

**Public Joint Stock Company
HUMAN STEM CELLS INSTITUTE
and its subsidiaries**

Unaudited Condensed Consolidated Interim Financial Statements
Prepared in Accordance with
International Financial Reporting Standards

*as of 30 September, 2016
and for the nine-month period then ended*

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Important remarks

Hereinafter contained unaudited condensed consolidated interim financial statements of HSCI as of September 30, 2016 and for the nine-month period then ended 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 (The original Statements in Russian: http://hsci.ru/investoram-i-aktsioneram/financial_reporting/otchet_y_msfo)

HSCI PJSC

Consolidated interim statement of financial position

(thousands of Russian rubles, unless otherwise indicated)

	Notes	30 September 2016	31 December 2015 (audited)
Assets			
Non-current assets			
Property, plant and equipment	3	90,393	96,553
Intangible assets	4	50,153	47,659
Investments in associates		313,594	313,952
Deferred tax assets		11,652	13,064
Total non-current assets		465,792	471,228
Current assets			
Inventories	14	41,978	52,077
Long-term assets held for sale (AFS financial investments)		-	10,000
Trade receivables	5	31,724	23,571
Other receivables	5	80,556	65,702
Other current financial assets	5	81,763	159,195
Cash and cash equivalents	15	281,730	50,761
Total current assets		517,751	361,306
Total assets		983,543	832,534
Equity and liabilities			
Equity			
Share capital		7,500	7,500
Share premium		139,702	139,702
Treasury shares		(43,179)	(43,179)
Retained earnings		78,093	183,116
Dividends declared for payments		(22,500)	-
Other components of equity		485	485
Equity attributable to equity holders of the parent		160,101	287,624
Non-controlling interests		90,745	71,777
Total equity		250,846	359,401
Non-current liabilities			
Interest-bearing loans and borrowings	6	310,900	24,625
Deferred tax liabilities		15,849	29,747
Total non-current liabilities		326,749	54,372
Current liabilities			
Interest-bearing loans and borrowings	6	78,790	90,048
Advances received		279,966	299,027
Trade and other payables	6	37,230	19,299
Deferred income	6	6,000	7,990
Taxes payable		3,962	2,397
Total current liabilities		405,948	418,761
Total liabilities		732,697	473,133
Total equity and liabilities		983,543	832,534

Authorized for issue and signed on 30 November, 2016

General Director

/s/

A.A.Isaev

The notes on pages 7 through 17 are an integral part of these condensed consolidated interim financial statements

HSCI PJSC

Consolidated interim statements of cash flow

(thousands of Russian rubles, unless otherwise indicated)

	Notes	Nine-month period, ended 30 September 2016
Sale of goods and services	7	285,234
Total revenue		285,234
Operating expenses, including:	8	(390,017)
<i>Depreciation and amortization</i>	8	(18,813)
Operating loss		(104,783)
Interest expense	11	(10,377)
Interest income		1,599
Share of loss of associates	13	(357)
Net other non-operating loss	9	(14,948)
Net foreign exchange loss	10	(2,373)
Loss before tax		(131,239)
Income tax	12	12,486
Loss for the period		(118,753)
Total comprehensive loss for the period, net of tax		(118,753)
Loss for the period		(118,753)
<i>Attributable to:</i>		
Equity holders of the parent		(105,023)
Non-controlling interests		(13,730)
Total comprehensive loss for the period, net of tax		(118,753)
<i>Attributable to:</i>		
Equity holders of the parent		(105,023)
Non-controlling interests		(13,730)
Basic and diluted loss per share for loss for the period attributable to equity holders of the parent (RUB)	16	(1,58)

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/s/

A.A.Isaev

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HSCI PJSC

Consolidated interim statements of cash flow

(thousands of Russian rubles, unless otherwise indicated)

	Notes	Nine-month period, ended 30 September 2016
Operating activities		
Loss for the period		(118,753)
Income tax	12	(12,486)
Loss before tax		(131,239)
<i>Adjustment for non-cash items to reconcile profit before tax to net cash flows</i>		
Depreciation and amortization	8	18,813
Interest expense	11	10,377
Interest income		(1,599)
Share of loss of associates	13	357
Establishing of a subsidiary		33
Net foreign exchange loss	10	2,373
Other non-operating expenses		2,864
Net loss from revaluation of financial instruments held for trading		12,084
Operating loss before changes in working capital, interest and income taxes paid		(85,937)
<i>Working capital adjustments</i>		
Increase in trade and other receivables and prepayments		(7,052)
Decrease in inventories		10,099
Increase in trade and other payables		(22,089)
Net cash flows used in operating activities		(104,979)
Investing activities		
Purchase of property, plant and equipment and intangible assets		(15,716)
Loans issued		(3,865)
Repayment of loans issued		11,429
Proceeds from sale of financial assets held for trading		45,271
Interest received		2,188
Net cash flows from investing activities		39,307
Financing activities		
Proceeds from loans and borrowings net of fees paid		321,081
Repayment of loans and borrowings		(17,345)
Interest paid		(6,506)
Net cash flows from financing activities		297,230
Net increase in cash and cash equivalents		231,558
Effect of exchange rate changes on cash and cash equivalents		(589)
Cash and cash equivalents at the beginning of the period		50,761
Cash and cash equivalents at the end of the period		281,730

Authorized for issue and signed on 30 November, 2016

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HSCI PJSC

Consolidated interim statement of changes in equity

(thousands of Russian rubles, unless otherwise indicated)

Attributable to equity holders of the parent

	Share capital (mln. shares)	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 31 December 2015	75	7,500	(43,179)	139,702	485	183,116	287,624	71,777	359,401
Loss for the 9 months of 2016	-	-	-	-	-	(105,023)	(105,023)	(13,730)	(118,753)
Total comprehensive income	-	-	-	-	-	(105,023)	(105,023)	(13,730)	(118,753)
Increase of subsidiary's charter capital / additional capital contribution	-	-	-	-	-	-	-	32,665	32,665
Establishing of a subsidiary	-	-	-	-	-	-	-	33	33
Dividends declared for payment	-	-	-	-	-	(22,500)	(22,500)	-	(22,500)
As at 30 September 2016	75	7,500	(43,179)	139,702	485	55,593	160,101	90,745	250,846

Authorized for issue and signed on 30 November 2016

General Director

/s/

A.A.Isaev

The notes on pages 7 through 17 are an integral part of these condensed consolidated interim financial statements

HSCI PJSC

Notes to condensed consolidated interim financial statements as of 30 September, 2016 and for the nine-month period then ended

(thousands of Russian rubles, unless otherwise indicated)

1. Corporate information

The condensed consolidated interim financial statements of Public Joint Stock Company Human Stem Cells Institute and its subsidiaries as of and for the nine-month period ended 30 September, 2016 were authorized for issue in accordance with a resolution of the General director on 30 November, 2016.

Public Joint Stock Company Human Stem Cells Institute (hereinafter, the "Company", "HSCI PJSC" or "HSCI") is the first Russian public biotech company founded on November 27, 2003 under the laws of the Russian Federation. The Group of HSCI companies (hereinafter, the "Group" of "HSCI Group") comprises the Company and its subsidiaries and associates.

At the moment, the Company has a holding structure: a parent company – HSCI PJSC listed on the Moscow Exchange, and 8 subsidiaries, 3 of which are Skolkovo residents.

HSCI is engaged in drug discovery, R&D and marketing of innovative proprietary products and services in the field of advanced biomedical technologies, including such segments as:

- Gene therapy
- Regenerative medicine (stem cell therapy and services, tissue engineering products)
- Medical genetics, including reproductive genetics (Lab & clinics /genetic testing and consulting/)
- Bio-insurance
- Biopharmaceutics

The Company strives to foster a new culture of medical care linked to the concepts of personalized and preventive medicine.

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

The Company has brought to the market Neovasculgen[®] - the first Russian gene-therapy drug for treatment of Peripheral Arterial Disease (PAD), including Critical Limb Ischemia (CLI), caused by atherosclerosis. Neovasculgen[®] is a first-in-class drug whose action mechanism – therapeutic angiogenesis – introduces a new approach to treating ischemia. As of today, the drug has marketing authorization in both Russia and Ukraine.

HSCI has introduced to the Russian aesthetic medicine market SPRS-therapy[®] – a set of personalized diagnostics and treatment procedures based on the innovative cell technology which entails the use of autologous dermal fibroblasts to repair skin damage due to aging and other structural changes.

HSCI is implementing a socially significant Genetico[®] project for the development of its own medical center & testing lab to provide a range of genetic diagnostic and consulting services with the aim of early identification, prediction and prophylactic treatment of genetic disorders, including reproductive system diseases. Among others, Genetico[®] center & testing lab provide medical genetics consultations using various genetic testing technologies, including DNA screening, diagnostic panels for specific disease categories and cases, Prenetix[®] non-invasive prenatal testing (NIPT) as well as preimplantation genetic diagnosis of early-stage embryos for monogenic inherited diseases and chromosomal aberrations during an IVF cycle (PGD). The company has also brought to the Russian market the services in such areas as oncogenetics (e.g. identification of genetic predisposition to breast and/or ovarian cancer) and bioinformatics based on NGS (e.g. genome sequencing and interpretation, including Whole Exome Sequencing for the diagnosis of complicated inherited disease cases; extended diagnostic panels for specific disease categories and cases, including oncological diseases). Starting 2013 the medical genetics diagnostic and consulting services are offered based on HSCI's new laboratory and production complex in Moscow.

The Company intends to develop its products not only for the Russian market but for international markets as well.

In December 2009 Human Stem Cells Institute conducted its IPO on the MICEX (ticker: [ISKJ](#)), becoming the first biotech company in Russia to go public. HSCI is traded on the iIM (Innovation & Investment Market) – an exchange sector created as a platform for innovative and growing companies. Today MICEX is part of the Moscow Exchange (the ME MICEX-RTS).

HSCI PJSC
Notes to condensed consolidated interim financial statements
as of September 30, 2016 and for the nine-month period then ended
(thousands of Russian rubles, unless otherwise indicated)

2. Group information

Information about subsidiaries

The subsidiaries consolidated in the Group's consolidated financial statements are disclosed below:

Name	Business activity	Country of incorporation	% equity interest	
			30 September 2016	31 December 2015
"NextGen" Co. Ltd.	R&D and marketing of products for gene and cell therapies.	Russia	100.00	100.00
Cell Technology Laboratory LLC	R&D for cell- and gene-based technologies.	Russia	75.00	75.00
Vitacel LLC	A developer of innovative cell-based and tissue engineering technologies for the regenerative medicine, incl. the aesthetic medicine (the company has developed and patented SPRS-therapy – a set of personalized diagnostics and treatment procedures for individual skin regeneration based on the use of autologous dermal fibroblasts to repair skin damage due to aging or other structural changes).	Russia	60.00	60.00
Cryonix JSC	Development and commercialization of innovative drugs and provision of high-tech medical services.	Russia	70.11	70.11
GENETICO LLC	R&D and provision of medical services (genetic diagnostic and consulting services with the aim of early identification, prediction and prophylactic treatment of genetic disorders; services of the reproductive cell and tissue bank (personal storage / donor bank)).	Russia	73.08	76.11
IMCB LLC	"International Medical Center for Biomaterials Processing and Cryostorage" LLC was set up for the provision of Gemabank's services (starting Q4 2015)	Russia	100.00	100.00
NVG-cardio LLC	R&D for introduction of innovative gene therapy drugs to treat cardiovascular diseases.	Russia	65.00	65.00
"Angiogenesis" LLC	R&D and commercialization of innovative gene therapy drugs for cardiovascular diseases.	Russia	67.00	-

HSCI PJSC is registered at: 18/1 Olimpiysky prospect, Moscow 129110, Russia

In October 2005, the Company founded a 100% owned subsidiary, Human Stem Cells Institute Publishing House LLC. On 1 November 2011, Human Stem Cells Institute Publishing House LLC was renamed as "NextGen" Co. Ltd. to focus on R&D and marketing of products for gene therapy, the development of treatments using gene therapy drugs and the method of therapeutic angiogenesis. In addition, "NextGen" Company Limited works on the development of new ways to prevent/treat inherited diseases. HSCI OJSC assumed publishing responsibility for the CTTE (Cell Transplantation & Tissue Engineering) journal.

HSCI PJSC

Notes to condensed consolidated interim financial statements
as of September 30, 2016 and for the nine-month period then ended

(thousands of Russian rubles, unless otherwise indicated)

2. Group Information (continued)

In April 2007, HSCI founded a 75% owned subsidiary, Cell Technology Laboratory LLC.

In April 2010, under an equity interest sale and purchase agreement, the Company purchased a 60% interest in Vitacel LLC.

In February 2011, under an equity interest sale and purchase agreement, the Company purchased a 50% interest in Cryonix JSC. In April 2011, the Company purchased an additional interest of 5.98%. As a result of related transactions, in 2011 the Company acquired control over Cryonix JSC. The acquisition of Cryonix JSC was a common control transaction, thus, in accordance with accounting policies of the Group, it was recognized as acquisition of business under common control.

In 2013, after the failure to comply with a loan agreement secured by a pledge of 903 ordinary registered non-documentary shares in Cryonix JSC, the shares were transferred to the Company thus increasing its share in Cryonix JSC by 3%. Thus, as of 31 December, 2013, the total Company's share in Cryonix JSC was 58.98%. In accordance with accounting policies of the Group, the transaction was accounted for as an equity transaction. In 2014 HSCI paid for the shares of Cryonix JSC under closed subscription for an additional securities issue. In November 2014, the report on the issue of additional securities underwent state registration. As a result, the Group's share in Cryonix JSC increased to 70.11%.

Cryonix JSC operates in the biotech, pharmacological and medical sectors. The company's key R&D projects include the development of cell-based medications as well as introduction of novel therapeutics based on Histone H1 – for treatment of oncohematological diseases. Cryonix JSC is a long-standing partner of HSCI; it has represented Gemabank's services in Saint Petersburg and the region. In addition, Cryonix JSC, along with HSCI PJSC, is a co-investor of multilateral international project SynBio, supported by RUSNANO, and a participant in IceGen LLC.

On 9 August, 2011, by decision of the founders, IceGen LLC was founded with the shares held by HSCI and Cryonix JSC amounting to 48.07% and 9.31%, respectively. As of 31 December 2015, the Group's effective interest in IceGen LLC was 54.60% (as of 31 December 2014: 54.60%).

IceGen LLC was established to consolidate participatory interests of SynBio LLC (except for RUSNANO) as an asset holding company. Participatory interests of SynBio LLC were consolidated in 2014, resulting in the Group's loss of control over IceGen LLC. Therefore, starting from 2014, IceGen LLC is accounted for using the equity method (See Note 13).

SynBio project has been under restructuring since 2016: to start with, IceGen has become a shareholder of Pharmsynthez PJSC (by contribution of its stake in SynBio LLC into Pharmsynthez' share capital – in the course of private placement).

In October 2012 RGMC HSCI LLC was founded with the share held by HSCI amounting to 100% for R&D and introduction of their results into practical healthcare through rendering of medical services. Starting from 2013 the company has been providing the range of genetic diagnostic and consulting services as well as reproductive cell and tissue bank services (personal storage, donation).

On 2 June, 2014 RVC Biopharmaceutical Investments, Ltd. (RVC BioFund), a state investment fund, became a second participant in the company according to the investment agreement signed with HSCI for joint financing and development of the Genetico[®] project for the development of personalized medicine in the field of early identification, prediction and prophylactic treatment of genetic disorders, including reproductive system diseases. As of 31 December, 2015, the share of RVC BioFund in the company amounted to 23.89%.

HSCI PJSC

Notes to condensed consolidated interim financial statements
as of September 30, 2016 and for the nine-month period then ended

(thousands of Russian rubles, unless otherwise indicated)

2. Group Information (continued)

In October 2015, RGMC HSCI LLC was renamed to GENETICO LLC (Center of Genetics and Reproductive Medicine GENETICO LLC). In a framework of the investment agreement above mentioned, during the reporting period HSCI fulfilled its liability to contribute RUB 40 million on the terms of further conversion into the share in the charter capital of GENETICO LLC. During the conversion of this additional contribution to the charter capital of GENETICO LLC the following calculation was used: RUB 1 (one) in the charter capital of GENETICO LLC for RUB 1,000 (one thousand) of investment funds of HSCI PJSC. As of March 31, 2016 - as a result of conversion - the charter capital of GENETICO LLC amounted to RUB 354,000, with HSCI's share of 78.11 % and RVC BioFund's share of 21.19 %. In June 2016, the charter capital of GENETICO LLC was increased by the participants to RUB 399,634 as a result of conversion of the loans given by them to GENETICO LLC before, with HSCI's share amounting to 73.08 % and RVC BioFund's share amounting to 26.92 %, that is still in case as of September 30, 2016.

To scale the business of providing Genetico[®] services, first of all – through technology transfer and localization of production of DNA-tests/diagnostic panels in Russia, GENETICO LLC has attracted a long-term loan from IDF (Russian State Industry Development Fund) – in the amount of RUB 300 million for 5 years, with an interest rate of 5% per annum with a grace period for the payment of principal debt (starting the 4th year). The loan was received in September 2016.

HSCI PJSC as a parent company will provide pledge and guarantee.

The total cost of the project amounts to RUB 600 million, of which RUB 150 million have already been invested by HSCI over the past 3 years (as Genetico[®] services have been developing since 2013), RUB 300 million are provided by IDF, while the rest RUB 150 million are yet to be invested by GENETICO LLC participants. For details, see the press-release: [HSCI GENETICO Center received RUB 300 mln from IDF](#).

On 01 September, 2014, pursuant to the BoD Minutes, HSCI resolved to establish International Medical Center for Biomaterials Processing and Cryostorage LLC (IMCB LLC) with HSCI's participatory interest of 100%. From October 1, 2015 the Company started rendering Gemabank[®] services through IMCB LLC (after IMCB obtained the license for hematopoietic cord blood stem cell isolation, transportation and storage services in July 2015) – with the aim to increase Gemabank's operational effectiveness as well as to use state tax allowance for medical companies. Therefore, in Q4 2015 IMCB started providing the complex service of personal cord blood stem cell banking which used to be provided by HSCI itself, and recorded the revenue from new clients. In the course of 2016-2017 the whole client base from Gemabank's first days up to Q4 2015 is planned to be handed over from HSCI to IMCB. Therefore, IMCB total revenue will include both revenues from isolation & cryopreservation of cord blood SCs and revenues from the storage of cord blood SCs samples in Gemabank[®] (annual charges from new and old clients). At the moment, the transition is in process, that means existing of some contractual relationships between HSCI PJSC and IMCB LLC (IMCB is providing cord blood storage services to HSCI's as for the clients from before October 1, 2015). It has resulted in the IFRS consolidated adjustments concerning revenue and expenses.

IMCB's net income, starting 2016, is allocated to the parent company in the form of dividends to contribute to HSCI's net profit under RAS (unconsolidated).

In May 2015, HSCI registered a subsidiary called NVG-cardio LLC with the aim of conducting R&D and commercialization of innovative gene therapy drugs for cardiovascular diseases - the most common cause of death in Russian Federation. The project is planned to be implemented in collaboration with Novosibirsk Research Institute of Blood Circulation Pathology named after E.N. Meshalkin. HSCI's share in NVG-Cardio LLC is 65%.

In September 2016, HSCI registered a subsidiary called "Angiogenesis" LLC, with HSCI's share amounting to 67%, to conduct R&D in the field of natural and technical sciences (in particular, R&D for introduction of innovative gene therapy drugs to treat cardiovascular diseases).

The companies within the Group have no representative offices.

HSCI PJSC

Notes to condensed consolidated interim financial statements
as of September 30, 2016 and for the nine-month period then ended

(thousands of Russian rubles, unless otherwise indicated)

3. Property, plant and equipment

	Buildings and structures	Machinery and equipment	Motor vehicles	Other	Construction in progress	Total
Balance at 31 December 2015	93,516	57,194	4,180	24,243	-	179,133
Additions	-	5 172	-	3,611	-	8,783
Disposals	(501)	(9)	(442)	(27)	-	(979)
Balance at 30 September 2016	93,015	62,357	3,738	27,827	-	186,937
<i>Accumulated depreciation</i>						
Balance at 31 December 2015	(27,437)	(30,991)	(3,725)	(20,427)	-	(82,580)
Depreciation charge for 9 months 2016	(7,558)	(4,071)	(295)	(2,859)	-	(14,783)
Disposals	501	9	282	27	-	819
Balance at 30 September 2016	(34,494)	(35,053)	(3,738)	(23,259)	-	(96,544)
Balance at 31 December 2015	66,079	26,203	455	3,816	-	96,553
Balance at 30 September 2016	58,521	27,304	-	4,568	-	90,393

4. Intangible assets

	Software and licenses	R&D costs	User rights and patents	Trademarks	Total intangible assets
Initial cost					
Balance at 31 December 2015	2,427	40,181	19,329	1,003	62,940
Additions	1,437	-	362	51	1,850
Development	-	5,083	-	-	5,083
Disposals	-	(409)	-	-	(409)
Reclassification	-	(9,668)	9,668	-	-
Balance at 30 September 2016	3,864	35,187	29,359	1,054	69,464
<i>Accumulated amortization</i>					
Balance at 31 December 2015	(1,040)	(7,364)	(6,525)	(352)	(15,281)
Amortization charge for 9 months 2016	(484)	(1,275)	(2,178)	(93)	(4,030)
Disposals	-	-	-	-	-
Reclassification	-	564	(564)	-	-
Balance at 30 September 2016	(1,524)	(8,075)	(9,267)	(445)	(19,311)
Balance at 31 December 2015	1,387	32,817	12,804	651	47,659
Balance at 30 September 2016	2,340	27,112	20,092	609	50,153

HSCI PJSC

Notes to condensed consolidated interim financial statements as of September 30, 2016 and for the nine-month period then ended

(thousands of Russian rubles, unless otherwise indicated)

5. Financial assets

	30 September 2016	31 December 2015
Financial assets		
Cash and cash equivalents	281,730	50,761
Trade and other receivables	112,280	89,273
Financial instruments at fair value through profit or loss	74,873	144,771
Loans issued	6,890	14,424
Total financial assets	475,773	299,229
Total current financial assets	475,773	299,229

Financial assets at fair value through profit or loss reflect the change in fair value of financial assets held for trading. The fair value of the quoted securities is determined by reference to published price quotations in an active market.

The detailed structure of trade and other receivables is as follows:

	30 September 2016	31 December 2015
Trade and other receivables		
Trade receivables	31,724	23,571
Taxes paid in advance and overpayments	8,286	7,776
Advances to suppliers	63,450	36,163
Other receivables	8,820	21,763
Total	112,280	89,273

6. Financial liabilities

	30 September 2016	31 December 2015
At amortized cost	389,690	117,873
Current interest-bearing loans and borrowings	78,790	90,048
Non-current interest-bearing loans and borrowings	310,900	24,625
Target financing (grant)	-	3,200
Trade and other payables:	40,003	18,496
Trade payables	29,470	12,201
Dividend payables	157	-
Other payables	6,413	3,898
Taxes payable	3,963	2,397
Total financial liabilities	429,693	136,369
Total non-current	310,900	24,625
Total current	118,793	111,744
	30 September 2016	31 December 2015
Deferred income	6,000	7,990

HSCI PJSC

Notes to condensed consolidated interim financial statements as of September 30, 2016 and for the nine-month period then ended

(thousands of Russian rubles, unless otherwise indicated)

The detailed structure of loans and borrowings is as follows:

Non-current loans and borrowings

Creditor	Currency	Effective interest rate, %	30 September 2016	31 December 2015
Moscow Seed Fund	RUB	15	10,900	21,400
FINAM Bank CJSC	RUB	21	-	3,225
Industrial Development Fund (IDF)	RUB	5	300,000	
Total non-current loans and borrowings			310,900	24,625

Current loans and borrowings

Creditor	Currency	Effective interest rate, %	30 September 2016	31 December 2015
Moscow Seed Fund	RUB	15	14,936	5,254
RVC BioFund LLC	RUB	12	1,604	31,256
FINAM Bank CJSC	RUB	21	5,681	9,651
Atlas Finance Inc.	RUB	25	22,006	9,324
SynBio LLC	RUB	11	34,563	34,563
Total current loans and borrowings			78,790	90,048
Total interest-bearing loans and borrowings			389,690	114,673

7. Sale of goods and services

	For the nine months ended 30 September 2016
Isolation, cryopreservation and personal storage of cord blood stem cells	156,294
Sales of Neovasculgen [®] drug	3 569
SPRS-therapy [®] service	23,780
Genetico [®] medical center & testing lab (genetic diagnostic and consulting services, Reprobank [®] services)	100,621
R&D revenue	314
Other revenue	656
Total	285,234

HSCI PJSC

Notes to condensed consolidated interim financial statements as of September 30, 2016 and for the nine-month period then ended

(thousands of Russian rubles, unless otherwise indicated)

8. Operating expenses

	For the nine months ended 30 September 2016
Salary	73,334
Advisory and legal services	53,635
Services provided by third parties	43,949
Advertising expenses	44,227
Supplies and reagents	47,365
Rent of premises	24,725
R&D costs	32,770
Social charges	13,694
Transport expenses	7,654
Software and maintenance	4,310
Business trips	4,000
Maintenance of cryogenic equipment	1,895
Telecommunications services	1,777
Bad debt expense	3,080
Representation expenses	1,037
Audit fees	911
Tax expenses	3,198
Current repairs of property, plant and equipment	333
Other expenses	9,310
Depreciation of property, plant and equipment	14,783
Amortization of intangible assets and R&D	4,030
Total	390,017

9. Net other non-operating income / (expenses)

	For the nine months ended 30 September 2016
Other non-operating expenses:	
Revaluation of securities	(12,114)
Sale of securities	(53,640)
Allowance for bad debts	(264)
Other	(6,789)
Total other non-operating expenses	(72,807)
Other non-operating income:	
Revaluation of purchased securities	30
Sale of securities	49,423
Income from rent of property	340
Other income	8,066
Total other non-operating income	57,859
Total net other non-operating income / (expenses)	(14,948)

HSCI PJSC

Notes to condensed consolidated interim financial statements
as of September 30, 2016 and for the nine-month period then ended

(thousands of Russian rubles, unless otherwise indicated)

10. Net foreign exchange gain/ (loss)

	For the nine months ended 30 September 2016
Foreign exchange loss	(3,785)
Foreign exchange gain	1 412
Total net foreign exchange loss	(2,373)

11. Interest expense

	For the nine months ended 30 September 2016
Interest payable accrued	(10,377)
Total interest expense	(10,377)

12. Income tax

	For the nine months ended 30 September 2016
Deferred income tax	12,486
Income tax reported in the statement of profit or loss and other comprehensive income	12,486

13. Share of profits / (losses) of associates

	For the nine months ended 30 September 2016
Share of loss in the financial results of associated company IceGen LLC	(357)
Total share of profits / (losses) of associates	(357)

14. Inventories

	30 September 2016	31 December 2015
Raw materials	24,154	29,589
Materials transferred for processing	2 570	20,982
Goods for resale	15,644	1,189
Other inventories	163	317
Allowance for impairment of inventories	(553)	-
Total inventories	41,978	52,077

HSCI PJSC
Notes to condensed consolidated interim financial statements
as of September 30, 2016 and for the nine-month period then ended
(thousands of Russian rubles, unless otherwise indicated)

15. Cash and cash equivalents

	30 September 2016	31 December 2015
RUB-denominated cash on hand and balances on settlement account	280,681	13,343
RUB-denominated cash on deposit accounts (up to 3 months)	1,000	36,000
Foreign currency-denominated balances on settlement account	49	1,418
Total	281,730	50,761

16. Earnings / (loss) per share (EPS)

	For the nine months ended 30 September 2016
Loss attributable to ordinary equity holders of the parent for basic earnings / (loss)	(118,753)
Weighted average number of ordinary shares for basic EPS/LPS (with a nominal value of RUB 0.1)	75,000,000
Basic loss per share, RUB	(1,58)
Diluted loss per share, RUB	(1,58)

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Notes to condensed consolidated interim financial statements
as of September 30, 2016 and for the nine-month period then ended

(thousands of Russian rubles, unless otherwise indicated)

17. Related party transactions

Transactions:

	For the nine months ended 30 September 2016
Operating expenses	6,500
<i>R&D expenses</i>	
I.L. Plaksa	6,500
Interest Income	403
First International Investment Group Ltd.	163
IceGen LLC	90
A.A. Isaev	150
Other income	229
IceGen LLC	229
Other expenses	271
V. L. Zorin	91
R.V. Deev	121
I.L. Plaksa	59

Balance:

	30 September 2016
Accounts receivable	2,335
IceGen LLC	616
R.V. Deev	20
A.A. Isaev	233
I.L. Plaksa	1,463
A.V. Prikhodko	3
Accounts payable	16
SynBio LLC	5
R.V. Deev	6
V. L. Zorin	5
Current loans issued	3,317
IceGen LLC	2,350
A.A. Isaev	967
Loans and borrowings received	31,955
SynBio LLC	31,955
Interest accrued and payable on loans received	2,607
SynBio LLC	2,607

This condensed consolidated interim financial statements were authorized for issue and signed on 30 November, 2016

General Director

/s/

A.A. Isaev