

HSCI Announces Major Deal to Execute SynBio Investment Agreement

Moscow – 18 February 2014 The Human Stem Cells Institute (“HSCI”, MOEX: [ISKJ](#)), one of Russia’s leading biotech companies specializing in cell-based, gene and post-genome technologies, announces the transfer of its share in the charter capital of SynBio LLC to IceGen LLC in the form of an additional contribution to the charter capital of the latter.

This move has been made by HSCI to execute the conditions of the Investment Agreement for the SynBio project, signed 4 August 2011 (see press release [here](#)) and approved together with its associated transactions by the Extraordinary General Shareholders’ Meeting on 31 August 2011 (see press release [here](#)).

According to the Investment Agreement, all participants of the SynBio project (except RUSNANO) are obliged to consolidate their assets in an asset holding company. The consolidation occurs through the transfer of the participants’ stakes (except RUSNANO) in the charter capital in SynBio LLC to the holding company.

As a result, SynBio LLC will have only two participants: RUSNANO (41%) and the holding company (59%), which represents the interests of all other partners in the project, including HSCI. The holding company is IceGen LLC, established on 9 August 2011, with HSCI’s share of this company’s charter capital amounting to RUB 144,000 out of the total of RUB 300,000. Thus HSCI’s stake in IceGen LLC amounted to 48.07% stake.

On 14 February 2014 HSCI signed an agreement on the transfer of its share in the charter capital of SynBio LLC (28.18% with a nominal value of RUB 613,078,000) in the form of an additional contribution to the charter capital of IceGen LLC.

Therefore, as of the date of the notarization of the transaction, HSCI has relinquished the ownership of its stake in SynBio LLC and beginning from the moment of the official registration of the transfer of ownership rights (record in Unified State Register of Legal Entities) will cease to be a participant in SynBio LLC and will indirectly own a share in this company through its stake in IceGen LLC, which following state registration of the charter capital increase of IceGen LLC will remain equal to 48.07% but will increase in nominal value to RUB 613,222,208.74.

Human Stem Cells Institute OJSC (HSCI, www.eng.hsci.ru) is a Russian public biotech company founded in 2003.

HSCI engages in R&D as well as commercialization and marketing of innovative proprietary products and services in the areas of cell-based, gene and post-genome technologies.

The Company aims to foster a new culture of medical care – developing new health care opportunities in such areas as personalized and preventive medicine.

HSCI owns the largest family cord blood stem cell bank in Russia – [Gemabank](#)[®], as well as the reproductive cell and tissue bank [Reprobank](#)[®] (personal storage and donation).

The Company launched [Neovasculgen](#)[®], the first-in-class gene-therapy drug for treating Peripheral Arterial Disease, including Critical Limb Ischemia, and also introduced the innovative cell technology [SPRS-therapy](#), which entails the use of autologous dermal fibroblasts to repair skin damage due to aging and other structural changes.

HSCI is implementing a socially significant project to create its own Russia-wide network of *Genetico* medical genetics centers to provide [genetic diagnostics and consulting services](#) for monogenic inherited diseases as well as multifactorial disorders ([Ethnogene](#), [PGD](#), [Prenetix](#) and other services).

The Company actively promotes its products on the Russian market and intends to open new markets throughout the world.

HSCI is a co-investor in [SynBio](#) – a long-term multilateral project to create new unique medicines (first-in-class and BioBetter) for the Russian and international markets. The SynBio project, supported by an investment from RUSNANO, unites top Russian and international companies engaged in biotech/biopharm R&D.

HSCI is listed on the Innovation & Investment Market (iIM) of the Moscow Exchange (ticker: [ISKJ](#)). The Company conducted its IPO in December 2009, becoming the first Russian biotech company to go public.

Certain statements in this press-release are forward-looking statements within the meaning of the U.S. federal securities laws and are intended to be covered by the safe harbors created thereby.

Those forward-looking statements include, but are not limited to:

- *management's assessment of the Company's future results, including revenue, net profit(loss), profit(loss) per share, dividends, investments, capital structure, margins and other operating and financial results;*
- *forecasts of the present value of future cash flows and related factors;*
- *the Company's plans, goals and tasks relating, among other things, to its products and services development;*
- *the Company's expectations with respect to improving its corporate governance practices;*
- *the Company's market position – as anticipated;*
- *economic outlook and industry trends;*
- *the Company's expectations as to the sector regulation and assessment of impact of regulatory initiatives on the Company's activity;*
- *assumptions and prerequisites under the statements.*

Such forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

These risks include the risk of changes in political, economic and social conditions in Russia as well as changes in global economic environment, the risks relating to changes in industry regulation and the Russian legislation, the risk of changes in the Company's operations and business prospects, the competition and other risks.

For a more detailed discussion of these and other factors, see the Company's Annual Report and other public filings.

Many of these factors are beyond the Company's ability to control or predict. Given these and other uncertainties, readers are cautioned not to place undue reliance on any of the forward-looking statements contained herein or otherwise. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements (which are made as of the date hereof) to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as may be required under applicable laws.

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