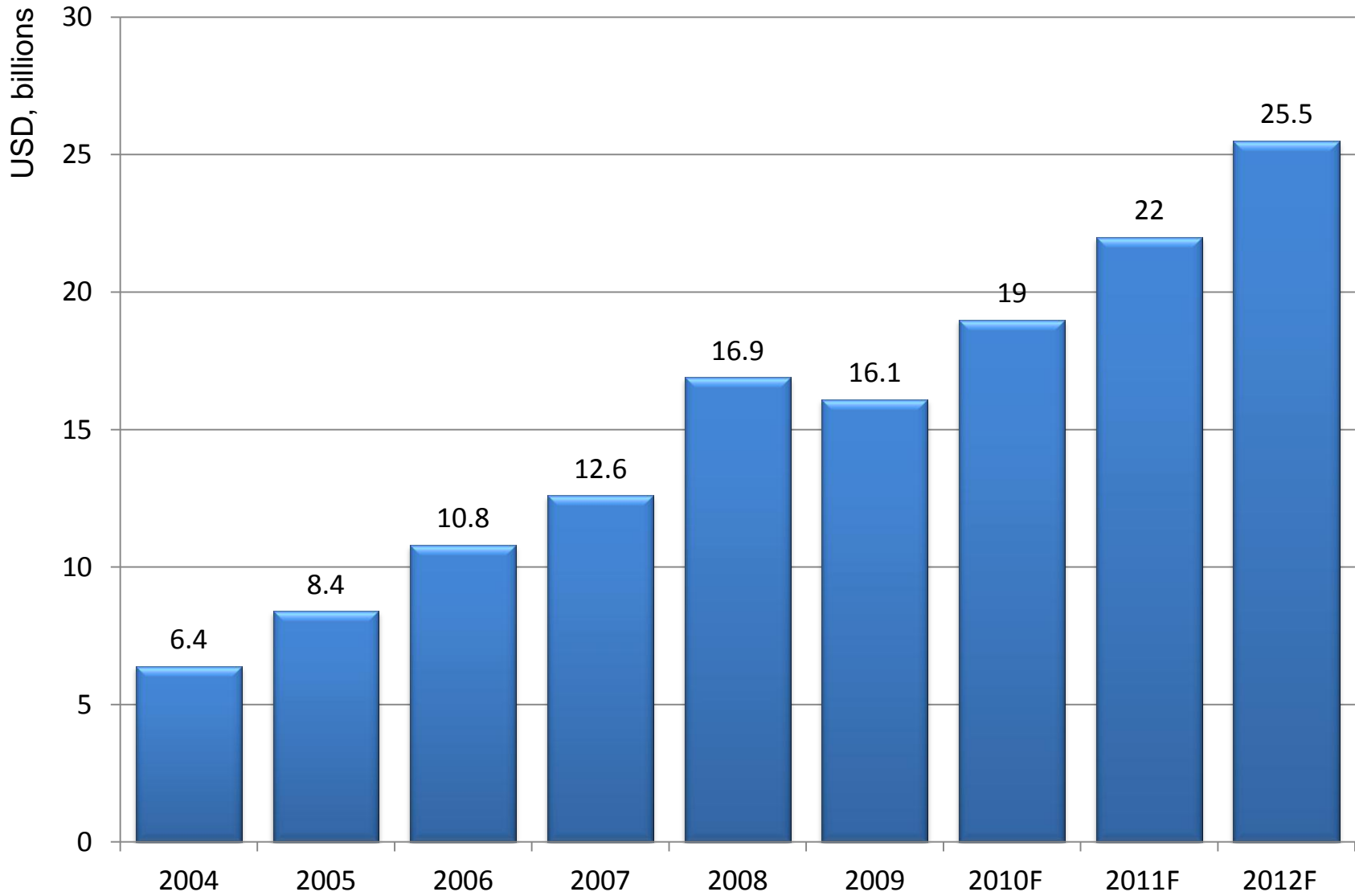


GEROPHARM – NEW PARTNERING OPPORTUNITIES IN SAINT-PETERSBURG PHARMACEUTICAL CLUSTER



Russian pharmaceutical market – one of the most rapid growing markets in the world





In 10 years, the sales volume of pharmaceuticals in Russia **will be about \$50 billions**. This is a very significant number. Actually, we should reach the European level of consumption of pharmaceuticals, which will definitely improve the life expectancy and the quality of life.

D.Medvedev, President of Russia
31 august 2009

Level of pharmaceutical consumption

\$700



USA

\$450



Japan

\$350



EU

\$127



2010
Russia

\$350



2020
Russia



STRATEGY OF DEVELOPMENT OF RUSSIAN PHARMACEUTICAL INDUSTRY UNTIL 2020

- Localization in Russia hi tech pharmaceutical plants
- Organization of API's manufacturing
- Conversion to GMP standard
- Production of currently imported generic and original drugs in Russia

PHARMACEUTICAL INDUSTRY DEVELOPMENT VECTOR UP TO 2020

Development of modern research and manufacturing basis according to the international industry standards

Manufacturing of generic medicines

Manufacturing of innovative medicines

ACHIVEMENT OF IMPORT SUBSTITUTION 50%

Peopelware and infrastructure support of medicines development and manufacturing

SAINT-PETERSBURG PHARMACEUTICAL CLUSTER AT GLANCE

Characteristics:

- ✓ 18,2 hectare
- ✓ land is ready for construction. Project passed all steps of state expertise
- ✓ Tax-free and Customs-free arrangements
- ✓ Ready to use infrastructure
- ✓ Significant discount on rental arrangements. Possibility of land reacquisition



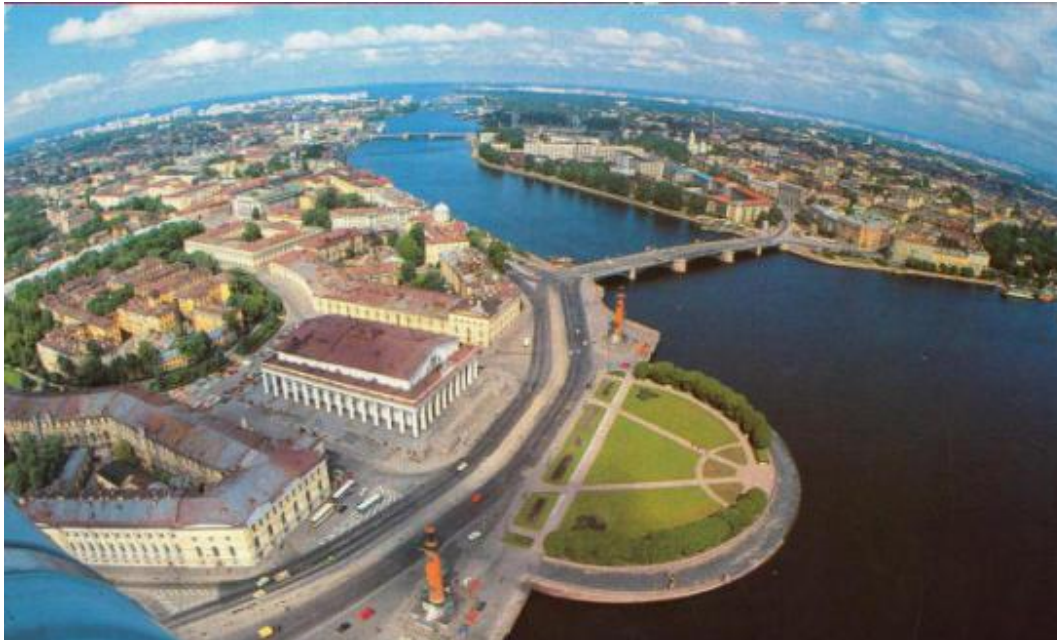
CURRENTLY, THE QUESTION OF PROSPECTIVE BENEFITS FOR LOCAL MANUFACTURERS IS BEING ACTIVELY DISCUSSED

Conclusions:

- ✓ Today for foreign pharmaceutical companies to be competitive on the Russian market is strategically important to localize their manufacturing facilities in Russia.
- ✓ Cooperation with Russian pharmaceutical companies is mutually beneficial

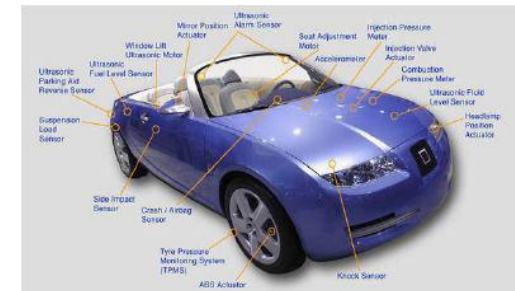
ST PETERSBURG

- ✓ It is one of the regions with the highest rates of economic development in Russia
- ✓ It is one of the world-known scientific centers
- ✓ The city government supports new technological developments
- ✓ High concentration of educational and research institutions in the city
- ✓ The possibility to attract highly qualified scientific and management personnel
- ✓ Tax and customs preferential conditions



Example of success : automotive cluster in Saint-Petersburg

- Toyota
- GM
- Nissan
- Hyundai
- Ford



≈ 1 000 000 cars per year



- ✓ The special industrial zone “Pushkinskaya” has been founded
- ✓ The pharmaceutical cluster concept is approved
- ✓ The state authorities allocated territory for special economical zone “*Neudorf*” where R&D facilities will be placed

- ✓ During XIV Petersburg Economical Forum city government and Geropharm company signed an investment agreement on construction of company’s pharmaceutical site in the area of pharmaceutical cluster



ACHIEVE AIMS IN SHORT TERMS!

One of the 20 leading Russian pharmaceutical companies – a member of the Association of Russian Pharmaceutical Manufacturers from the year 2008

Strong player on Russian and CIS pharmaceutical market during 10 years

Innovative drugs developed by Geropharm include Cortexin (neurology), Cortexin for children, Retinalamin (ophthalmology), and recombinant human insulin - Rinsulin

Sales are increasing by 38% each year

Pharmaceutical R&D center established in special economic zone

New GMP-compliant manufacturing plant is being constructed



Implementation of this project allows:

- ✓ Develop final dosage forms for original and generic drugs
- ✓ Synthesize APIs locally and secure quality control for each step of synthesis
- ✓ Create first in Russia GMP-compliant facility for pharmaceutical grade peptide synthesis
- ✓ Develop modern diagnostic systems based on new biomarkers for early diagnostics



NEW GEROPHARM FACILITIES IN SAINT-PETERSBURG PHARMACEUTICAL CLUSTER

- ✓ Unique Manufacture Facilities – automated production site, fulfill current GMP standards
- ✓ Area under development - 20 000 m²
- ✓ 6 novel peptide products
- ✓ 6 chemical generics
- ✓ Export to CIS countries
- ✓ Project is a candidate for inclusion into the list of most perspective pharmaceutical projects considering by Ministry of Industry and Commerce of Russian Federation
- ✓ Estimated investment volume – 45 millions USD



- ✓ R&D partnerships with subsequent registration and marketing of jointly developed products in Russia and CIS countries
- ✓ Manufacturing of jointly developed products on the basis of “Geropharm” pharmaceutical plant, which intended to be the best modern manufacturing site for sterile injectable products in Russia (in terms of compliance with GMP standards and capacity)
- ✓ Licensing of innovative drugs (after completion of phase II/III) for Russian territory. Clinical trials.
- ✓ Marketing of the Japanese drugs in Russia using existing “Geropharm” network.
- ✓ Organization of the joint venture within the boundaries of Saint Petersburg pharmaceutical cluster



Thank you for your attention!

Tel: +7 (812) 703-79-75

Fax: +7 (812) 703-79-76

Website: www.geropharm.ru

Hot Line: 8-800-333-43-76