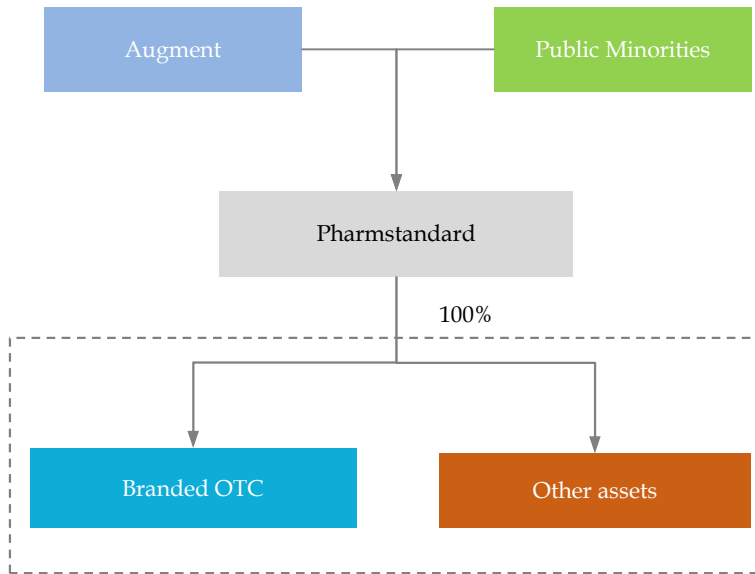


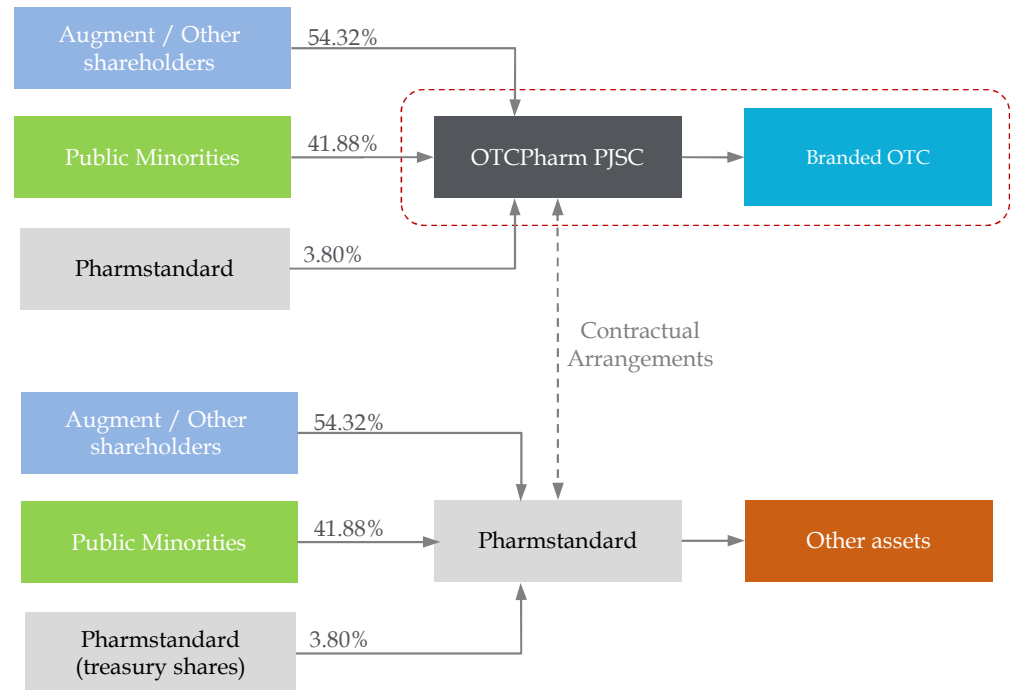


# Reorganization

Structure before spin-off



Structure post Spin-Off

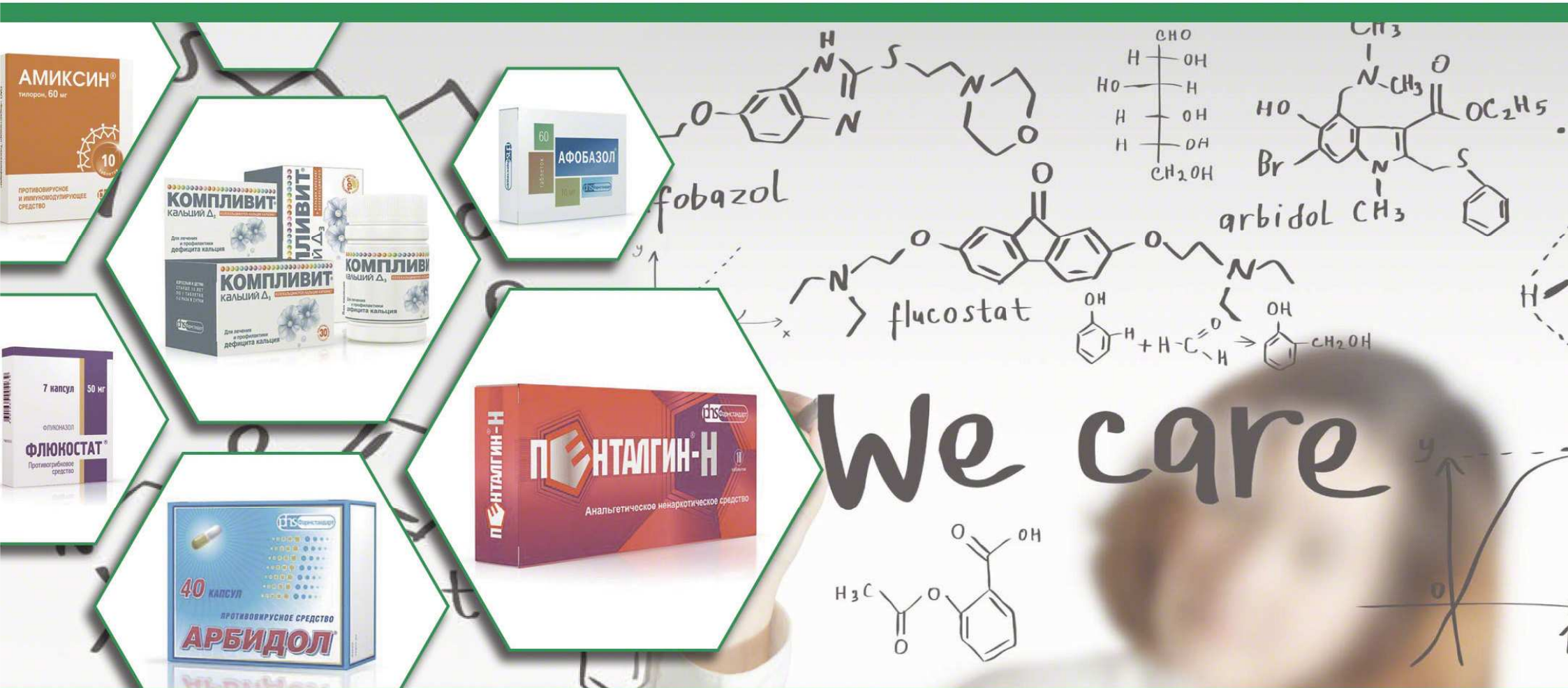


## Description

OTCPharm will control all interests of Branded OTC, including:

- Licenses, trademark applications, registrations and authorizations (save for Pharmstandard corporate brand name)
- Marketing, distribution and logistics infrastructure (including sales force associated with Branded OTC)
- Commercial databases, contracts, training materials and key customer lists
- Contract manufacturing agreement(s) with Pharmstandard
- Existing inventory, including in-process inventory and
- Any other agreements in relation to outsourced business activities that would be required for an uninterrupted business continuity

Upon spin-off completion, OTCPharm will be owned by Augment and the Company's other shareholders in proportion to their existing ownership in Pharmstandard

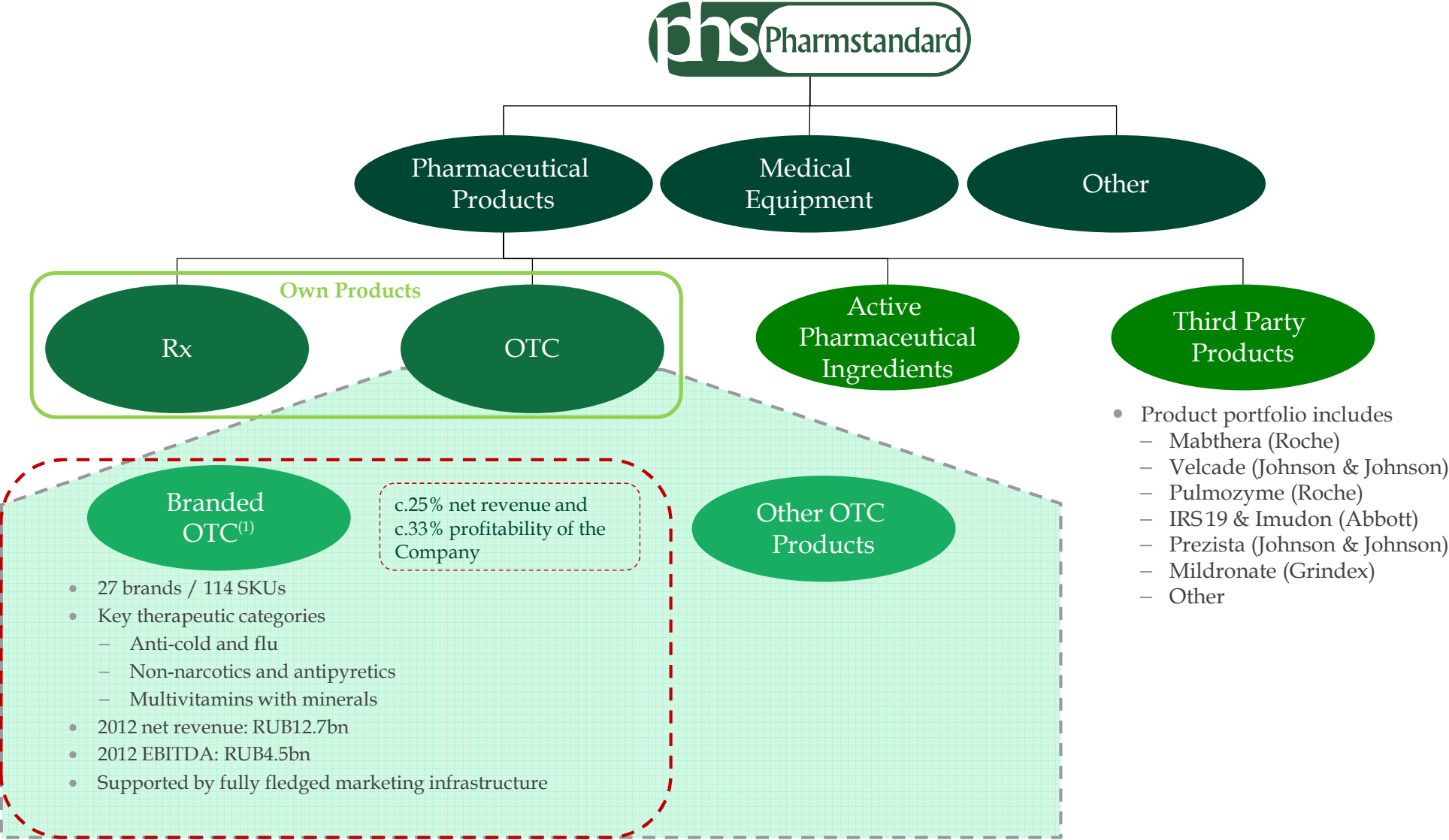


## Section 1: Pharmstandard post spin-off. Focus on Prescription Products.



# Pharmstandard at a Glance

Pharmstandard is the leading diversified Russian pharmaceutical company with presence in OTC, Rx, API, TPP and medical equipment. Spinned-off Branded OTC segment was one of the Company's key pillars, representing c.25% and c.33% of net revenue and profitability, respectively.



OTC Pharm Perimeter

# Pharmstandard post spin-off - unchanged business structure

All production facilities will remain within Pharmstandard after reorganization



## ● LEKKO CJSC (integrated in the Company structure since 2012)

- Product dosage forms: solutions, powders, tablets
- Annual capacity: over 50 million packs

## ● Biomed named after I.I. Mechnikov OJSC (integrated in the Company structure since 2012)

- Key business areas: production of vaccines, interferons, probiotics, immunomodulatory drugs and other pharmaceutical products; production of diagnostic products and microbiological digest media; contract-based manufacturing

## ● Pharmapark LLC (integrated in the Company structure since 2012)

- Manufacturing of substances and FPPs

## ● Kursk, Russia Pharmstandard-Leksredstva JSC (integrated in the Company structure since 2003)

- Annual capacity : >800 million packs
- Product dosage forms: tablets, aerosols, sprays, capsules, pouches, liquid forms
- 6 production lines complying with EU GMP standards

## ● Tomsk, Russia Pharmstandard-Tomskhimpharm JSC (integrated in the Company structure since 2003)

- The largest manufacturer of FPPs in the West Siberian region of Russia
- Annual capacity : > 300 million packs
- Product dosage forms: tablets, solutions, aerosols

## ● Ufa, Russia Pharmstandard-Ufa VITA JSC (integrated in the Company structure since 2003)

- Annual capacity : > 200 million packs
- Product dosage forms: injections, lyophilisate, pills, tablets, insulin production

## ● Kharkiv, Ukraine Biolek PJSC (integrated in the Company structure since 2011)

- A top-20 Ukrainian pharmaceutical company
- Focused on immunobiological products, vaccines, elixirs, diagnostic products, microbiological digest media, blood products, hormonal and antiviral products, bactericide and enzymatic drugs

## ● Tyumen, Russia TZMOI JSC (integrated in the Company structure since 2005)

- Leading medical equipment manufacturer in Russia
- No. 1 in the steam sterilizer market

# Pharmstandard post spin-off - key business segments

## Rx segment

- Rx segment leaders and key sales drivers are Phosphogliv®, Biosulin®, Combilipen®, Rastan®, Octolipen®, Picamilonum®, Azitrox® and Artrozan®
- In 2012, 3 products out of the Company's top 10 demonstrated a substantial above market y/y growth of over 25%
- As of 2012, 169 Rx products were included in the VED list
- VEDs account for approx. 60% of the total Rx sales

## Third party products

### Government procurement business. The 7 Nosologies Federal Program.

- The 7 Nosologies Federal Program involves free of charge outpatient treatment with the provision of the most expensive drugs was separated from the general additional pharmaceutical support program (DLO) in late 2007
- Drug purchases under the 7 Nosologies Program are made by the Russian Ministry of Healthcare and Social Development based on the Regulation on drug procurement for patients suffering from cancer of lymphoid, hematopoietic and congenerous tissues, hemophilia, cystic fibrosis, ateleosis, Gaucher disease, disseminated sclerosis, as well as post- transplant patients, approved by Government Decree No 1155 of 26 December 2011
- As part of the 7 Nosologies Program Pharmstandard manufactures drugs for government procurement under public tenders
- Key products TPP segment are Velcade®, Prezista®, Mabthera®, Coagill and Intellence

### Commercial sales



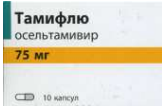
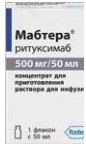












- The Company also manufactures TPPs for commercial market distribution
- The leaders in this segment are Reduksin®, Mildronate®, IRS-19®, Imudon® and Tamiflu

## Medical equipment segment

- TZMOI JSC (Tyumen) is the leader in the steam sterilization equipment market
- The product portfolio includes syringes and other consumables, sterilizers, water distillators, water storage and boiler disinfection collectors

# The partner of choice for multinational players

The Company is a partner of choice for major international pharmaceutical corporations in their entering the Russian market and with respect to product localization, primarily due to its experience, transparent operations and high quality manufacturing

Partners	Areas of co-operation	Products	Capacity
	<ul style="list-style-type: none"> <li>Partnership since 2010</li> <li>Secondary packaging</li> <li>Distribution</li> <li>Participation in public tenders</li> </ul>	 Pulmozyme®  Tamiflu®  Mabthera®	<ul style="list-style-type: none"> <li>Pharmstandard-UfaVITA JSC, Ufa (Mabthera®, Pulmozyme®)</li> <li>Pharmstandard-Leksredstva JSC, Kursk (Tamiflu®)</li> </ul>
	<ul style="list-style-type: none"> <li>Partnership since 2009</li> <li>Registration</li> <li>Full cycle manufacturing</li> <li>Secondary packaging</li> <li>Distribution</li> <li>Participation in public tenders</li> </ul>	 Intelence®  Velcade®  Prezista®  Insivo®  Edurant®	<ul style="list-style-type: none"> <li>Pharmstandard-UfaVITA JSC, Ufa</li> </ul>
	<ul style="list-style-type: none"> <li>Partnership since 2008</li> <li>Full cycle manufacturing</li> <li>Distribution and promotion</li> <li>Participation in public tenders</li> </ul>	 Cyclodol®  Mildronate®	<ul style="list-style-type: none"> <li>Pharmstandard-Leksredstva JSC, Kursk (Cyclodol®)</li> <li>Pharmstandard-UfaVITA JSC, Ufa (Mildronate®)</li> </ul>
	<ul style="list-style-type: none"> <li>Partnership since 2007</li> <li>Full cycle manufacturing</li> <li>Distribution</li> </ul>	 IRS-19®  Imudon®	<ul style="list-style-type: none"> <li>Pharmstandard-Tomskhimpharm JSC, Tomsk</li> </ul>



АМИКСИН®  
тилорон, 60 мг

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И ИМУНОМОДУЛИРУЮЩЕЕ  
СРЕДСТВО

10 таблеток

КОМПЛИВИТ  
КАЛЬЦИЙ Д<sub>3</sub>

Для лечения  
и профилактики  
дефицита кальция

АФОБАЗОЛ

60 таблеток

фобазол

КОМПЛИВИТ  
КАЛЬЦИЙ Д<sub>3</sub>

КОМПЛИВИТ  
КАЛЬЦИЙ Д<sub>3</sub>

КОМПЛИВИТ  
КАЛЬЦИЙ Д<sub>3</sub>

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ПРОТИВОВИРУСНОЕ СРЕДСТВО  
АРБИДОЛ

Мы заботимся

We care

Chemical structures and reactions:

- Handwritten chemical structures for fobazol, fluconostat, and arbidol.
- Fischer projection of a sugar derivative.
- Chemical reaction: c1ccc(O)cc1 + H-C(=O)-H >> c1ccc(O)cc1CO
- Chemical structure of a pyridine derivative.
- Chemical structure of a hydroxymethyl compound.



## Section 2: OTC Pharm post Spin-off.

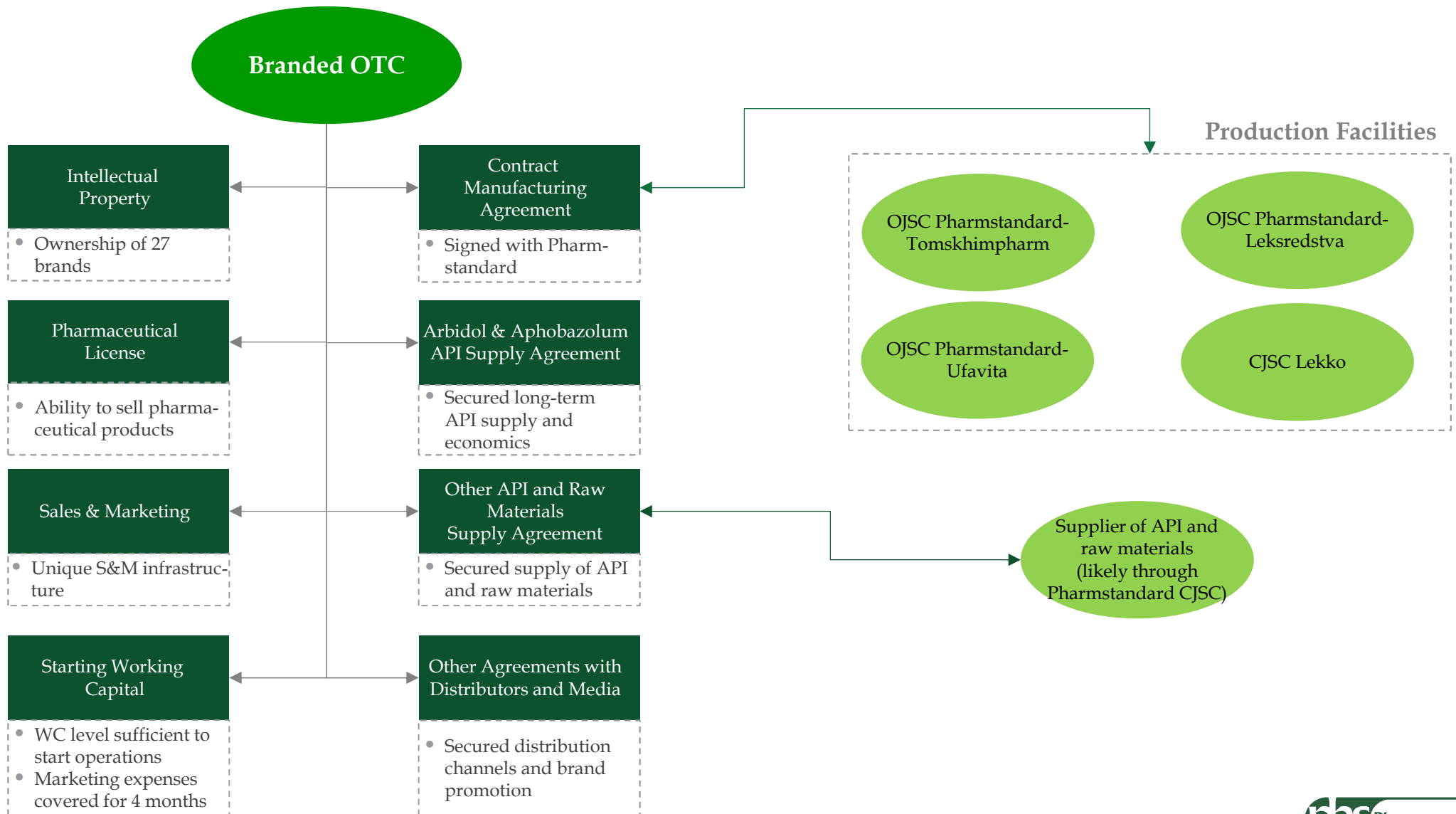


# OTCPharm Post Spin-Off – a unique OTC Platform

After spin-off, OTCPharm will become fully operational entity with unique platform for further successful growth supported by long-term relationship with reliable partner Pharmstandard.

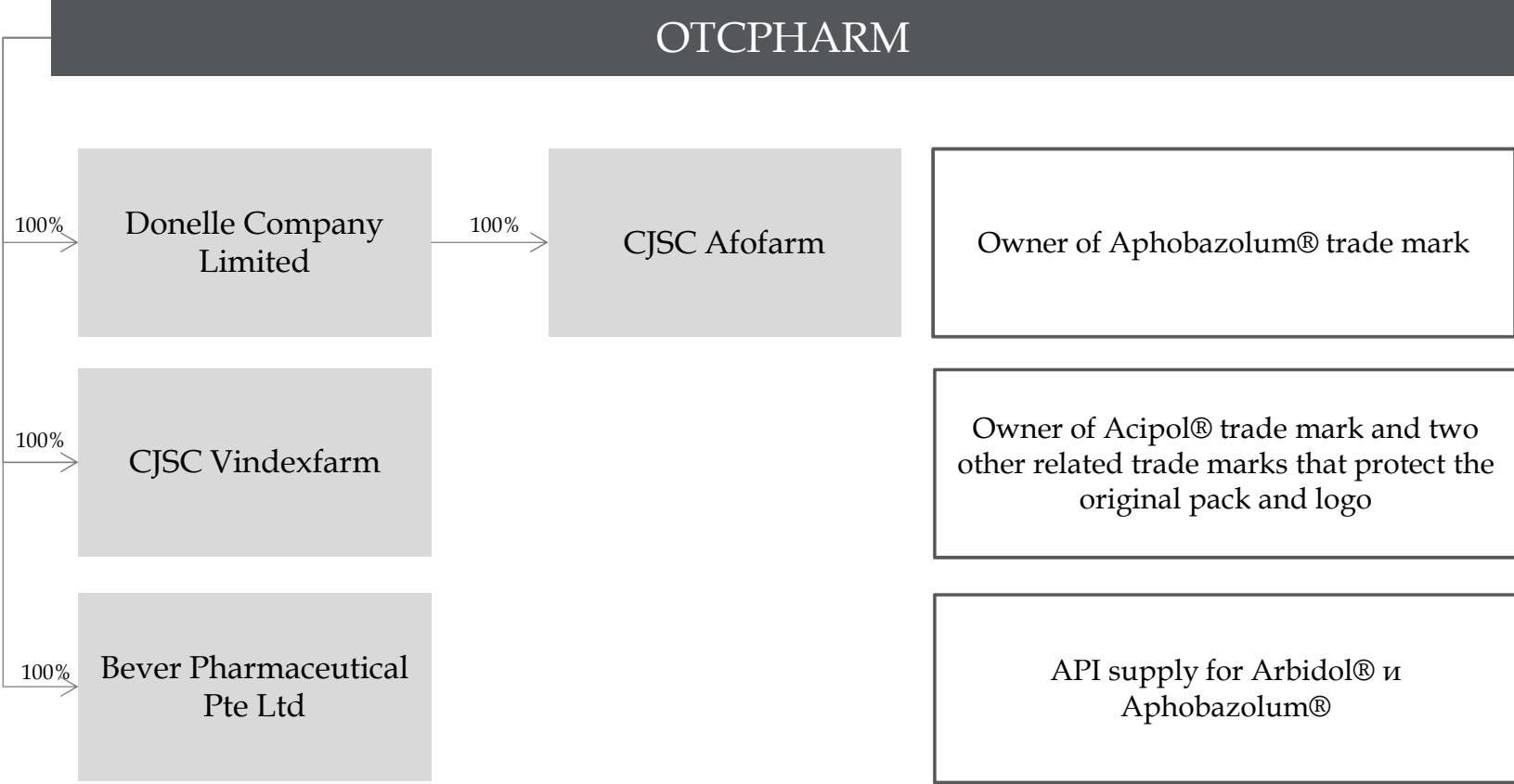
## Key Pillars of OTCPharm Operations

## Pharmstandard Entities Involved In OTCPharm Operations



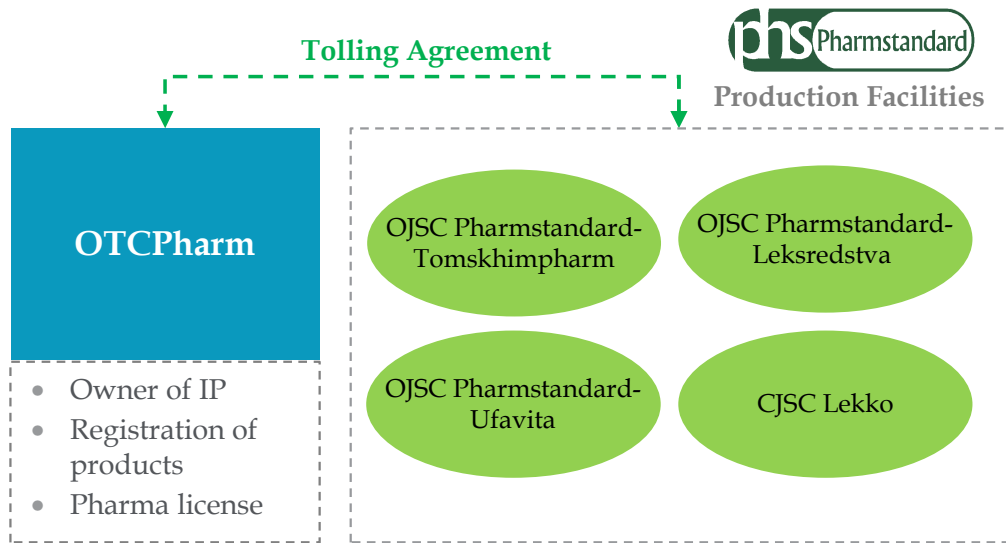
# OTCPharm legal structure

## OTCPharm Structure. Subsidiaries.



# Contract Manufacturing Overview

## Envisaged Contract Manufacturing Scheme

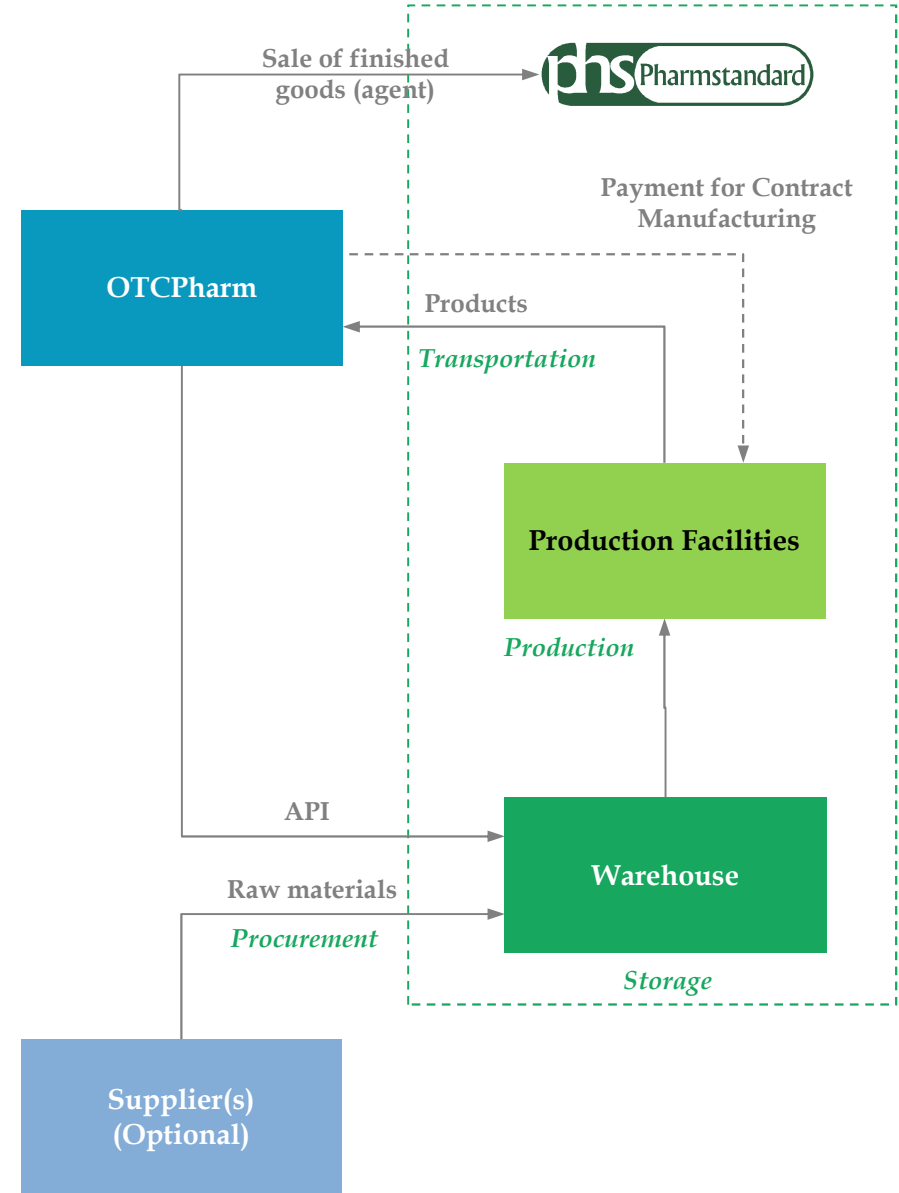


## Key Contract Manufacturing Terms

Key Terms	Services
<ul style="list-style-type: none"> <li>Contract manufacturing agreement period - 5 years</li> <li>Production plan - 5 years</li> <li>Annual production plan - 12 months</li> <li>Rolling forecast - 90 days</li> <li>Fixed order - 60 days</li> <li>Payment - 10 days after production order completion</li> </ul>	<ul style="list-style-type: none"> <li>Purchasing of raw materials</li> <li>Production</li> <li>Quality Control</li> <li>Certification</li> <li>Products storage (5 days)</li> <li>Storage of API (1-2 months)</li> <li>Procurement of API<sup>(1)</sup></li> <li>Storage at production warehouse<sup>(1)</sup></li> <li>Storage and logistics at central warehouse<sup>(1)</sup></li> <li>Regulatory services<sup>(1)</sup></li> </ul>

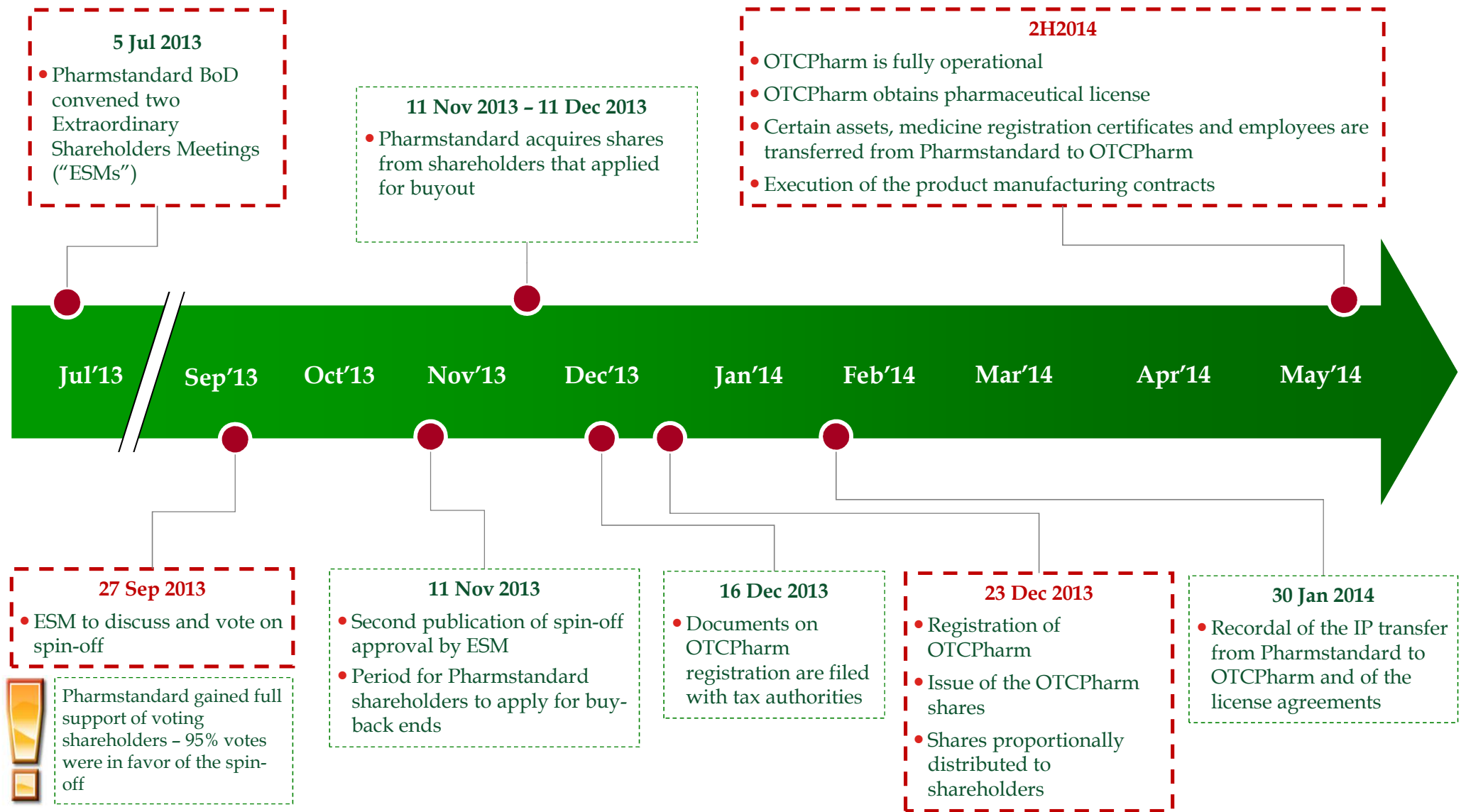
Note: (1) Additional services.

## Flow of Services / Goods





# Spin-Off Timeline



# Well Invested and High Quality Manufacturing Facilities

## Overview of Pharmstandard's Manufacturing Facilities involved in OTCPharm production

Production Facility	Production Form	Production Capacity, in 000s Packages (2012)	Utilisation (2012)	Overview
Kursk	Syrops and Liquid Forms	75,929	91%	<ul style="list-style-type: none"> <li>One of 10 largest pharmaceutical manufacturers in Russia</li> <li>EU GMP certifications for 6 production lines</li> <li>Production capacity: 834m packages / year</li> </ul>
	Tablets	649,352	49%	
	Sprays	14,964	87%	
	Powders	10,403	22%	
	Capsules	82,877	51%	
Ufa	Ampules	24,765	43%	<ul style="list-style-type: none"> <li>One of the largest Russian pharmaceutical manufacturers</li> <li>Holds the leading position in the area of single and multi-vitamin production</li> <li>Also produces bio-engineered products</li> <li>Production capacity: 235m packages / year</li> </ul>
	Frozen-dried Preparation	5,703	42%	
	Tablets	154,133	61%	
	Vitamin Bars (Ferrohematogen)	36,432	68%	
Tomsk	Insulin	14,400	6%	<ul style="list-style-type: none"> <li>Production capacity: 235m packages / year</li> <li>Largest manufacturer of finished pharmaceutical products in Western Siberia</li> <li>Pharmaceutical forms: tablets, solutions, aerosol</li> <li>Production capacity: 390m packages / year</li> </ul>
	Syrops and Liquid Forms	5,400	5%	
	Tablets	372,387	22%	
	Sprays	9,600	7%	
Volginsky	Ointments	2,178	34%	<ul style="list-style-type: none"> <li>Production capacity: 21m packages / year</li> <li>Pharmaceutical forms: liquid forms, powders, tablets</li> </ul>
	Syrops and Liquid Forms	9,618	44%	
	Capsules	1,305	40%	
	Powders	6,490	10%	
	Aerosols and sprays	2,646	0%	
<b>Total</b>		<b>1,479,716</b>	<b>9%</b>	

## OTCPharm Manufacturing

	Kursk	Tomsk	Ufa	Volginsky
Acipol				✓
Aerovit			✓	
Amixin		✓		
Aphobazolum	✓			
Arbidol	✓			
Ascophenum-P	✓			
Asvitol			✓	
Ciklovita			✓	
Cinocap		✓		
Codelac	✓			
Complivit			✓	
Flukostat	✓			
Klarisens	✓			

	Kursk	Tomsk	Ufa	Volginsky
Lactazar	✓			
Lactonorm				✓
Magnelis B6			✓	
Maxycold	✓			
Medira	✓			
Neosmectin	✓			
Next		✓		
Nitrocor	✓			
Noopept				✓
Pentalgin	✓			
Rinostop				✓
Selmevit			✓	
Spasmol	✓			
Termicon	✓			

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