TRANSLATION FROM RUSSIAN ORIGINAL

Ref: page 2

HSCI OJSC

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

AS OF JUNE 30, 2013 AND FOR THE SIX-MONTH PERIOD THEN ENDED

Moscow
2013

CONTENTS

Important remarks

Hereinafter contained unaudited condensed consolidated interim financial statements of HSCI as of June 30, 2013 and for the six-month period ended June 30, 2013 in accordance with IFRS were prepared in Russian. In the event of any inconsistency between the English and the Russian texts, the Russian text shall prevail.

In thousands of Russian Rubles

	Notes	30 June 2013	31 December 2012 (as restated, see Note 3.1)	31 December 2011
ASSETS				
Non-current assets				
Property, plant and equipment	4	111,352	66,163	37,009
Intangible assets	5	93,182	48,497	27,886
Investments in associates	6	758,737	748,130	787,614
Other investments	6	37,810	56,889	905
Long-term loans granted		8,542	10,531	15,936
Goodwill	6	1,014	1,014	1,014
Deferred income tax assets		1,513	1,598	6,518
Total non-current assets		**1,012,150**	**932,822**	**876,882**
Current assets				
Inventories	7	19,592	16,882	14,778
Accounts receivable and prepayments	8	81,902	109,406	57,583
Short-term loans granted		24,390	13,101	14,042
Cash and cash equivalents	9	34,012	26,671	17,363
Total current assets		**159,896**	**166,060**	**103,766**
TOTAL ASSETS		**1,172,046**	**1,098,882**	**980,648**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	10	7,500	7,500	7,500
Treasury shares	10	(40,866)	(40,866)	(50,267)
Share premium	10	141,000	141,000	141,000
Revaluation reserve	6	-	-	635,133
Retained earnings		725,123	645,800	74,355
Total equity attributable to equity holders of the parent		**832,757**	**753,434**	**807,721**
Non-controlling interest		16,311	12,927	9,683
Total equity		**849,068**	**766,361**	**817,404**
Non-current liabilities				
Deferred income tax liability		6,501	3,897	1,730
Accounts payable and accrued expenses	11	108,119	63,655	59,141
Long-term borrowings	13	56,422	61,790	739
Total non-current liabilities		**171,042**	**129,342**	**61,610**
Current liabilities				
Short-term borrowings	13	89,002	87,217	9,714
Accounts payable and accrued expenses	11	58,469	112,531	87,115
Income tax payable	11	-	119	882
Other taxes payable	12	4,465	3,312	3,923
Total current liabilities		**151,936**	**203,179**	**101,634**
Total liabilities		**322,978**	**332,521**	**163,244**
TOTAL EQUITY AND LIABILITIES		**1,172,046**	**1,098,882**	**980,648**

August 28, 2013

General Director /s/ A.A.Isaev
Chief Accountant /s/ N.I.Alyutova

The notes on pages 7 through 39 are an integral part of these consolidated financial statements

In thousands of Russian Rubles

	Notes	30 June 2013
Revenue		
Revenue from operations (primary business)		190,980
Other revenue		24,706
Total revenue	14	**215,686**
Operating expenses	16	**(173,336)**
Operating profit		**42,350**
Financial income/ (expenses):		
Foreign exchange loss, net	17	1,002
Interest income	17	2,184
Interest expenses	17	(10,113)
Gain from discounting of long-term accounts payable	17	9,726
Net loss on factoring transaction		(1,577)
Loss on sale of investments		(611)
Total financial income, net	**17**	**611**
Gain from investing activities	**15**	**7,861**
Profit before income tax		**50,822**
Income tax		
Current tax charge		(3,943)
Deferred tax expense		(2,687)
Total income tax		**(6,630)**
Profit for the period		**44,192**
Other comprehensive income:		
Translation loss		2,745
Revaluation of financial assets		35,770
Other comprehensive income for the period, net of tax		**38,515**
Total comprehensive income for the period		**82,707**
Profit attributable to:		
Equity holders of the parent		40,808
Non-controlling interest		3,384
Total comprehensive income attributable to:		
Equity holders of the parent		79,323
Non-controlling interest		3,384
Earnings per share attributable to equity holders of the parent - basic and diluted (in Russian Rubles)		11

August 28, 2013

General Director	/s/	A.A.Isaev
Chief Accountant	/s/	N.I.Alyutova

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In thousands of Russian Rubles

	Notes	30 June 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before income tax		**50,822**
Adjustments to reconcile profit before tax to cash generated from operations. Adjusted for:		
Depreciation	4	7,743
Amortization	5	2,969
Bad debt expense/ (recovery)	16	(2,109)
Unused vacation provisions	16	4,541
Net interest income	17	7,930
Loss/ (gain) from associates	15	(7,861)
Net loss/ (gain) on factoring transaction	17	1,577
Loss/ (gain) from discounting	17	(9,726)
Foreign exchange gain, net	17	(1,002)
Income from other non-cash transactions		995
Cash generated from operations before changes in working capital and profit tax paid		**55,879**
Changes in working capital:		
(Increase)/ decrease in accounts receivable and prepayments		6,186
(Increase)/ decrease in inventories		(2,710)
Increase in payables and accruals		11,902
(Increase)/ decrease in taxes payable, other than on income		1,154
Income tax paid		(4,978)
Net cash provided by operating activities		**67,433**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment		(52,930)
Purchase of intangible assets		(502)
Changes in short-term investments		13,197
Interest received		2,184
Changes in loans granted, net		(26,129)
Net cash used in investing activities		**(64,180)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings		34,864
Proceeds from long-term borrowings		16,474
Repayment of borrowings		(37,137)
Interest paid		(10,113)
Net cash provided by/ (used in) financing activities		**4,088**
Net increase/ (decrease) in cash and cash equivalents		**7,341**
Cash and cash equivalents at beginning of the period		**26,671**
Cash and cash equivalents at the end of the period		**34,012**

August 28, 2013

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Chief Accountant /s/ N.I.Alyutova

The notes on pages 7 through 39 are an integral part of these consolidated financial statements

In thosands of Russian Rubles

	Number of shares (mln)	Share capital	Treasury shares	Share premium	Profit non-available for allocation	Retained earnings	Non-controlling interest	Total equity
Balances at December 31, 2012 (as restated, see Note 3.1)	**75**	**7,500**	**(40,866)**	**141,000**	**653,535**	**(7,735)**	**12,927**	**766,361**
Operating profit	-	-	-	-	-	32,947	3,384	36,331
Income/ (loss) from associates	-	-	-	-	-	7,861	-	7,861
Total income	**-**	**-**	**-**	**-**	**-**	**40,808**	**3,384**	**44,192**
Other comprehensive income								
Translation loss	-	-	-	-	-	2,745	-	2,745
Revaluation gain on available-for-sale investments	-	-	-	-	-	35,770	-	35,770
Other comprehensive income						**38,515**	**-**	**38,515**
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**-**	**79,323**	**3,384**	**82,707**
Balances at June 30, 2013	**75**	**7,500**	**(40,866)**	**141,000**	**653,535**	**71,588**	**16,311**	**849,068**

August 28, 2013

General Director /s/ A.A.Isaev
Chief Accountant /s/ N.I.Alyutova

The notes on pages 7 through 39 are an integral part of these consolidated financial statements

Note 1. Information about the Group and its Activities

Organizational Structure and Activities

Open Joint Stock Company "Human Stem Cells Institute" – OJSC "HSCI" (hereinafter referred to as "the Company") was founded in accordance with the laws of the Russian Federation in 2003. The HSCI Group of companies (hereinafter referred to as "the Group" or "the HSCI Group") comprises the Company and its subsidiaries and associates located in Russia and abroad. The main focus of HSCI Group is research and development (including patent protection and out-licensing), as well as commercialization and marketing of novel products and services based on cell, gene and post-genome technologies. The Company owns the largest private cord blood stem cell bank in Russia – *Gemabank*®, as well as a 50% stake in *Hemafund*, Ukraine's largest family cord blood bank.

HSCI projects encompass five core focus areas:

- regenerative medicine;
- bio-insurance;
- medical genetics;
- gene therapy;
- biopharmaceuticals (in the framework of the *SynBio project*).

HSCI and its subsidiary Cryonix are co-investors in SynBio – a long-term multilateral project to create new unique medicines (first-in-class and BioBetters) for the Russian and international markets. The SynBio project, supported by an investment from RUSNANO (a state-owned fund for supporting nanotechnologies), unites top Russian and international companies engaged in biotech/biopharm R&D.

The Group's main businesses in first half of 2013 which generated the most substantial portion of revenues were:

- providing of cord blood stem cell isolation, cryopreservation and storage services;

- sale of the first-in-class gene-therapy drug Neovasculgen® developed by HSCI for treatment of Peripheral Arterial Disease (PAD), including Critical Limb Ischemia (CLI).

The Group also continued developing other projects according to its Business-plan for 2013-2017:

- In 2011 HSCI introduced to the Russian market SPRS-therapy – a comprehensive set of services for individual skin rejuvenation based on a registered innovative medical technology of applying autologous dermal fibroblasts to correct the effects of aging and skin defects.

- In January 2012, launching the test sales of *Gemascreen for newborns* services the Company began implementation of a socially significant project of creating HSCI's own Russia-wide network of advanced medical genetics centers to provide genetic diagnostics and consulting services with a purpose of early detection and prophylactic treatment of inherited diseases. Starting Q2 2013 via Russia-wide network of advanced medical genetics centers under

Note 1. Information about the Group and its Activities (continued)

the *Genetico* brand HSCI provides genetic diagnostic services and consultations with a physician-geneticist using Company's proprietary DNA array *Ethnogene*. In addition, at the new laboratory and production complex of the Regenerative and Genetic Medical Center of the Human Stem Cells Institute, the laboratory for Preimplantation Genetic Diagnosis (PGD) operates.

- In Q3 2013, in HSCI's new laboratory and production complex, *Reprobank* is starting to operate (the reproductive cell and tissue banking (personal storage/donation).

In addition to its research and commercial activities, the Group actively engages the scientific and academic community. For the purpose of developing the fields of research related to its core business areas, HSCI holds the Annual International Symposium "*Current Topics in Gene and Cell Technologies*" and also publishes the scientific journal *Cell Transplantology and Tissue Engineering*. The Group is also engaged in various activities aimed at raising public awareness, thus helping to build a market of advanced users of high-tech services in the field of medical biotechnology.

As of June 30, 2013, the HSCI Group comprises companies in Russia and Ukraine which boast state-of-the-art cell material storage facilities as well as processing and research laboratories.

OJSC "Human Stem Cells Institute" was established on November 27, 2003.

Location of the Company: 18/1 Olympiysky prospect, Moscow 129110, Russia.

As of June 30, 2013, the main shareholders of the Company (with the ownership of more than 1% of the share capital) were:
Isaev Artur Aleksandrovich with the share of 40.80%;
First International Investment Group Ltd. (BVI) with the share of 34.48%;
BrokerCreditService (Cyprus) Limited with the share of 8.21 %;
NextGen LLC with the share of 4.01%;
Prikhodko Alexander Viktorovich with the share of 1.60%.

Formation of the Group

In October 2005 HSCI established subsidiary Human Stem Cells Institute Publishing House LLC. The share of HSCI in Human Stem Cells Institute Publishing House LLC amounts to 100 %.

In July 2006 HSCI established subsidiary Central Stem Cells Bank LLC**.** The share of HSCI in Central Stem Cells Bank LLC used to amount to 100 %. In September 2008 this subsidiary company was liquidated.

In April 2007 HSCI established subsidiary Cell Technology Laboratory Limited Liability Company**.** The share of HSCI in Cell Technology Laboratory Limited Liability Company amounts to 75 %.

In thousands of Russian Rubles unless otherwise stated

Note 1. Information about the Group and its Activities (continued)

In August 2008 HSCI established subsidiary Human Stem Cells Institute, Limited Liability Company in Kiev (Ukraine)**.** As of December 31, 2010, the share of HSCI in Human Stem Cells Institute, Limited

Liability Company in Kiev (Ukraine) amounted to 51%. In February 2011 the company changed its name to Hemafund Medical Biotech Company LLC, with HSCI's share dropping to 50% after a charter capital increase by the second participant.

In April 2010 HSCI acquired a 60% stake in Vitacel LLC.

In March 2010 HSCI's Board of Directors made a decision to acquire a 50% stake in Hemafund Medical Center LLC (Kiev, Ukraine). The transaction was performed on April 20, 2010.

In February 2011 via a charter capital sale-purchase agreement a 50% stake was acquired in Cryonix CJSC. In April 2011 an additional 5.98% stake was acquired. Thus HSCI's total stake in Cryonix amounted to 55.98%. Cryonix operates in the biotech, pharmacological and medical sectors. The company's key R&D projects include the development of stem cell-based medications as well as introduction of novel therapeutics based on Histone H1 – for treatment of oncohematological diseases. For over 6 years Cryonix has represented the interests of Gemabank® in Saint Petersburg and the region. HSCI plans to maximize integration between the two companies in the development and commercialization of innovative drugs and provision of high-tech medical services, including the strengthening of HSCI's position on the market for isolation and storage of cord blood stem cells in northwest Russia.

In 2011 HSCI (parent company of the Group) and Cryonix (subsidiary) acquired stakes in SynBio LLC. SynBio LLC is a project company engaged in the development and production of first-in-class medicines as well as products known as BioBetters for commercialization on the Russian and global markets. The company was created for the consolidation of the participants' assets for the purpose of implementing a multilateral project aimed on production and introducing to market of new medicines. The project was proposed by HSCI to RUSNANO (a state-owned fund for supporting nanotechnologies) and approved by the Supervisory Council of RUSNANO in December 2010.

According to the conditions of the Investment Agreement between participants of the SynBio project signed by HSCI on August 4, 2011 and approved by an Extraordinary General Shareholders' Meeting on August 31, 2011, HSCI had acquired the stake in the project company SynBio LLC with a nominal value of RUB 613,078 thousand.
The property provided by HSCI as its contribution to the charter capital of SynBio LLC was:

Composition of financial investments	Amount, RUB thousand	Type of investment
Right to sublicense the use of an invention with Patent Number RU 2297848 on the basis of licensing agreement No. RD0045679	295,945	Intangible asset at fair value as contribution to charter capital

In thousands of Russian Rubles unless otherwise stated

Note 1. Information about the Group and its Activities (continued)

Exclusive rights to the invention with Patent Number RU 2343928 “Method for isolating nucleated cells from umbilical cord blood”	124,584	Intangible asset at fair value as contribution to charter capital
44% stake in SymbioTec GmbH (Germany)	159,549	Financial investment revaluated (at reappraised value)
Cash	33,000	Cash paid in full
Total	**613,078**	

Subsidiary Cryonix acquired a stake in SynBio LLC through the contribution of sublicensing rights assessed at fair value arising from a License on the Transfer of Exclusive Rights and License for Development, Research, Production, Sale, Lease, Rent, Introduction and Marketing of all Products with the Use of Licensed Patents, Know-How and Results. The investment was assessed at RUB 118,799 thousand.

The appraisal of intangible assets and financial investments contributed to the charter capital of SynBio LLC was carried out by the independent assessor Financial Consulting Group LLC.

These assets are necessary for the development within the multilateral international SynBio project of 4 innovative drugs – for the treatment of oncohematology diseases, ischemic diseases and liver cirrhosis.

The Group’s initial investment in SynBio LLC totaled RUB 731,877 thousand.

HSCI OJSC’s stake in SynBio LLC at the end of 2011 was 28.18%.

The stake of Cryonix CJSC in SynBio LLC at the end of 2011 was 5.46%.

On August 9, 2011 the Limited Liability Company IceGen was created, with HSCI OJSC owning a 48% stake and Cryonix owning a 9% stake in the new company.

As part of the execution of the Investment Agreement for the SynBio project, HSCI and other participants (except RUSNANO) are obliged to consolidate their stakes in the asset holder company IceGen LLC and following the registration of changes in information about the legal entity, the participants of SynBio LLC will be RUSNANO and IceGen LLC. This has not happened.

The companies constituting the Group do not have representative offices.

In 2011 Human Stem Cells Institute Publishing House LLC was renamed to NextGen Limited Liability Company.

On November 1, 2011, Human Stem Cells Institute Publishing House LLC was renamed to NextGen Limited Liability Company. NextGen focuses on R&D in the fields of cell and gene therapy, the development of new ways to treat inherited diseases using modern Assisted Reproductive Technologies as well as the creation of DNA arrays for the diagnosis of inherited diseases and predisposition to them.

Note 1. Information about the Group and its Activities (continued)

The function of publishing the journal *Cell Transplantology and Tissue Engineering* has been transferred to HSCI.

In December 2012 the Board of Directors of HSCI has approved a contribution from HSCI to the charter capital of its subsidiary NextGen LLC in the amount of RUB 39,140,724. This additional contribution was made in the form of uncertified registered ordinary shares of HSCI (registration No. 1-01-08902-A from 12 January 2004) in the amount of 3,006,200 shares with a nominal value of RUB 0.10 each. Thus, at the end of 2012 the value of financial investments in the charter capital of NextGen LLC amounted to RUB 39,740,724.

In December 2012 the Board of Directors of HSCI has approved decision (on behalf of HSCI) about the contribution to the charter capital of its subsidiary NextGen LLC in the amount of RUB 50,398,000. This additional contribution was made by transferring the exclusive right for the know-how - the method of *Neovasculgen*® drug production. The amount of the contribution was established by independent evaluation (report of KORRAS Consulting LLC No. 16/12-I dated November 30, 2012, assessor – Lebedev Viktor Nesterovich). Therefore, as of June 30, 2013, the value of financial investments in the charter capital of NextGen LLC amounted to RUB 90,138,724.

In October 2012 through a meeting of founding members the Limited Liability Company *Regenerative and Genetic Medical Center of the Human Stem Cells Institute* (RGMC LLC) was founded, with HSCI holding a 100% stake. The main business of the new company is the provision of HSCI’s healthcare services (with the aim to use tax allowance).

Conditions of Operations in the Russian Federation

The economy of the Russian Federation has definite characteristic features peculiar for emerging markets with a rather high inflation. The economy of the Russian Federation was influenced by the global financial crisis of 2008, business recession, oil free market prices’ fall and Ruble devaluation. Starting 2011 and up to present days the Russian economy experienced moderate growth. Economic recovery has been accompanied by gradual growth in personal income, lower refinancing rates, stabilization of the Ruble exchange rate vis-à-vis major foreign currencies and higher liquidity in the banking sector.

Tax, currency and customs legislation of the Russian Federation are highly dependent on the effectiveness of measures adopted in the realm of economic, financial and monetary regulations and new developments in tax policy as well as legislative, political and regulatory activities. The Group’s management makes allowances for possible losses based on analysis of the economic situation and the forecast at the end of the reporting period.

The management can not to the full extent foresee all trends and changes that could influence development of the Russian economy and banking sector, and what influence (if any) they might have on the Group’s financial position. The management adopts all possible measures for supporting sustainable development of the Group’s business.

These financial statements reflect how the management assesses the influence of conditions of operations in Russia on the business and financial condition of the Group. Future conditions of operations main differ from the management’s assessment.

Note 2. Main Approaches to Preparation of the Financial Statements

Principle of Compliance. These consolidated interim condensed financial statements (hereinafter referred to as “the Financial Statements”) were prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations approved by International Accounting Standards Committee and International Financial Reporting Interpretations Committee (hereinafter referred to as “IFRS”).

Basis of Preparation

These consolidated interim condensed financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) approved by International Accounting Standards Committee (IASC) and effective as of June 30, 2013, and in accordance with all Interpretations approved by International Financial Reporting Interpretations Committee (IFRIC) and effective as of June 30, 2013.

These consolidated interim condensed financial statements of the Group were prepared in accordance with International Financial Reporting Standards (IFRS) and in accordance with all interpretations and amendments which are effective from January 1, 2012 and which are relevant to its operations.

(i) Application of new and revised International Financial Reporting Standards.

These consolidated interim condensed financial statements were prepared in accordance with International Financial Reporting Standard (IAS) 34 “Interim Financial Reporting” (IFRS (IAS) 34). These consolidated interim condensed financial statements should be treated integrally with consolidated financial statements for the year ended December 31, 2012, prepared in accordance with International Financial Reporting Standards (IFRS).

Several new and revised standards were applied in the process of preparation of these financial statements. Those standards include supplement to IAS 1 “Presentation of Financial Statements” (enters into force on July 1, 2012), supplement to IAS 12 “Deferred Taxes: Assets Recovery” (enters into force on January 1, 2012). Application of mentioned supplements to standards did not materially influence these financial statements, but may influence operations reflection in future periods accounting.

Several officially published new standards, supplements to them and Interpretations have not yet entered into force as of June 30, 2013 and were not applied in the process of preparation of these financial statements. Some of those listed below may have potential influence on Group operations. Group plans to start applying these Standards and Interpretations as soon as they enter into force.

In May 2011 IASC issued a set of consolidation standards: IFRS No. 10 “Consolidated Financial Statements”, IFRS No. 11 “Joint Ventures”, IFRS No. 12 “Disclosure of Investments into Other Organizations”, revised IAS No. 27 “Individual Financial Statements” and revised IAS No. 28 “Investments into Affiliated and Joint Companies”. The set of new and revised standards presents a new model of control and approach to joint ventures as well as new requirements to information disclosure. The set enters into force for annual periods starting from January 1, 2013 or later. Group has started applying this set of standards from January 1, 2013. Group management expects that these changes will not materially influence Group consolidated financial statement and operating results.

In May 2011 IASC issued IFRS No. 13 “Fair Value Evaluation” (“IFRS No. 13”). New IFRS No. 13 sets requirements to evaluation of fair value and information disclosure. IFRS No. 13 enters into force for annual periods starting from January 1, 2013 or later. Group has started applying IFRS No. 13 from

Note 2. Main Approaches to Preparation of the Financial Statements (continued)

January 1, 2013. Group management expects that IFRS No. 13 will not materially influence Group consolidated financial statement and operating results.

In December 2011 IASC introduced amendments to IFRS No. 7 “Financial Instruments: Disclosures” (“IFRS No. 7”) and IAS No. 32 “Financial Instruments: Presentation in Statements” (“IAS No. 32”). These amendments clarify rules of assets and liabilities cutting and present new related information disclosure requirements. Amendments to IAS No. 32 enter into force for annual periods starting from January 1, 2014 or later. New information disclosure requirements provided for in IFRS No. 7 entered into force for annual periods starting from January 1, 2013 or later. Group will start applying updated IAS No. 32 starting from January 1, 2014 and updated IFRS No. 7 starting from January 1, 2013. Group management expects that these amendments will not materially influence Group consolidated financial situation and operational results.

IFRS No. 9 “Financial Instruments: Classification and Evaluation” issued based on the results of the first stage of IFRS Council project aimed at replacement of IAS No. 39 is applied with regard to classification and evaluation of financial assets and financial liabilities as they are defined in IAS No. 39. This Standard enters into force with regard to annual reporting periods starting from January 1, 2015 or after this date. During the following stages IFRS Council will consider hedging accounting and impairment of financial assets. In order to present situation in full Group will evaluate influence of this standard on respective amounts in financial statements in connection with other project stages after their publication.

In May 2012 IASC as the result of “2009-2011 Program for Annual Improvement of Standards” issued amendments to various standards. The following standards were mainly amended: IAS No. 1 “Presentation of Financial Statements”; IAS No. 16 “Capital Assets”; IAS No. 32 “Financial Instruments: Information Presentation”; IAS No. 34 “Interim Financial Statements”. Amendments introduce minor changes to clarify guidelines in current standards.

Amendments enter into force for annual periods starting from January 1, 2013 or later. Group has started applying amended standards from January 1, 2013. Group management expects that these amendments will not materially influence consolidated financial situation and operational results of the Group.

The Group presents the profit and loss statement using classification by the nature of expenditures. The Group considers this method convenient in terms of providing the users of financial statements the most useful information. The balance presentation is based on differentiation in accordance with the negotiability/non-negotiability principle.

The Group maintains individual accounting and prepares the financial statements in accordance with national accounting and reporting standards. The enclosed financial statements are prepared basing on national accounting data, corrected and reclassified for purposes of authentic presentation subject to IFRS requirements.

Functional and Reporting Currency. Items included into the financial statements of the Group are measured with the use of currency of initial economic environment where the Group is operating (“the functional currency”). The functional currency is a national currency of the country where the Group is operating. The functional currencies of the Group and its main subsidiaries is the Russian Ruble, Ukranian Hryvnia and Euro. The reporting currency under IFRS is ***the Russian Ruble***.

Note 2. Main Approaches to Preparation of the Financial Statements (continued)

Going Concern. These financial statements are prepared on the assumption that the Group does not intend or need to liquidate, or terminate its operation.

Use of Estimates. When preparing the Statements in accordance with IFRS, the management of the Group admitted a set of assumptions and estimates connected with presentation of assets and liabilities and disclosure of contingent assets and liabilities in the statements. Estimated values and value judgments are continually estimated and based on the management experience and a number of other factors, including expectations of future events considered acceptable in existing circumstances. Apart from judgments implying preparation of estimates, the management also prepares definite judgments in the process of accounting policy principles application. Judgments having the greatest influence on amounts recognized in financial statements, and estimated values that can be reasons for significant corrections of the book value of assets and liabilities in the next financial year include:

Allowances for Doubtful Accounts Receivable. The allowances for accounts receivable impairment is established on the basis of the Group's estimation of financial solvency of specific customers. The allowances are made, if there is a reasonable acknowledgement of the Groups inability to collect all debts in accordance with initial conditions of its repayment. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial recognition, and default or delinquency in payments (more than 12 months overdue) are considered indicators that the receivable is impaired.

Property, Plant and Equipment. The fair value of property, plant and equipment and the residual maturity of the useful life were determined basing on the acquisition cost as of the date of transition to IFRS.

Items of property, plant and equipment are accounted for in accordance with their historical cost with the deduction of accumulated depreciation and impairment losses.

Should an item of property, plant and equipment consist of several components having different useful life, such components are to be accounted for as separate items of property, plant and equipment.

Expenses related to replacement of a component of property, plant and equipment accounted for separately are capitalized in the cost of the item of property, plant and equipment only if the Group considers that the expenses will result in an increase of future economic benefit from the use of this item of property, plant and equipment, provided that the asset value may be measured reliably. All other expenses including repair and maintenance costs are included into the financial results of the period they are incurred.

Profits and losses arising as a result of retirement of property, plant and equipment are accounted for in the profits and losses statement.

The book value of property, plant and equipment is influenced by assumptions concerning the value of the replacement cost, degree of wear and tear and remaining useful lives.
Depreciation is charged during expected useful life of separate items of property, plant and equipment using the straight-line method, and is included into financial results. The charge of depreciation starts from acquisition, and in respect of items of property, plant and equipment carried out in the framework

Note 2. Main Approaches to Preparation of the Financial Statements (continued)

of own-account construction – from the moment of completion of their construction and preparation for the further use. Land depreciation is not charged.

Useful lives (in years) by types of property, plant and equipment consist of:

Asset type	**Useful life (number of years)**
Buildings and site services	20-50
Machinery and equipment	5-7
Vehicles	7-10
Other	3

The management of the Group annually revises useful lives of property, plant and equipment. The management of the Group determines the existence of value reduction indications of property, plant and equipment as of every reporting date. If at least one such indication is revealed, the management of the Group estimates the recoverable amount determined as the greatest one of the two values: the net selling price of the asset and the cost of its use. The book value is reduced to the recoverable amount, and the economic aging loss is accounted for in the Profits and Losses Statement to the extent it exceeds the previous increase from the re-estimation of the same asset recognized as a part of the capital. The asset economic aging loss accounted for in previous reporting periods is reversed, if a change there occurred of estimations used for the determination of the cost of the asset use or its net selling price.

Provisions for Impairment of Property, Plant and Equipment. The management of the Group determines the existence of value reduction indications of the Group's assets recoverable amount against their book value as of every reporting date. The recoverable amount of property, plant and equipment is determined as the greatest one of the two values: the fair value of the asset with the deduction of selling expenses and use value. Should such a reduction be revealed, the book value of assets is reduced to the recoverable amount. If circumstances change, and the management of the Group comes to the conclusion that the asset value other than goodwill increased, the impairment reserve will be restored (reversed), in full or in part.

Actual results may be different from estimated values; moreover, these values may be both increased and reduced in future depending on results or expectations subject to factors accompanying each specific risk.

Useful Lives of Property, Plant and Equipment. The estimation of useful lives of this or that item of property, plant and equipment is a subject matter of the Group management's judgment that is formed subject to the preparation experience of judgments about other analogous assets. When determining the useful life of this or that asset, the management considers an expected use, calculated technical depreciation, wear and tear, and actual conditions of the asset use. A change of any of the said conditions or estimations may result in correction of depreciation deductions rates in future periods. The Group accounts for impairment or establishes the said reserves, if estimation results show a possibility of liability or impossibility of the asset recovery; the size of the reserve can be determined with sufficient authenticity. Actual results may differ from expected ones, and estimations may both be increased and reduced by the Group in future periods depending on the resulting effect, or expectations subject to factors accompanying each specific risk.

Note 2. Main Approaches to Preparation of the Financial Statements (continued)

Operational Lease. If the Group is a lessee under a lease agreement not implying transfer of substantial risks and benefits arising from title from a lessor to the Group, the total amount of rent payments is accounted for in the profits and losses statement proportionally within the whole lease term.

Payments under operational lease agreements (with the deduction of bonuses provided by the lessor) are accounted for in the profits and losses statement proportionally within the lease term.

Finance Lease. If the Group is a lessee under a lease agreement in accordance with which all substantial risks and benefits related to title transfer to it, assets rented are capitalized in property, plant and equipment as of the date of the lease' beginning at the lowest fair value of rented assets or current value of minimum rent payments. All rent payments are spread between mandatory and financial payments in order to ensure permanent correlation of the finance rent debt. Corresponding lease liabilities (with the deduction of financial payments of future periods) are included into the debt. Interest payment expenses are accounted for in the profits and losses statement within the whole lease term in accordance with the effective interest rate method. Assets acquired under finance lease agreements are amortized within their useful life or a shorter lease term, if the Group is not reasonably assured that it will obtain title to this asset by the lease term termination.

Contingent Liabilities for Tax Payment. The Russian tax, currency and customs laws allow various interpretations and are subject to frequent modifications. For those cases when, in the Group's management opinion, a possibility of tax authorities being disagreed with its interpretation of applicable laws and the Group's viewpoint with regard to the correctness of tax assessment and payment is rather great, the relevant reserve is established in the financial statements under IFRS.

Note 3. Summary of Principal Accounting Policies

Foreign Currency Transactions. Monetary assets and liabilities of the Group stated in foreign currency at the reporting date are calculated into Rubles at the rate as of this date. Foreign currency transactions are accounted for at the exchange rate as of the date of the transaction. Profits and losses arising as a result of these transactions' calculations and translation of monetary assets and liabilities stated in foreign currency are accounted for in the profits and losses statement.

Dividends. Dividends are not recognized as liabilities and deducted from the capital value as of the reporting date, unless they were declared (approved by owners) before the reporting date (up to and inclusive). Information about dividends is disclosed in the statements, if they are declared after the reporting date but before the date of the statements' approval to be issued.

Intangible Assets. All intangible assets of the Group have limited useful lives. Intangible assets of the Group include research and development available for use and capitalized, programs and licenses.

After their initial recognition intangible assets are accounted for at their initial cost with the deduction of accumulated amortization and accumulated impairment loss. The amortization of intangible assets is charged by means of the straight-line method within the useful life.

The expected useful lives of intangible assets in the current and comparative periods were as follows:

- Rights to use and patents – 5 to10 years;
- Computer software and licenses – 3 to 5 years.

Note 3. Summary of Principal Accounting Policies (continued)

As of each date of the statements' drawing up the management of the Group estimates if there are indications of intangible assets impairment. If case of impairment, the book value of intangible assets is written off to the greatest one of the two values: use value and the asset fair price with the deduction of selling expenses.

Development expenses are recognized for the period they are incurred. Development expenditures are capitalized if they meet criteria for an asset recognition. Development expenses previously recognized as expenses are not recognized as being in the structure of the asset in the subsequent period. The accounting value of development expenses is subject to an annual revision with respect to impairment.

Cash and Cash Equivalents. Cash includes physical cash and demand deposits. Cash equivalent include short-term highly liquid financial investments that can be easily converted into cash, which repayment dates are not later than three months from their acquisition and value of which is subject to slight fluctuations.

Inventory. Inventory is accounted for by the least of the two values: the prime cost and possible net selling price. The possible net selling price is a calculated selling price in the process of ordinary course of business with the deduction of selling expenses. The prime cost of inventory is determined by the weighted average cost method.

The Value Added Tax on Purchase and Sale. The value added tax arising upon sale of goods is due and payable to the state budget in accordance with the earliest one of the two dates (a) the date of a customer's payment of debts receivable, or (b) the date of the goods' or service delivery to the customer. The VAT paid to suppliers upon acquisition of goods, works, services (the input VAT), as a rule, subject to be refunded from the budget by means of set-off of the output VAT as soon as invoices from suppliers are received. The VAT related to purchase and sale transactions is disclosed separately as a current asset and short-term liability. When establishing a reserve of debts receivable impairment, a total amount of a doubtful debt is reserved, including VAT. The corresponding deferred VAT obligation is reflected in the statements up to the debts receivable writing-off for taxation purposes.

Accounts Receivable and Advances Made. The debts receivable are accounted for inclusive of VAT. The debts receivable from settlements with buyers and customers are corrected subject to the reserve of debts receivable impairment. This doubtful debt reserve is established, if there is a reasonable acknowledgement of the Groups inability to collect all debts in accordance with initial conditions of its repayment.

Income Tax. Expenses on income tax include current and deferred taxes. The current tax is an amount that is supposed to be paid with regard to taxable income for a period. The taxable income differs from net income reflected in the profits and losses statement, as it does not include profit or loss, and consequently subject to either taxation or deduction in other years, and items of profit or loss never taxable or deductible. Liabilities of the Group for the current income tax are calculated subject to rates of taxation effective at the reporting date.

Deferred Income Tax. The deferred income tax is reflected in accordance with the balance method of liabilities accounting and charged in respect of losses reducing taxable income of future periods, and temporary differences occurred between tax assessment of assets and liabilities and their book value. In accordance with the principle of non-recognition of deferred taxes upon initial reflection of transactions, deferred taxes are not recognized in respect of temporary differences arising upon initial reflection of an asset or liability for operations other than business combination operations, if the fact of the initial

Note 3. Summary of Principal Accounting Policies (continued)

reflection of this operation affects neither accounting nor taxable income. Deferred income tax balances are calculated at tax rates adopted or effective at the reporting date, that, in accordance with expectations, will be applied in the renewal period of temporary differences or tax losses repayment. Assets and liabilities of the deferred income tax are only accounted for in the amount within the Group. The deferred income tax assets in respect of temporary differences and losses reducing taxable income of future periods are reflected to the extent that there is a possibility that a taxable income sufficient for their repayment will be received in future.

Accounts Payable and Accruals. Accounts payable is shown with accounting of the value added tax. Accounts payable to suppliers and contractors are accrued upon their performance of their contractual obligations and accounted for at the amortized cost with the use of the effective interest rate method.

Credits and Loans. Borrowed assets are initially recognized at the fair value. The fair value is determined subject to market interest rates of analogous instruments in case of their material difference from the received loan interest rates. In subsequent periods borrowed assets are accounted for at the amortized cost with the use of the effective interest rate method; the total difference between initial recognition amount and amount to be repaid is reflected in the profits and losses statements as interest repayment expenses during the whole period of the borrowed assets repayment obligations.

Borrowing Costs. Borrowing costs directly attributable to the acquisition, construction or production of assets /permanent facilities/ that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the costs of those assets; capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale. Investment income, earned due to temporary investment of raised debt before being allocated for obtaining qualified assets, is deducted from borrowing costs to be capitalized. All other borrowing costs are recognized in the consolidated profit and loss statement for the period they are incurred.

Provisions. Provisions are recognized in case if the Group has legal liabilities or liabilities from operation arisen as a result of preceding events, there is a possibility that repayment of this obligation will require retirement of the Group's resources, and a reliable estimation of the amount of the liability can be performed.

Revenue Recognition

Revenue is the fair value of compensation received or expected. Expected return of goods, discounts and other such reserves are deducted from revenues before value-added tax. Revenue is recognized to the extent to which there is likelihood that the Group will receive economic gain and that this gain can be reliably measured. Advanced payments received from buyers are not recognized as revenue of the current year and are recognized as a liability.

Revenue from cord blood stem cell isolation and cryopreservation is recognized in the period in which the services were provided, i.e. immediately after the cryopreservation process is complete (the time of processing of cord blood from the moment of its collection to the completion of the cryopreservation process is no more than 48 hours);

Revenue from the storage of cord blood stem cells concentrate is recognized on a monthly basis in amount indicated in the price list for the current period in equal amounts;

Revenue from the provision of SPRS-therapy comprehensive set of services is recognized immediately upon provision of such services on the basis of acknowledgements ("acceptance protocols") presented.

Note 3. Summary of Principal Accounting Policies (continued)

The service is deemed provided when the cells bank for transplantation is transferred to the client, at which moment an acknowledgement of services rendered is compiled and signed.

Revenue from the service of storing autologous dermal fibroblasts (SPRS-bank) is recognized on a monthly basis in amount indicated in the price list for the current period in equal amounts.

Other revenue from sales.

Other revenues from the sale of goods and services are recognized in accounting when the following conditions are met:

- all material risks and advantages arising from the ownership rights to the goods are transferred from the Group to the buyer;
- the Group does not retain management functions related to the ownership rights or have any real control over the sold goods; and,
- expenses which were or will be incurred as a result of the transaction can be reliably determined.

Investments in Associated Companies. Associated companies are companies that are greatly influenced by the Group and that are not subsidiary or jointly controlled companies. A great influence implies participation possibilities in decision-making of the financial or operational policy of the company but does not imply possibility to control or jointly control this policy. Associated companies are accounted for by means of the equity method. Investments in associated companies are accounted for by the prime cost of investments acquisition.

Financial Assets Available for Sale. Financial assets are classified as “available for sale” in case there is intent to own them during indefinite time. Such financial assets are accounted for as non-current assets. If the management of the Group intends to own financial assets within at least 12 months after the reporting date, or financial assets’ repayment date is less than 12 months, or there arises a need to sell financial assets to increase current assets, such financial assets are accounted for as current assets.

The management of the Group classifies financial assets as current or non-current ones as of their acquisition date, and revises their classification on the basis of repayment dates as of each reporting date.

Financial investments “available for sale”, as a rule, include securities that are not traded or quoted on the Russian stock exchanges. The fair value of such financial investments is determined by various methods, including methods based on their profitability, and methods based on discounting of future expected cash flows. In order to determine the fair value, the management of the Group makes assumptions based on the condition of the market at every reporting date.

Financial investments, if their market quotations are not available and their fair value cannot be determined reliably by other methods, are accounted for at their acquisition cost with the deduction of losses from their impairment. Financial investments purchase and sale transactions are initially measured at the fair value and accounted for as of the date of payment, that is as of the date of the asset delivery to the customer.

Note 3. Summary of Principal Accounting Policies (continued)

Acquisition expenses include operational costs. Financial investments “available for sale” are further accounted for at the fair value. Unrealized gains and losses arising as a result of a fair value change of such financial investments are accounted for in the fair value reserve reported about in stockholders' equity for the period they refer to. Profits and losses arisen upon sale of financial investments “available for sale” are charged to the financial result in the Profits and Losses Statement for the reporting period.

Subsidiary Companies. Subsidiary companies are companies in which the Group owns, directly or indirectly, more than 50% of voting shares, or may otherwise control decisions made by the management of these companies. Statements of subsidiary companies are included into the consolidated financial statements starting with the transfer date of working control over the subsidiary to the Group and till the date of loss of this control. All intra-group balances, income and expenses resulting from intra-group transactions are eliminated in full.

Goodwill and Non-controlling Interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group’s share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income. Goodwill is tested annually for impairment as well as when there are indications of impairment. For the purpose of impairment testing goodwill is allocated to the cash generating units that are expected to benefit from synergies from the combination.

Non-controlling interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. In accordance with IFRS 3 *Business Combinations*, the acquirer recognises the acquiree’s identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair values at the acquisition date, and any non-controlling interest in the acquiree is stated at the non-controlling interest proportion of the net fair value of those items.

Associates, Jointly Controlled Entities and Joint Ventures. Associates are companies over which the Group has significant influence and that are neither a subsidiary nor an interest in a joint venture. Significant influence occurs when the Group has the power to participate in the financial and operating policy decisions of an entity but has no control or joint control over those policies.

Associates are accounted for using the equity method. The group’s share of its associates’ post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group’s interest in each associated company is carried in the consolidated balance sheet at an amount that reflects cost, including the goodwill at acquisition, the Group’s share of profit and losses and its share of post-acquisition movements in reserves recognized in equity. Provisions are recorded for any impairment in value.

In thousands of Russian Rubles unless otherwise stated

Note 3. Summary of Principal Accounting Policies (continued)

Recognition of losses under equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

Joint ventures related to jointly controlled entities are entities which are jointly controlled by two or more parties and investments in such entities are accounted for using the equity method. Joint ventures are contractual agreements whereby two or more parties undertake economic activity, which is subject to joint control. Joint ventures involving jointly controlled assets or joint operations are accounted for using the proportionate consolidation method.

Note 3.1. Restatement of Earlier Financial Statements

In compiling financial statements for six-month period ended June 30, 2013 the presentation of investments in associates was changed and reflected in 2013 half-yearly financial statements and for comparable 2012 period with adjustments.

The effect of retrospective reflection of investments in associates as expressed in the corresponding line items of the Statements of Financial Position for 2012 is presented in the table below:

	As reflected in Financial Statements for 2012	Retrospective reflection of figures for 2012 in Financial Statements for six-month period ended June 30, 2013	Amount of adjustment
ASSETS			
Non-current assets			
Investments in associates	652,427	748,130	95,703
Total non-current assets	**837,119**	**932,822**	**95,703**
TOTAL ASSETS	**1,003,179**	**1,098,882**	**95,703**
EQUITY AND LIABILITIES			
Retained earnings	550,097	645,800	95,703
Total equity attributable to equity holders of the parent	**657,731**	**753,434**	**95,703**
Total equity	**670,658**	**766,361**	**95,703**
TOTAL EQUITY AND LIABILITIES	**1,003,179**	**1,098,882**	**95,703**

The effect of retrospective reflection of investments in associates as expressed in the corresponding line items of the Statements of Changes in Equity for 2012 is presented in the table below:

In thousands of Russian Rubles unless otherwise stated

Note 3.1. Restatement of Earlier Financial Statements (continued)

	As reflected in Financial Statements for 2012	Retrospective reflection of figures for 2012 in Financial Statements for six-month period ended June 30, 2013	Amount of adjustment	As reflected in Financial Statements for 2012	Retrospective reflection of figures for 2012 in Financial Statements for six-month period ended June 30, 2013	Amount of adjustment
	Retained earnings			**Total equity**		
На 31 декабря 2012 года	**(103,438)**	**(7,735)**	**95,703**	**670,658**	**766,361**	**95,703**

Note 4. Property, Plant and Equipment

The net book value of property, plant and equipment as of June 30, 2013, December 31 of 2012 and 2011 was as follows:

	Building and site services	Machinery and equipment	Vehicles	Other	Construction in progress	Total
COST						
Balances at December 31, 2011	28,411	14,047	1,505	10,538	-	**54,501**
Acquisitions	6,489	18,116	3,734	4,112	3,458	**35,909**
Disposals	-	(10)	-	(189)	-	**(199)**
Balances at December 31, 2012	34,900	32,153	5,239	14,461	3,458	**90,211**
Acquisitions	45,921	5,784	-	5,053	-	**56,758**
Disposals	-	-	(368)	-	(3,458)	**(3,826)**
Balances at June 30, 2013	80,821	37,937	4,871	19,514	-	**143,143**
ACCUMULATED DEPRECIATION						
Balances at December 31, 2011	(4,180)	(5,453)	(418)	(7,441)	-	**(17,492)**
Depreciation for 2012	(1,515)	(2,557)	(361)	(2,311)	-	**(6,744)**
Depreciation from 2012 write off	-	7	-	180	-	**187**
Disposals	-	1	-	-	-	**1**
Balances at December 31, 2012	(5,695)	(8,002)	(779)	(9,572)	-	**(24,048)**
Depreciation for 6 months of 2013	(2,969)	(3,127)	(72)	(1,768)	-	(7,936)
Depreciation from 6 months of 2013 write off	-	-	193	-	-	**193**
Disposals	-	-	-	-	-	**-**
Balances at June 30, 2013	(8,664)	(11,129)	(658)	(11,340)	-	(31,791)
NET BOOK VALUE						
At December 31, 2011	24,231	8,594	1,087	3,097	-	**37,009**
At December 31, 2012	29,205	24,151	4,460	4,889	3,458	**66,163**
At June 30, 2013	72,157	26,808	4,213	8,174	-	**111,352**

In thousands of Russian Rubles unless otherwise stated

Note 4. Property, Plant and Equipment (continued)

Depreciation of the asset starts when it is available for use, that is, when location and condition of the asset ensure its use in accordance with intents of the Company's management.

Other property, plant and equipment include computer equipment, office furniture and other equipment.

Note 5. Intangible Assets

The book value of intangible assets as of June 30, 2013, December 31 of 2012 and 2011 was as follows:

	Computer software and licenses	Developments	Rights and patents	Trademarks	**Total**
Initial cost					
Balances at December 31, 2011	290	26,004	1,525	270	**28,089**
Acquisitions	76	10,144	1,935	50	**12,175**
Developments	-	13,695	-	-	**13,695**
Disposals	-	(21,436)	18,610	-	**(2,826)**
Balances at December 31, 2012	366	28,377	22,070	320	**51,133**
Acquisitions	-	63,218	635	120	**63,973**
Developments	-	2,365	-	-	**2,365**
Disposals	-	(9,076)	(9,538)	(70)	**(18,684)**
Balances at June 30, 2013	366	84,884	13,167	370	**98,787**
Accumulated amortization					
Balances at December 31, 2011	(116)	-	(87)	-	**(203)**
Amortization for 2012	(182)	(56)	(2,195)	-	**(2,433)**
Disposals	-	-	-	-	**-**
Balances at December 31, 2012	(298)	(56)	(2,282)	-	**(2,636)**
Amortization for 6 months of 2013	(46)	(2,821)	(101)	-	**(2,969)**
Disposals	-	-	-	-	**-**
Balances at June 30, 2013	(345)	(2,877)	(2,383)	-	**(5,605)**
Net book value					
Balances at December 31, 2011	174	26,004	1,438	270	**27,886**
Balances at December 31, 2012	68	28,321	19,788	320	**48,497**
Balances at June 30, 2013	21	82,007	10,784	370	**93,182**

In thousands of Russian Rubles unless otherwise stated

Note 6. Investments in Associates and Other Companies

Investments in Associates

	As of June 30, 2013	As of December 31, 2012 (as restated, see Note 3.1)	As of December 31, 2011
Hemafund MBC LLC, Ukraine (former Human Stem Cells Institute LLC, /Ukraine/)	748	(878)	302
Hemafund Medical Center LLC (Ukraine)	51,217	51,022	53,607
IceGen LLC	-	-	144
SynBio, LLC	706,772	697,986	733,561
Total investments in associates	**758,737**	**748,130**	**787,614**

Consolidated statements for 2010 include financial performance of subsidiary “Hemafund” MBC LLC. In 2011 share of parent company in “Hemafund” MBC LLC decreased to 50%. Control was lost and in these consolidated financial statements as well as in 2011 and 2012 statements “Hemafund” MBC LLC is presented in the section of investment into associated companies.

Human Stem Cells Institute LLC (HSCI LLC) in Kiev (Ukraine), a company founded by HSCI on 2008 as a subsidiary (51%), in February 2011 changed its name to Hemafund Medical Biotech Company LLC, with the stake of HSCI simultaneously being reduced to 50% on account of the charter capital increase by the second participant.

Group’s consolidated financial statements for 2011 did not include performance results of subsidiary IceGen LLC because financial performance of this subsidiary were not material for consolidation purposes and amounted to 0.009% of Group assets value. IceGen LLC value in 2011 is presented in investment into associated and other companies section according to acquisition cost. Group consolidated statements for 2012 and first half of 2013 include performance of subsidiary IceGen LLC. Cumulative ownership of IceGen LLC with account of shares of HSCI OJSC (48%) and Cryonix CJSC (9%) amounted to 53.28%.

On March 5, 2010 HSCI’s Board of Directors adopted a resolution on acquirement of a stake in Hemafund Medical Center Limited Liability Company, Kiev, in the amount of 50 % of the Charter Capital from Melton Consortium Limited, office 404, Albani House, 324/326, Regent Street, London (W1B 3HH), Great Britain, for the amount of USD 1,500,000 but not more than 45,800,000 in Ruble equivalent. This transaction was performed on April 20, 2010 for the amount of 43,954,800 Rubles, or 16% of the the HSCI’s asset value as of March 31, 2010. On July 12, 2010 the Board of Directors of HSCI OJSC approved a resolution on increase of the charter capital of Hemafund Medical Center LLC from 650,000 hryvnyas to 10,138,640 hryvnyas by means of additional proportional contributions of participants in the amount of USD 600,000 each. So, after the increase of the charter capital of Hemafund Medical Center LLC, the stake of HSCI has not changed. The amount of the transaction for HSCI in the national currency of the Russian Federation totaled 18,346,200 Rubles.

In thousands of Russian Rubles unless otherwise stated

Note 6. Investments in Associates and Other Companies (continued)

In February 2011 through a buy-sale agreement and based on a decision of the Board of Directors, HSCI acquired a 50% stake in Cryonix CJSC for RUB 4,647,000. In April 2011 an additional stake of 5.98% was acquired for RUB 1,680,000. Thus, the sum of the Group's stakes in Cryonix amounted to 55.98% and the sum of financial investments totaled RUB 6,327,000.

HSCI's stake in SymbioTec GmbH, which was increased in Q1 2011 to 44%, was contributed to SynBio LLC in November of 2011. SynBio LLC – is a project company aimed at creating novel medicines, first-in-class and those known as BioBetters, for the Russian and international markets. The company was created to accumulate the assets of participants in order to implement a multilateral project of production and sale of novel medicines, which was proposed by HSCI to RUSNANO and approves by RUSNANO's Supervisory Board in December of 2010.

The total sum of the Group's financial investments in SynBio at the end of the reporting period was RUB 602,283 thousand. The value of the stake of HSCI in the charter capital of SynBio at the end of 2012 was 28.18%. The share of subsidiary Cyronix in the charter capital of SynBio at the end of 2012 was 5.46%. Cumulative HSCI Group's ownership in the charter capital of SynBio amounted to 31.24%.

In December 2012, HSCI OJSC share in NextGen LLC charter capital was increased by additional contribution in amount of 39,140,724 rubles. Additional contribution was made in the form of ordinary nominal uncertified shares of HSCI OJSC (registration No. 1-01-08902-A dated January 12, 2004) in amount of 3,006,200 shares with nominal value of 0.10 rubles. Thus the above mentioned amount of shares during consolidation of the Group financial statements as of the end of 2012 remained in Group and are represented in financial situation statement in "Treasury shares" line at cost of 40,866,000 rubles. At this cost of above mentioned securities was excluded out of other financial contributions section of NextGen LLC statements.

In April 2013, HSCI OJSC share in NextGen LLC charter capital was increased by contribution in the amount of RUB 50,398,000. This additional contribution was made by transferring the exclusive right for the know-how - the method of *Neovasculgen*® drug production. The amount of the contribution was established by independent evaluation (report of KORRAS Consulting LLC No. 16/12-I dated November 30, 2012, assessor – Lebedev Viktor Nesterovich). Therefore, as of June 30, 2013, the value of financial investments in the charter capital of NextGen LLC amounted to RUB 90,138,724.

Investment in associated companies in accordance with accounting policy is reflected using the equity method. In the current year the value of these investments was decreased by the recognized share of the investor in the losses incurred by these companies.

	Effective share of the Group as of June 30, 2013, %	Effective share of the Group as of December 31, 2012, %	Effective share of the Group as of December 31, 2011, %
Hemafund MBC LLC (Ukraine)	50	50	50
Hemafund Medical Center LLC (Ukraine)	50	50	50
IceGen, LLC	-	-	48
SynBio, LLC	31.24	31.24	31.24

In thousands of Russian Rubles unless otherwise stated

Note 6. Investments in Associates and Other Companies (continued)

The calculation of goodwill arising due to the consolidation of HSCI's subsidiary Cryonix

Investment in the subsidiary at the acquisition date	6,327
Net assets of the subsidiary at the acquisition date	9,491
Share of the Group in the subsidiary, %	55.98
The Group's share in the net assets of the subsidiary at the acquisition date	5,313
Goodwill	**1,014**

Other financial investments

	As of June 30, 2013	As of December 31, 2012	As of December 31, 2011
Oxford BioMedica PLC	-	-	905
Cryo Cell International Inc	30	11,800	-
VITA34 INTEL N	37,780	45,089	-
Total investments in other companies	**37,810**	**56,889**	**905**

Note 7. Inventories

	June 30, 2013	December 31, 2012	December 31, 2011
Raw materials	6,796	3,955	6,500
Purchased semi-finished goods and spare parts	231	-	-
Materials in processing	615	586	203
Tools and accessories	1,213	657	74
Finished goods	-	-	2,027
Goods for resale	8,854	7,889	3,611
Work in progress	-	129	-
Special clothing and equipment in store	81	-	-
Shipped goods	-	265	-
Other inventory	1,802	3,419	2,363
Total inventories	**19,592**	**16,882**	**14,778**

Note 8. Accounts Receivable and Advances Made

	As of June 30, 2013	As of December 31, 2012	As of December 31, 2011
Trade accounts receivable (Less: allowance for doubtful trade accounts receivable of 10,415 thousand Rubles as of June 30,2013; 1,686 thousand Rubles as of December 31, 2012, 2,469 thousand Rubles as of December 31, 2011)	36,560	36,898	37,381
Taxes for refund	1,825	1,421	1,155

In thousands of Russian Rubles unless otherwise stated

Income tax receivables	6,310	6,402	2,531
Prepayments and advances to suppliers (Less: allowance for doubtful trade accounts receivable of 487 thousand Rubles as of June 30, 2013 and 463 thousand Rubles as of December 31, 2011)	33,374	61,910	12,376
Other accounts receivable (Less: allowance for doubtful trade accounts receivable of 32 thousand Rubles as of June 30, 2013 and 1,148 thousand Rubles as of December 31, 2011)	3,833	2,775	4,140
Total	**81,902**	**109,406**	**57,583**

The amount of allowance for doubtful accounts receivable is specified by the management of the Group on the basis of solvency determination of certain customers, client's traditional methods of payment, subsequent receipts and settlements and analysis of expected cash flows. The management of the Group supposes that the Group companies can receive the net value of accounts receivable sale by means of direct receipt of cash and non-monetary calculations; hence the said amount approximately reflects their fair value.

Note 9. Cash and Cash Equivalents

	June 30, 2013	December 31, 2012	December 31, 2011
Cash on hand and at bank account	34,012	26,671	17,363
Total cash and cash equivalents	**34,012**	**26,671**	**17,363**

Note 10. Equity

The Share Capital

The Share Capital of the Parent Company consists of 75,000,000 ordinary shares in non-documentary form, with nominal value of 0.10 Rubles. The Share Capital is paid in full.

As of May 3, 2012 (the record date for the AGM) the number of HSCI's shareholders of record amounted to 1,385, including 2 nominee holders. The largest were:

1. Isaev Artur Alexandrovich;
2. First International Investment Group Ltd. (90 Main Street, P.O. Box 3099, Road Town, Tortola, BVI).

The rest are minority shareholders.

The Extraordinary General Shareholders' Meeting on September 22, 2009 adopted a resolution on increase of the share capital of the parent company by means of placement of 20,000,000 additional ordinary shares, each with nominal value of 0.10 Rubles by private placement. The state registration

Note 10. Equity (continued)

number of the additional issue of securities and the date of the state registration: 1-01-08902-A-001D, December 8, 2009.

As a result of IPO conducted on December 10, 2009, OJSC HSCI placed 15 million ordinary shares (20% of increased share capital) in the Innovation and Growth Companies (IGC) sector of MICEX. The offering price amounted to 9.5 Rubles per share.

As of December 31, 2009, the increase of the share capital was not registered. The Report on the additional issue of HSCI's ordinary shares obtained state registration in April 2010. Therefore, according to Russian Federal laws on financial markets, the stock placement couldn't be stated as having taken place as of January 1, 2010. For that reason, in these consolidated financial statements as of and for the year ended December 31, 2010, the overall nominal value of ordinary shares placed (1,500 Rubles) was reported as part of Share Capital, while 141,000,000 Roubles was recognized as Share Premium.

Treasury shares purchased from shareholders

The Consolidated Statements of Financial Position for 2011 indicated the cost of HSCI's own shares purchased from shareholders in the amount of RUB 50,267 thousand (mandatory buyback in compliance with the Federal Law on Joint-Stock Companies). 589,569 shares were purchased at the price of 14.17 rubles per share from shareholders who did not participate in the voting or who voted against the significant transaction approved by EGM on 17 March 2011. The amount of funds spent on purchasing the above mentioned number of shares totaled RUB 8,354,193.

A total of 2,916,625 of the Company's own shares were purchased upon request of shareholders not participating in the voting or voting against the significant transaction approved by EGM on 31 August 2011 (to approve the Investment Agreement for the SynBio project and other transactions in the process of its realization). The shares were purchased at the price approved by the Board of Directors of HSCI on 29 July 2011 – RUB 14.37 per common share. Due to the fact that the shareholders presented demands for a sum exceeding 10% of HSCI's net assets as of 31 August 2011 (the date of the EGM), the shares were purchased proportionately to the amount proffered for buyback. The coefficient was 0.7125. The amount of funds spent executing the buyback totaled RUB 41,911,901.

The total number of own shares purchases as of 31 December 2011 was 3,506,194 for a total sum of RUB 50,266,092.70.

In accordance with the law "On Joint-Stock Companies" within the year of 2012 treasury shares bought back from shareholders were partially realized with selling price of 5,790,000 rubles and loss in amount of 1,298,000 rubles.

Other treasury shares were contributed to NextGen LLC charter capital in amount of 3,006,200 shares with nominal value of 0.10 rubles. Shares were transferred at the price established by independent evaluation (report of KORRAS Consulting LLC No. 17/152-B dated November 16, 2012, assessor – Lebedev Viktor Nesterovich) in amount of 39,141,000 rubles. Price of shares as of the end of 2012 with account of revaluation amounted to 40,866,000 rubles.

In thousands of Russian Rubles unless otherwise stated

Note 10. Equity (continued)

Provisions for profit from revaluation (revaluation reserve)

At the end of the reporting period the consolidated financial statements indicate Provisions for profit from revaluation in the amount of RUB 635,133 thousand which includes the revalued amounts of the following items:

Item name	Fair value (RUB ‘000)
44% stake in SymbioTec GmbH (Germany)	102,361
Right to sublicense the use of an invention with Patent Number RU 2297848 on the basis of licensing agreement No. RD0045679	295,956
Exclusive rights to the invention with Patent Number RU 2343928 “Method for isolating nucleated cells from umbilical cord blood”	124,584
Right to sublicense agreement No. 04-1/2011 dated 31 October 2011	112,232
TOTAL	**635 133**

The formation of the Provisions for profit from revaluation was justified by the valuation of intangible assets and financial investments at market value carried out by Financial Consulting Group LLC on June, 1 2011 with the aim of appraising the contribution to the charter capital of SynBio LCC.
Revaluation profit reserves referred to in this Appendix was included in 2012 into profits not subject to allocation section.

In thousands of Russian Rubles unless otherwise stated

Note 10. Equity (continued)

The structure and flow of the Share Capital as of December 31, 2011, December 31, 2012 and June 30, 2013 were as follows:

	December 31, 2011				***December 31, 2012***				***June 30, 2013***			
Shareholders	**Number of ordinary shares**	**Nominal value, Rubles**	**Share capital, thousand Rubles**	**Share, %**	**Number of ordinary shares**	**Nominal value, Rubles**	**Share capital, thousand Rubles**	**Share, %**	**Number of ordinary shares**	**Nominal value, Rubles**	**Share capital, thousand Rubles**	**Share, %**
Isaev Artur Aleksandrovich	30,600,000	0.1	3,060	40.80	30,600,000	0.1	3,060	40.80	30,600,000	0.1	3,060	40.80
First International Investment Group Ltd. (BVI)	25,860,000	0.1	2,586	34.48	25,860,000	0.1	2,586	34.48	25,860,000	0.1	2,586	34.48
BrokerCreditService (Cyprus) Limited	-	-	-	-	5,107,500	0.1	511	6.81	5,107,500	0.1	511	6.81
NextGen, LLC	-	-	-	-	3,006,200	0.1	301	4.01	3,006,200	0.1	301	4.01
Minority shareholders	18,540,000	0.1	1,854	24.72	10,426,300	0.1	1,042	13.90	10,426,300	0.1	1,042	13.90
Total registered share capital	**75,000,000**	**0.1**	**7,500**	**100**	**75,000,000**	**0.1**	**7,500**	**100**	**75,000,000**	**0.1**	**7,500**	**100**

Unregistered share capital	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	15,000	9.40	141,000	-	15,000	9.40	141,000	-	15,000	9.40	141,000	-

In thousands of Russian Rubles unless otherwise stated

Note 10. Equity (continued)

Dividends. Allocation and other disposition of profits are performed on the basis of accounting data of the Group drawn up in accordance with Russian accounting standards. In accordance with Russian laws net profit is subject to allocation. In 2013 (for the year 2012) and in 2012 (for the year 2011), the Group have not declared and paid dividends.

Note 11. Accounts Payable and Accrued Liabilities

Long-term accounts payable

	Currency	June 30, 2013	December 31, 2012	December 31, 2011
Advances received	Rubles	108,119	63,655	59,141
Total		**108,119**	**63,655**	**59,141**

Short-term accounts payable

	Currency	June 30, 2013	December 31, 2012	December 31, 2011
Accounts payable due to suppliers and contractors	Rubles	4,710	6,896	19,290
Payroll obligations	Rubles	2,594	1,854	3,392
Advances received	Rubles	45,830	95,356	63,444
Vacation provisions	Rubles	1,694	3,898	-
Other payables	Rubles	3,641	4,527	989
Total accounts payable and accrued expenses		**58,469**	**112,531**	**87,115**
Income tax payable	Rubles	-	119	882
Total		**58,469**	**112,650**	**87,997**

Long-term accounts payable are comprised of advanced payments received on long-term agreements on provision of services for storage of cord blood stem cells and autologous dermal fibroblasts.

Note 15. Other taxes payable

	June 30, 2013	December 31, 2012	December 31, 2011
Individual income tax withheld	1,173	1,094	1,067
Property tax	462	282	184
UST (insurance contributions)	2,270	1,605	1,319
VAT	560	315	1,340
Other taxes	-	16	13
Total	**4,465**	**3,312**	**3,923**

In thousands of Russian Rubles unless otherwise stated

Note 13. Borrowings

Long-term borrowings

Creditor	Currency	Effective rate, %	June 30, 2013	December 31, 2012	December 31, 2011
“Dixcart Limited” company	Rubles	13.5	739	739	739
“Sberbank” OJSC	Rubles		28,943	37,485	-
“Finam Bank” CJSC	Rubles		26,740	23,565	-
Total long-term borrowings			**56,422**	**61,789**	**739**

Short-term borrowings

Creditor	Currency	Effective rate, %	June 30, 2013	December 31, 2012	December 31, 2011
OJSC “Pharmsyntez”	Rubles	7.75	-	-	47
Isaev Artur Aleksandrovich	Rubles	10.00	7	7	9,667
“Sberbank” OJSC	Rubles		30,305	27,921	-
“Finam Bank” CJSC	Rubles		9,795	6,720	-
“SynBio” LLC	Rubles		48,895	52,569	-
Total short-term borrowings			**89,002**	**87,217**	**9,714**

Note 14. Revenue

	Six-month period ended June 30, 2013
Revenue from operations (primary business)	**190,980**
Revenue from isolation and cryopreservation of cord blood stem cells	79,794
Revenue from storage of cord blood stem cells	30,272
Revenue from SPRS-therapy service	8,848
Revenue from the sale of Neovasculgen® drug	70,212
Revenue from provision of genetic diagnostics and consulting services	1,854
Other revenue:	**24,706**
Revenue from R&D	14,975
Revenue from leasing	2,468
Revenue from publishing of CTTE journal	173
Other	7,090
Total revenue	**215,686**

In thousands of Russian Rubles unless otherwise stated

Note 14. Revenue (continued)

Other revenue includes:

	Six-month period ended June 30, 2013
Revenue from sale of property, plant and equipment	4,520
Other	2,570
Total	**7,090**

Note 15. Gain/ (Loss) from investing activities

	Six-month period ended June 30, 2013
Share in losses in the financial results of associated company Hemafund Medical Center LLC (Ukraine)	(361)
Share in losses in the financial results of associated company Hemafund MBC LLC	(564)
Share in profits in the financial results of associated company SynBio LLC	8,786
Total	**7,861**

Note 16. Operating Expenses

	Six-month period ended June 30, 2013
Wages, salaries, other benefits and payroll taxes	74,211
Materials and reagents	13,631
R&D costs	19,583
Rental fee	15,084
Advertising costs	10,671
Services of third-party organizations (contractors)	3,958
Consulting and similar services	6,345
Travelling expenses	2,933
Depreciation	7,743
Taxes other than on income	1,019
Utilities, including communications services	1,858
Bad debt recovery	(2,109)
Representation expenses	588
Usage rights for software products and databases	1,007
Bank charges	1,340
Repair & Maintenance costs	2,448
Transportation services	2,138
Vacation provisions increase	4,541
Stationery	390
Accounts receivable write-off	96
Amortization	2,969
Other expenses	2,892
Total operating expenses	**173,336**

In thousands of Russian Rubles unless otherwise stated

Note 19. Financial Income and Expenses

Financial gain

	Six-month period ended June 30, 2013
Interest income	2,184
Foreign exchange gain	1,193
Gain from discounting of long-term accounts payable	20,879
Total financial income	**24,256**

Financial expenses

	Six-month period ended June 30, 2013
Interest expense	(10,113)
Foreign exchange loss	(191)
Loss from discounting of long-term accounts payable	(11,153)
Loss on factoring transactions	(1,577)
Loss on sale of investments	(611)
Total financial expenses	**(23,645)**
	(611)

Note 18. Contingent and Contractual Liabilities and Operational Risks

Political Situation. Operational activity and profit gained by the Group companies are, to different extents, influenced by political, legislative, financial and administrative changes taking place in the Russian Federation.

Insurance. The Group has restricted insurance policies with regard to assets, operations, civil responsibility and other insured risks. So, the Group may be exposed to risks that are not insured.

Legal Proceedings. The Group is not involved in legal proceedings. The management of the Group supposes that there are no such claims or lawsuits that could exert a significant negative influence on financial condition of the Group among claims or lawsuits existing at present time and judgments delivered in respect of them.

Allowance for Decrease in Value of Accounts Receivable and vacations provision. The table below shows a change in the allowances for decrease in value of accounts and allowances for staff vacancies:

	Vacations provision	***Allowance for decrease in value of accounts receivable***
Balance at December 31, 2011	**969**	**4,080**
Provisions change	(50)	(1,686)
Balance at December 31, 2012	**919**	**2,394**
Provisions change	462	8,540
Balance at June 30, 2013	**1,381**	**10,934**

Note 18. Contingent and Contractual Liabilities and Operational Risks (continued)

Taxation. The Russian tax, currency and customs laws allow various interpretations and are subject to frequent modifications. The Group interpretation of these laws when used in respect of operation and activities of the Group may be objected by relevant regional or federal authorities. Recent events that took place in the Russian Federation show that tax authorities can adopt a more severe attitude regarding interpretation of laws and inspection of tax calculations.

As a result, considerable additional taxes, penalties and fines may be charged. Tax inspections can concern three calendar years of operation directly preceding the year of the inspection. Under certain conditions earlier periods can also be inspected.

The management supposes that relevant provisions of laws were interpreted by them correctly as of June 30, 2013, and the condition of the Group regarding tax, currency and customs laws will be stable. For those cases when, in the Group's management opinion, a significant doubt in maintenance of the Group's condition exists, proper liabilities are recognized in the financial statements.

Natural Environment. Laws concerning protection of the environment are in the process of development in the Russian Federation, and corresponding measures of government authorities are being constantly revised. The Group regularly estimates its environment protection liabilities.

Possible liabilities may arise as a result of changes in requirements of the existing laws and civil disputes regulation. Influence of these possible changes cannot be estimated but they can be material. Considering the existing situation in respect of compliance with effective regulations, the management of the Group supposes that there is no material liabilities related to environment protection.

Conditions of the Group's Operation. Despite improvement of the economic situation in the Russian Federation, it still has some characteristic features of an emerging market. These characteristic features include, without limitation, inconvertibility of the Russian Ruble in most countries and a rather high inflation. Moreover, existing Russian tax, currency and customs laws allow various interpretations and are subject to frequent modifications.

Economic prospect for the Russian Federation depends to a large extent on efficiency of economic measures, financial mechanisms and monetary policy adopted by the Government of the Russian Federation, and development of fiscal, legal and political systems.

Note 19. Related Parties

Parties shall be deemed related if one of them can control or greatly influence operational and financial decisions of the other party, or in case of a joint control over them, or it is over a joint control with the other party. While considering each possible case of existence of relationship between such parties, the main attention shall be paid to the essence of the relationship but not to their legal nature.

Related parties of the Group during reporting periods were:

Isaev Arthur Aleksanderovich;

Isaev Andrei Aleksanderovich;

Prihodko Alexander Victorovich;

Kiselev Sergey Lvovich;

Vasilyev Maksim Iurevich;

Alexandrov Dmitry Andreevich;

In thousands of Russian Rubles unless otherwise stated

Note 19. Related Parties (continued)

Saulin Vladislav Alvinovich;

Genkin Dmitry Dmitrievich;

Dremin Maxim Vladimirovich;

First International Investment Group Ltd. (BVI);

Hemafund Medical Biotech Company LLC (former Human Stem Cells Institute, Limited Liability Company in Kiev (Ukraine);

Hemafund Medical Center LLC (Ukraine);

SynBio LLC;

The nature of relationship with the related parties with which the Group has material account balances as of June 30, 2013 is described in details further.

Account balances with regard to related parties of the Group as of the end of the period are shown below:

	June 30, 2013
Accounts receivable	
Hemafund Medical Center LLC	1,500
Accounts payable	
SynBio LLC	30
Short-term loans and credits granted	
First International Investment Group Ltd	3,584
Hemafund Medical Center LLC	6,541
Short-term loans and credits received	
SynBio LLC	48,895

Remuneration paid to the management of the Group

Remuneration paid to the management of the Group for performance of their duties in accordance with their positions is formed by salaries specified by contracts, and bonuses. Amounts indicated include personal income tax but do not include insurance payments to non-budgetary funds. The remuneration amounted to:

	Six-month period ended June 30, 2013
Wages and other types of short-term employee benefits	5,128
Total at June 30, 2013	**5,128**

In thousands of Russian Rubles unless otherwise stated

Note 20. The Structure of the Group

These consolidated financial statements include assets, liabilities and operational results of HSCI and its subsidiary and associated companies as follows:

	Main activity	Effective share of the Group, % as of:		
		June 30, 2013	December 31, 2012	December 31, 2011
Subsidiaries				
NextGen LLC (before November, 2011 - Human Stem Cells Institute Publishing House LLC)	NextGen focuses on R&D in the fields of cell and gene therapy, the development of new ways to treat inherited diseases using Assisted Reproductive Technologies as well as the creation of DNA tests (arrays) for the diagnosing of inherited diseases and predisposition to them. HSCI Publishing House – publishing of *Cellular Transplantology and Tissue Engineering* scientific & analytical journal (see Note 1).	100	100	100
Cell Technology Laboratory LLC	Scientific research and development in the fields of natural and technical sciences. The laboratory facilitates the development of new technologies and medicines based on cell and gene therapy.	75	75	75
Vitacel LLC	The developer of the technology for application of patients' own autologous dermal fibroblasts for repairing skin damage – SPRS-therapy. Is engaged in development and planning for application of technologies for applying gingival autologous fibroblasts as well as tissue engineering of osteoplastic biocomposites for treatment of soft and hard periodontal tissues.	60	60	60
Cryonix CJSC	Business focused on biotechnologies, pharmacology and medicine. Key R&D projects of the company include the application of innovative drugs based on Histone H1 for the treatment of oncohematological diseases as well as the development of medicines based on stem cells. Also provides services on the market for isolation and cryopreservation and storage of cord blood stem cells.	55.98	55.98	-
RGMC LLC	Medical services provision. As of June 30, 2013: genetic diagnostics and consulting (including Gemascreen – from April 1, 2013; PGD consultation; Ethnogene)	100	100	-
IceGen LLC	The Company which was created for the consolidation of the shares of participants of the SynBio project (except RUSNANO) as an asset holding company.	53.28	53.28	53.28

In thousands of Russian Rubles unless otherwise stated

Note 20. The Structure of the Group (continued)

Associated companies				
Hemafund Medical Biotechnological Company LLC (Ukraine)	Medical services; collection, cryopreservation, transportation and banking of cord blood.	50	50	50
Hemafund Medical Center LLC (Ukraine)	Family cord blood bank. Provides services for isolation, cryopreservation and long-term storage of cord blood stem cells	50	50	50
SynBio LLC	A project company engaged in the development of innovative first-in-class medicines as well as BioBetters for commercialization on the Russian and international markets.	31.24	31.24	31.24

In 2011 Human Stem Cells Institute Publishing House LLC was renamed to NextGen LLC and HSCI LLC (Ukraine) was renamed to Hemafund Medical Biotechnological Company LLC.

CJSC Cryonix

In February 2011 via an equity capital sale-purchase agreement a 50% stake was acquired in Cryonix CJSC. In April 2011 an additional 5.98% stake was acquired. Thus, as at the end of the reporting period HSCI's stake in Cryonix amounted to 55.98%.

Cryonix operates in the biotech, pharmacological and medical sectors. The company's key R&D projects include the development of new medicines based on Histone H1 for treatment of oncohematological diseases as well as the development of drugs based on stem cells. Cryonix also provides services on the market for isolation and cryopreservation of cord blood stem cells.

Hemafund Medical center LLC (Ukraine)

In April 2010 HSCI OJSC completed the acquisition of a 50% stake in Hemafund - the largest Ukranian cord blood bank (Hemafund Medical Center LLC), and in July 2010 took part in the increase of its charter capital without changing the stake size.

Medical Biotechnological Company Hemafund, LLC, (Ukraine)

As of June 30, 2013, HSCI's share in Hemafund Medical Center LLC as well as in Hemafund Medical Biotechnological Company LLC amounts to 50%. Participation of HSCI in charter capitals the above-mentioned companies reflected in these consolidated financial statements as of June 30, 2013 as investments in associates.

SynBio LLC

SynBio is a special-purpose company created for the implementation of multilateral project aimed at creating novel medicines (first-in-class and BioBetters) 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 was among the project initiators. The Project received an approval from Supervisory Board of RUSNANO in December 2010.

Note 20. The Structure of the Group (continued)

The property provided by HSCI as its contribution to the charter capital of SynBio LLC included intangible assets associated with IP – a patent and the right for patent's use, as well as the HSCI's stake in SymbioTec GmbH (Saarbrücken, Germany), which was increased to 44% in Q1 of 2011.

HSCI OJSC's stake in SynBio LLC at the end of 2012 was 28.18%. The stake of Cryonix CJSC in SynBio LLC at the end of 2012 was 5.46%. HSCI's stake in the charter capital of SynBio LLC (as of June 30, 2013) is defined as a result of direct and indirect participation. Therefore, total share of HSCI in the charter capital of SynBio LLC amounts to 31.24%.

IceGen LLC

On 9 August 2011 at a meeting of founders the limited liability company IceGen was established, with HSCI holding a 48% stake and Cryonix holding a 9% stake.

Due to the fact that the share of HSCI in the charter capital of SynBio LLC and IceGen LLC as of June 30, 2013 was less than 50% and in Hemafund Medical Biotechnology Company and Hemafund Medical Center was 50% and also due to the fact that the parent company (head organization) does not have other methods for controlling the decision-making of these companies, the participation of HSCI in the charter capital of these companies is expressed in the consolidated financial statements of the Group as of June 30, 2013 in the manner established for reflecting investment in associated companies.

RGMC HSCI LLC

RGMC HSCI LLC (Regenerative and Genetic Medical Center of the Human Stem Cells Institute) is HSCI's 100% subsidiary which was specially created in October 2012 for providing HSCI's medical services (with the aim to use tax allowance).