharmacy market in May 2006 and May 2007, %



Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets the requirements of **ISO 9001:2000**

In May 2007, the shares of domestic and imported drugs in value terms are 23% and 77% correspondingly. In units the share of domestic drugs slightly decreased – from 70% in May 2006 to 66% in May 2007.

The share of domestic drugs decreased by 1% in May 2007 compared to April: from 24% in value terms and from 67% in unit terms.

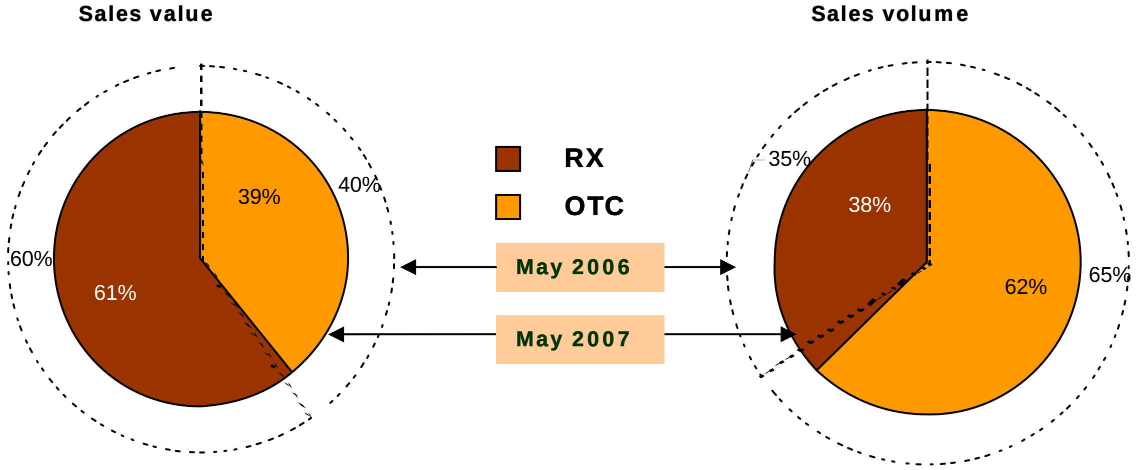
The weighted average cost per unit increased in May 2007 compared to May 2006 by 7.95% for imported drugs and by 26.41% for domestic drugs. Besides, the weighted average cost per unit decreased by 6.5% in May 2007 compared to the previous month both for imported and domestic drugs.

2.3. Proportion of Rx and OTC drugs on the Russian commercial market

Proportion of Rx and OTC drugs by pharmacy sales in Russia is shown in *Diagrams 4.*

Diagram 4

Proportion of Rx and OTC drugs sales on the Russian commercial market in May 2006 and May 2007, %



Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets the requirements of **ISO 9001:2000**

In May 2006 the same as in April 2007, the share of OTC drugs was 40% (in value terms), while in May 2007 the figure decreased by 1% and amounted to 39%.

At that, in units the proportion of OTC and Rx drugs changed by 3% in May 2007 compared to May 2006: the share of OTC drugs decreased to 62% and Rx drugs share increased to 38%.

2.4. Drug sales structure by ATC groups

Proportion of 1st level ATC groups by pharmacy sales in April-May 2007 in Russia is shown in *Table 1.*

Table 1

First level ATC groups ranking by share in pharmacy sales in April-May 2007, %

First level ATC groups	Share in sales value, $, %			Share in sales volume, units, %		
	April 2007	May 2007	Share change	April 2007	May 2007	Share change
A: Alimentary tract and metabolism	18,62%	17,47%	-1,14%	19,27%	17,67%	-1,60%
N: Nervous system drugs	13,25%	12,98%	-0,27%	20,43%	20,53%	0,09%
C: Cardiovascular system drugs	12,87%	13,69%	0,82%	8,69%	9,32%	0,63%
R: Respiratory system drugs	10,96%	11,59%	0,63%	12,89%	12,79%	-0,10%
J: Antibacterials for systemic use	7,54%	7,43%	-0,11%	5,52%	5,35%	-0,17%
G: Genitourinary system drugs and sex hormones	7,35%	7,53%	0,19%	1,59%	1,52%	-0,07%
M: Musculoskeletal system drugs	6,83%	6,99%	0,16%	6,48%	6,36%	-0,12%
D: Dermatologicals	5,25%	6,08%	0,82%	10,41%	13,04%	2,63%
[~] Without allocation (homeopathic preparations, plant and animal drugs, substances etc.)	5,00%	4,49%	-0,51%	7,70%	6,56%	-1,14%
L: Antineoplastic and immunomodulating agents	4,53%	3,84%	-0,69%	0,94%	0,72%	-0,22%
B: Agents affecting blood and blood forming organs	3,21%	3,22%	0,01%	2,23%	2,18%	-0,05%
S: Agents affecting sensory organs	2,40%	2,47%	0,07%	2,14%	2,21%	0,07%
H: Systemic hormonal preparations (excluding sex hormones)	0,99%	0,97%	-0,02%	0,40%	0,38%	-0,03%
V: Various	0,72%	0,73%	0,00%	0,80%	0,79%	0,00%
P: Antiparasitic products, insecticides and repellents	0,47%	0,52%	0,06%	0,52%	0,60%	0,08%

Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets the requirements of **ISO 9001:2000**

The commercial market structure stayed the same in May 2007. The shares of different ATC-groups are seasonal. At that we see maximum decrease in share for the group [A]: “Alimentary tract and metabolism” (-1.14%) due to decrease in sales in its subgroups [A11]: “Vitamins” (-21.95%), [A14]: “Anabolics, systemics” (-14.99%), [A12]: “Mineral supplements” (-12.46%).

However the structure changes of May 2007 compared to May 2006 are more indicative.

Shares variation for any ATC-group is occurs due to seasonal changes in drug consumption structure. So, we also compare similar periods for 2007 and 2006.

Table 2

First level ATC groups ranking by share in pharmacy sales in May 2006 and May 2007, %

First level ATC groups	Share in sales value, $, %			Share in sales volume, units, %		
	May 2006	May 2007	Share change	May 2006	May 2007	Share change
A: Alimentary tract and metabolism	17,34%	17,47%	0,13%	19,39%	17,67%	-1,72%
C: Cardiovascular system drugs	12,30%	13,69%	1,39%	8,01%	9,32%	1,30%
N: Nervous system drugs	13,60%	12,98%	-0,62%	19,45%	20,53%	1,08%
R: Respiratory system drugs	11,43%	11,59%	0,16%	12,49%	12,79%	0,29%
G: Genitourinary system drugs and sex hormones	7,89%	7,53%	-0,36%	1,53%	1,52%	-0,01%
J: Antibacterials for systemic use	7,55%	7,43%	-0,12%	4,97%	5,35%	0,38%
M: Musculoskeletal system drugs	6,74%	6,99%	0,25%	5,82%	6,36%	0,54%
D: Dermatologicals	6,01%	6,08%	0,07%	12,86%	13,04%	0,18%
[~] Without allocation (homeopathic preparations, plant and animal drugs, substances etc.)	5,48%	4,49%	-0,99%	8,84%	6,56%	-2,28%
L: Antineoplastic and immunomodulating agents	4,26%	3,84%	-0,42%	0,67%	0,72%	0,04%
B: Agents affecting blood and blood forming organs	2,96%	3,22%	0,26%	2,03%	2,18%	0,15%
S: Agents affecting sensory organs	2,23%	2,47%	0,24%	2,13%	2,21%	0,08%
H: Systemic hormonal preparations (excluding sex hormones)	1,04%	0,97%	-0,07%	0,31%	0,38%	0,07%
V: Various	0,69%	0,73%	0,04%	0,98%	0,79%	-0,18%
P: Antiparasitic products, insecticides and repellents	0,48%	0,52%	0,04%	0,51%	0,60%	0,09%

Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets the requirements of **ISO 9001:2000**

In May 2007 compared to that of 2006 we see maximum share increase (by 1.39%) for ATC-group [C]: “Cardiovascular system drugs” where all its subgroups show sales growth. The highest growth have the following of them: [C10]: “Lipid-regulating/ anti-atheroma preparations” (+54.39%), [C07]: “Beta-blocking agents” (+38.40%), [C01]: “Cardiac therapy” (+34.32%).

ATC-group [~] Without allocation (homeopathic preparations, plant and animal drugs, substances etc.) decreased in share by 1%. The group [N]: “Nervous system drugs” share decreased by 0.62%.

3. Leaders among drug manufacturers

More than 900 drug manufacturers were represented on the Russian pharmacy market in May 2007.

TOP 10 manufacturers by sales volume are shown in *Table 3.*

Table 3

TOP 10 drug manufacturers by share in pharmacy sales in Russia in April-May 2007

Rating		Manufacturers	Share in sales value, $, %		Share in sales volume, packs, %	
April 2007	May 2007		April 2007	May 2007	April 2007	May 2007
1	1	Sanofi-Aventis	4,37%	4,48%	1,62%	1,53%
3	2	Berlin-Chemie /A.Menarini/	3,63%	3,82%	1,90%	1,87%
2	3	Pharmstandard	4,08%	3,39%	8,44%	5,94%
4	4	Gedeon Richter	3,05%	3,10%	1,22%	1,13%
5	5	Nycomed	2,95%	3,06%	0,94%	1,03%
7	6	Pfizer International inc.	2,55%	2,59%	0,46%	0,43%
6	7	Lek DD	2,71%	2,59%	1,12%	1,03%
8	8	Servier	2,55%	2,58%	0,46%	0,43%
9	9	Novartis	2,34%	2,54%	0,76%	0,77%
-	10	Bayer Shering Pharma AG	-	2,28%		0,38%
		Total share of TOP 10	**-**	**30,44%**	**-**	**18,01**

Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets the requirements of **ISO 9001:2000**

Sanofi-Aventis stayed the leader of TOP of May 2007. Berlin-Chemie /A.Menarini/ is the 2nd with 0.19% share growth. Pharmstandard stayed in TOP-3 with 0.69% share fall due to seasonal decrease in its Arbidol sales.

Bayer Shering Pharma AG founded at the beginning of 2007 after Bayer AG and Shering AG amalgamation appeared in 10th position in May 2007. Shering AG was the 13th in the annual TOP of 2006 (commercial pharmacy sales) with 1.7% share. Bayer AG was placed in 6th ten with 0.5% share.

Table 4 shows changes in TOP manufacturers in May 2007 compared to that of 2006.

Table 4

TOP 10 drug manufacturers by share in pharmacy sales in Russia in May 2006 and in May 2007

Rating		Manufacturers	Share in sales value, $, %		Share in sales volume, packs, %	
May 2006	May 2007		May 2006	May 2007	May 2006	May 2007
1	1	Sanofi-Aventis	4,34%	4,48%	1,46%	1,53%
2	2	Berlin-Chemie /A.Menarini/	3,51%	3,82%	1,54%	1,87%
7	3	Pharmstandard	2,65%	3,39%	7,96%	5,94%
3	4	Gedeon Richter	3,04%	3,10%	1,06%	1,13%
8	5	Nycomed	2,49%	3,06%	0,66%	1,03%
4	6	Pfizer International inc.	2,85%	2,59%	0,37%	0,43%
9	7	Lek DD	2,32%	2,59%	0,89%	1,03%
6	8	Servier	2,75%	2,58%	0,41%	0,43%
5	9	Novartis	2,77%	2,54%	0,78%	0,77%
-	10	Bayer shering pharma AG	-	2,28%	-	0,38%
		Total share of TOP 10	**-**	**30,44%**	**-**	**18,01**

Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets the requirements of **ISO 9001:2000**

In May 2007, the total share of TOP-10 companies was 30.44% which is 1.06% higher than the year before. KRKA was the 10^{th} in TOP last year; although its share stayed the same (2.14%) KRKA is 11^{th} in May 2007.

Pharmstandard showed maximum share growth (+47.28%) in May 2007 compared to May 2006.

LEK DD and Nycomed also continued to increase their shares.

4. Top sales products

TOP 20 drug brands by pharmacy sales volume in Russia in April-May 2007 are shown in *Table 5.*

Table 5

TOP 20 drug trade names by sales value in Russia in April-May 2007

Rating		Brand	Share in sales value, $, %	
April 2007	May 2007		April 2007	May 2007
1	1	Actovegin	1,01%	0,91%
3	2	Viagra	0,82%	0,86%
4	3	Enap	0,74%	0,75%
6	4	Essentiale	0,72%	0,71%
9	5	Pentalgin	0,64%	0,68%
5	6	Linex	0,73%	0,63%
8	7	Mezym Forte	0,64%	0,61%
11	8	No-Spa	0,62%	0,59%
10	9	Mexidol	0,63%	0,58%
13	10	Preductal	0,56%	0,58%
7	11	Vitrum	0,72%	0,57%
2	12	Arbidol	0,94%	0,55%
14	13	Xenical	0,54%	0,53%
17	14	Concor	0,50%	0,52%
12	15	Mildronat	0,58%	0,52%
20	16	Nurofen	0,47%	0,52%
22	17	Detralex	0,47%	0,51%
15	18	Cayenne	0,51%	0,48%
21	19	Movalis	0,47%	0,48%
24	20	Diroton	0,45%	0,47%
		Total share of TOP 20	**-**	**12,06%**

Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets the requirements of **ISO 9001:2000**

Note 1. *A number of trade names from Cliphar-Gosreestr are grouped according to the principle of product lines (Coldrex, Vitrum, No-spa, Teraflu, Cavinton, Pentalgin, Preductal).*

Note 2. *Whereas TOP 20 trade names list changes every month, the cumulative share of TOP 20 trade names for past months could not be indicated in this Table. Only ranking positions and shares of each trade name presented in the reported month are shown for previous months.*

Total share of the TOP-20 brands decreased by 0.94% in May 2007 compared to April.

We see changes in TOP-3: Actovegin is the 1st, Viagra rose from the 3rd position to the 2nd one. Enap with its share of 0.75% became the 3rd.

In May 2007 Abidol is 12th in rating instead of its 2nd position in April. It is seasonal decrease. We saw the same situation in 2006 when Arbidol's share decreased in summer and in autumn it became the leader again.

5. Price index

Laspeyres index was used for the analysis of drug price dynamics from the beginning of 2006.

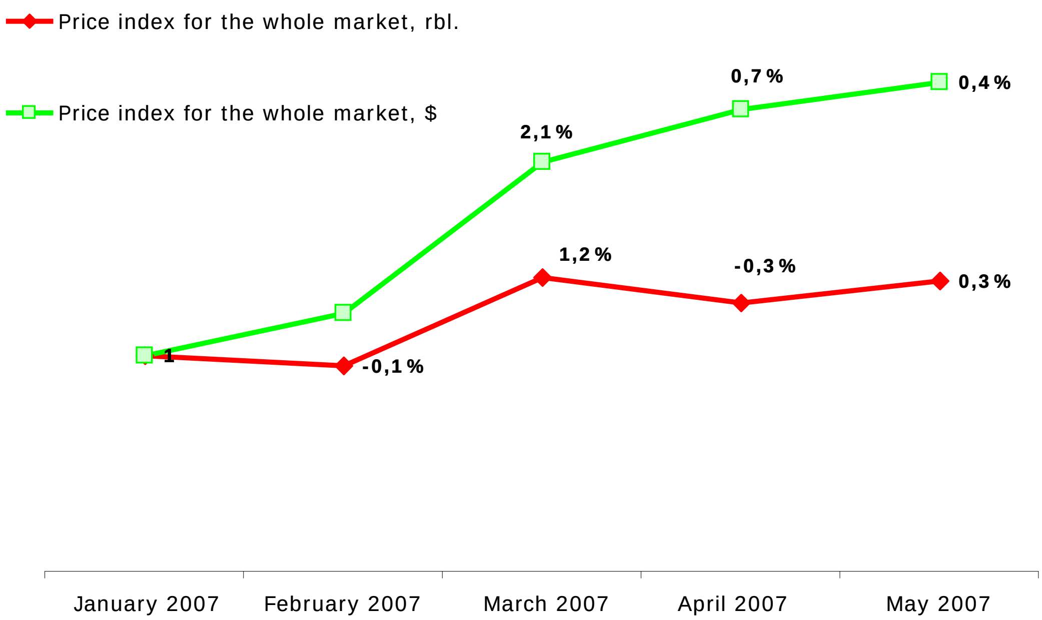
Laspeyres index is the ratio of two value aggregates of base-period quantities at current and base-period prices, where real sales volumes of basket of goods in the base period are used as weights. Ratio of drugs sales in 2006 was taken as a basket of goods. Using this method, seasonal influence on consumption grades, so we see price changes for the period of January-May 2007.

Price index was calculated on the basis of **all drug trade names listed in the DSM Group database over 2006**. January 2007 was used as a base period.

Diagram 5 shows dynamics in drug prices according to Laspeyres index in January-May 2007.

Diagram 5

Dynamics of drugs prices on commercial pharmacy market in January-May 2007, %



Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets the requirements of **ISO 9001:2000**

According to Laspeyres index, in May 2007, drug prices increased by 0.4% in dollars and by 0.3% in rubles compared to that of April 2007. However prices decreased for the TOP-100 leading brands of May 2007: -0.5% in dollars and –0.6% in rubles (in comparison to the previous month).

6. Nutritional Supplements

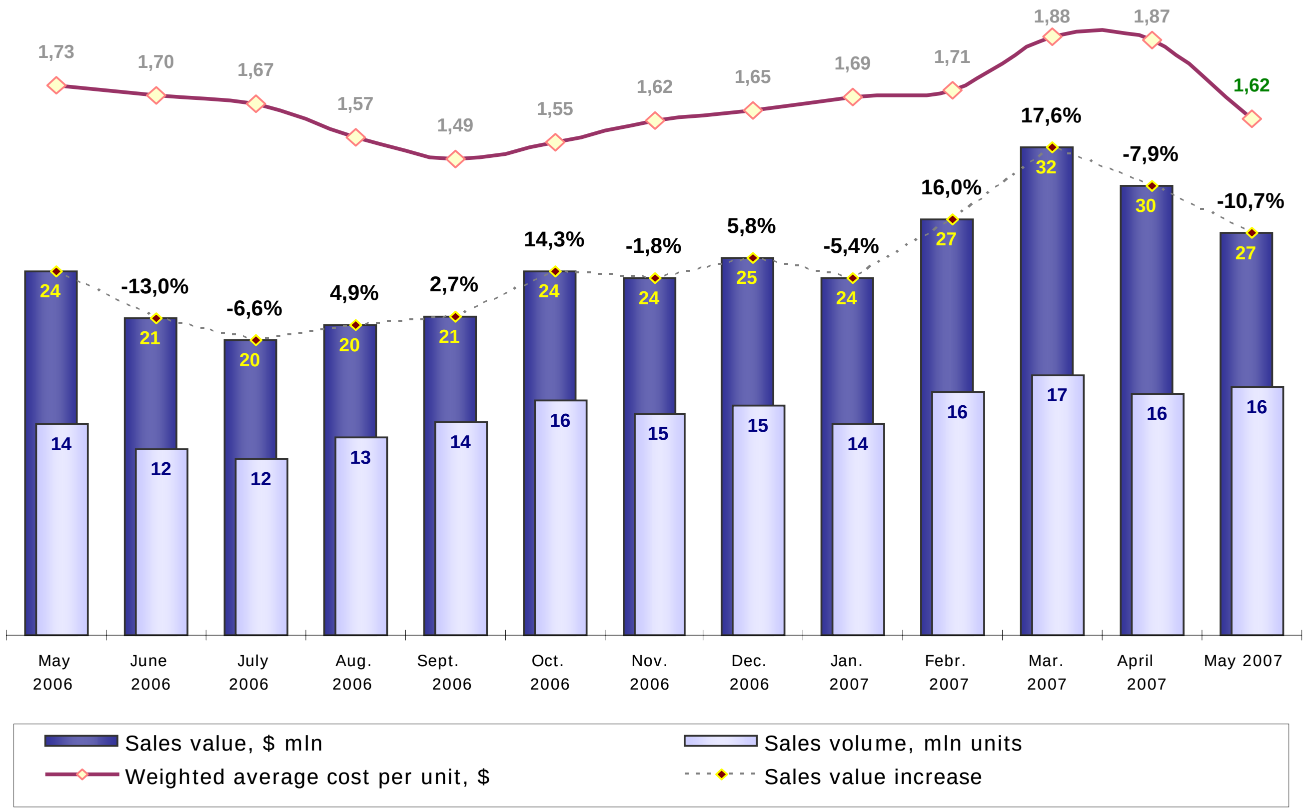
Nutritional supplements (NS) are the 2nd after drugs by commercial pharmacy market sales value.

For the first 5 months of 2007 (January-May) NS pharmacy sales value amounted to $140 mln, which is 6% higher than the year before.

Diagram 6 presents the dynamics of NS commercial pharmacy market value for the period of May 2006 – May 2007.

Diagram 6

Russian NS commercial pharmacy market in May 2006 – May 2007



Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets the requirements of **ISO 9001:2000**

In May 2007 Russian NS pharmacy market value decreased by 10.7% and amounted to $27 mln (instead of $30 mln in April 2007). The figure in units slightly increased – by 2.3%.

In summer 2006 we saw the same decrease in NS sales. However NS pharmacy market increased in comparison to May 2006: by 10.4% in value terms and by 17.6% in unit terms.

The weighted average cost per NS unit amounted to $1.62 (42 rubles) in May 2007 which is 14% lower than in April.

Table 6 shows NS manufacturers with largest pharmacy sales value in Russia in May 2007.

Table 6

TOP 10 NS manufacturers by sales value in Russia in April-May 2007

Rating		Manufacturers	Share in sales value, $, %		Share in sales volume, units, %	
April 2007	May 2007		April 2007	May 2007	April 2007	May 2007
1	1	Evalar	19,55%	16,60%	12,43%	9,46%
2	2	Diod	9,88%	9,80%	5,92%	5,05%
3	3	Akva-MDT/Akvion	5,95%	3,97%	2,98%	1,70%
5	4	Ferrosan AG	2,97%	2,90%	0,57%	0,45%
6	5	Ekomir	2,95%	2,79%	1,07%	0,87%
4	6	Nycomed	3,70%	2,78%	1,04%	0,68%
7	7	Pharma-med Inc	2,78%	2,68%	0,42%	0,25%
9	8	Natur Produkt	2,20%	2,55%	4,32%	4,24%
8	9	Vis	2,23%	2,48%	0,39%	0,34%
11	10	Peking Jedemen Tea sales Centre	1,66%	1,75%	0,23%	0,20%
		Total share of TOP 10:	**-**	**48,30%**	**-**	**23,25%**

Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets the requirements of **ISO 9001:2000**

In May 2007, we see growing shares in total NS pharmacy sales only for three companies: Natur Produkt (+0.35%), Vis (+0.25%) and Peking Jedemen Tea sales Centre (0.09%). For the other companies we see decrease in shares.

Evalar shows maximum decrease (-2.95%), however it stayed the leader. This occurred due to growing shares of smaller companies which take away leaders' shares. These are such companies as Altai-Farm (its share increased from 0.04% in April to 0.86% in May 2007) and Horst (growth from 0.07% to 0.50%).

Table 7 shows TOP-20 NS trade names by pharmacy sales value in Russia.

Table 7

TOP 20 NS trade names by sales value in Russia in April-May 2007

Rating		Trade names	Manufacturers	Shares by sales value, $, %	
April 2007	May 2007			April 2007	May 2007
1	1	Capilar	Diod	5,81%	5,87%
2	2	Bilberry-Forte	Evalar	2,89%	2,50%
3	3	Ovesol	Evalar	2,80%	2,17%
7	4	Lutein Complex	Ekomir	1,78%	1,73%
8	5	Lactofiltrum	Sti-Meds Sorb	1,67%	1,68%
10	6	Turboslim-Day	Evalar	1,59%	1,47%
13	7	Sealex	Vis	1,28%	1,45%
11	8	Viardo	Diod	1,43%	1,37%
9	9	Ateroklefit	Evalar	1,65%	1,33%
12	10	Turboslim-Night	Evalar	1,39%	1,30%
14	11	Jedemen Slimming	Peking Jedemen Tea sales Centre	1 ,19%	1,30%
6	12	Gerimax Energy	Nycomed	1,82%	1,28%
4	13	AlphaVIT	Akva-MDT/Akvion	2,25%	1,28%
5	14	Troychatka Evalar	Evalar	1,95%	1,23%
25	15	Verbena chistye sosudy	Newman rus	0,69%	1,01%
26	16	Indinol	Biomedinvest	0,67%	0,95%
18	17	Vuka-Vuka	Biocorp	0,89%	0,86%
16	18	Gepatrin	Evalar	1,08%	0,82%
22	19	Mumie altajskoe ochischennoe	Altey MP	0,71%	0,78%
15	20	Turboslim	Evalar	1,11%	0,77%
		Total:		**-**	**31,15%**

Source: Retail Audit of Russian Pharmaceutical Market by DSM Group, QMS meets the requirements of **ISO 9001:2000**

Note. *Whereas TOP 20 NS trade names list changes every month, the cumulative share of TOP 20 members for past months could not be indicated in this Table. Only ranking positions and shares of each trade name presented in the reported month are shown for previous months.*

The leading NS brand in May 2007 is still Capilar by Diod. Bilberry-Forte and Ovesol (both by Evalar) are the 2nd and the 3rd ones. AlphaVIT (by Akva-MDT/Akvion) left TOP-3 due to decrease of its sales by 33.6%. Gerimax Energy (by Nycomed) lost 27.9% in its sales; Centrum with Lutein (by Wyeth Lederle) lost 26.6%.

Turboslim (by Evalar) showed maximum growth in May – by 18.3%.

II. Import

In April 2007 drug import volume in Russia amounted to $428 mln (in customs prices[1]), which is 26.7% lower than in March 2006.

Distributor companies increased their share by 10% in April 2007; they cover 51.9% of drug import volume in Russia.

Table 8 shows the shares for different groups of drug importers in Russia by import value in February-March 2007.

Table 8

Shares in import value of different groups of drug importers in Russia in March-April 2007

Rating	Importers	Shares by import value, %	
		March 2007	April 2007
1.	Distributor companies	42,0%	51,9%
2.	Representatives of foreign companies	43,8%	37,8%
3.	Direct import companies	13,6%	9,4%
4.	Domestic drug manufacturers	0,7%	0,8%
	Total:	100%	100%
	Import value, thousands $	**583 958**	**442 070**

Source: Diamond Vision

Two groups of importers – Distributor companies and Representatives of foreign companies – cover over 90% of total drug import volume in Russia.

[1] Customs price does not include customs tax (mainly 10%), VAT (10%) and specific tax (0.15%).

Table 9 shows TOP-20 distributors by drug import value in Russia in February-March 2007.

Table 9

TOP 20 distributors by drug import value in Russia in March-April 2007

Rating	Distributors	Shares by import value of the group "Distributor companies"	
		March 2007	April 2007
1	SIA International	24,0%	25,4%
2	CV "Protek"	19,2%	23,1%
3	Genezis	7,5%	9,0%
4	Katren	6,4%	7,0%
5	Biotek	2,9%	4,0%
6	Apteka-Holding	4,3%	3,8%
7	R-Farm	6,2%	3,4%
8	Dominanta-Servis	1,2%	2,8%
9	Moron	2,7%	2,7%
10	Shreya Corp.	1,9%	2,6%
11	FK Pulse	1,4%	1,7%
12	Vektor-Medika	0,5%	1,6%
13	Krona	-	1,3%
14	Avesta-Farm	1,2%	1,2%
15	National Distributor company	1,2%	1,1%
16	Farmstor	-	1,1%
17	Evroservis	1,4%	1,0%
18	Transatlantic	0,5%	1,0%
19	Invar	-	0,9%
20	Farmlain	0,5%	0,8%

Source: Diamond Vision

SIA International and Protek stayed the leaders by drug import in the group "Distributor companies". In April 2007 Protek increased its import share and came near SIA International. The other distributors go with great lag from the leaders.

The share of 20 largest distributors-importers in total import value of the "Distributor companies" group amounted to 96% in April 2007.

Table 10 shows TOP 10 drug manufacturers by drug import value in Russia with regard to all groups of importers in March-April 2007.

Table 10

TOP 10 drug manufacturers by drug import value in Russia with regard to all groups of importers in March-April 2007

Rating		Manufacturers	Shares by drug import value, $	
March 2007	April 2007		March 2007	April 2007
1	1	SANOFI-AVENTIS	11,43%	6,86%
2	2	SCHERING AG	7,14%	4,85%
4	3	A.MENARINI PHARMACEUTICAL INDUSTRY'S GROUP LTD	4,76%	3,61%
8	4	NOVO NORDISK	3,08%	3,56%
20	5	LEK D.D.	1,13%	3,47%
10	6	KRKA	2,08%	3,23%
13	7	PFIZER	1,73%	2,89%
11	8	NOVARTIS	1,93%	2,77%
7	9	SERVIER	3,64%	2,44%
6	10	GEDEON RICHTER	3,66%	2,41%
		Total:	**-**	**36,09%**

Source: Diamond Vision

Note. *Whereas TOP 10 drug manufacturers list changes every month, the cumulative share of TOP 10 members for past months could not be indicated in this Table. Only ranking positions and shares of each manufacturer presented in the reported month are shown for previous months.*

As is shown in the *Table,* SANOFI-AVENTIS, SCHERING AG, and A. MENARINI are the largest manufacturers by drug import value in Russia.

The share of TOP 10 drug manufacturers by import value in Russia in April 2007 amounted to more than 1/3 in total drug import.

About DSM Group

To provide comprehensive, high quality and timely marketing research and full advertising support to the companies on the Russian pharmaceutical market

The marketing agency DSM Group has been on the market since 1999. Two key service fields of the company are marketing research and advertising on the Russian pharmaceutical market.

RESEARCH

QMS meets ISO 9001:2000 requirements

- Monthly retail audit of the Russian pharmaceutical market, which you can see in 25 working days
- Hospital audit
- Reimbursement database
- Drugs and substances import database
- Multifactor analysis of competitors surrounding
- Monitoring and analysis of drug sales by distributors
- Monthly analysis of market capacity, tendencies and forecasts
- Ad-hoc research
- Pharmaceutical mass-media – pharmacies workers' estimation

ADVERTISING

- Design and corporate identity creation
- Souvenirs for pharmaceutical market
- Printing (QMS meets ISO 9001:2000 requirements)
- Promo actions and events (from 20 up to 1500 persons)
- Media buying
- Outdoor advertising
- Corporate video
- Direct-mail through Russian pharmacies database
- Marketing plans

There are about 60 specialists in pharmaceutics, marketing and advertising in the staff. Our experts' opinion is highly rated by pharmaceutical and business public.

With us you will use your company's potential more effectively, so reinforce and develop your business.

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