

**Public Joint Stock Company
HUMAN STEM CELLS INSTITUTE**

Unaudited Condensed Consolidated Interim Financial Statements

Prepared in Accordance with
International Financial Reporting Standards

*as of March 31, 2016
and for the three-month period then ended*

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Important remarks

Hereinafter contained unaudited condensed consolidated interim financial statements of HSCI as of March 31, 2016 and for the three-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 as of 31 March 2016

(thousands of Russian rubles, unless otherwise indicated)

	Notes	31 March 2016	31 December 2015 (audited)
Assets			
Non-current assets			
Property, plant and equipment	3	91,258	96,553
Intangible assets	4	46,405	47,659
Investments in associates	13	313,889	313,952
Non-current financial assets		4,429	-
Deferred tax assets		6,894	13,064
Total non-current assets		462,735	471,228
Current assets			
Inventories	14	54,839	52,077
Long-term assets held for sale (AFS financial investments)		10,000	10,000
Trade receivables	5	31,360	23,571
Other receivables	5	79,562	65,702
Other current financial assets	5	150,653	159,195
Cash and cash equivalents	15	28,634	50,761
Total current assets		355,048	361,306
Total assets		817,783	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		175,961	183,116
Other components of equity		485	485
Equity attributable to equity holders of the parent		280,469	287,624
Non-controlling interests		71,665	71,777
Total equity		352,134	359,401
Non-current liabilities			
Interest-bearing loans and borrowings	6	18,770	24,625
Deferred tax liabilities		22,572	29,747
Total non-current liabilities		41,342	54,372
Current liabilities			
Interest-bearing loans and borrowings	6	97,097	90,048
Advances received		301,317	299,027
Trade and other payables	6	17,989	19,299
Target financing (grant)	6	5,556	7,990
Taxes payable		2,348	2,397
Total current liabilities		424,307	418,761
Total liabilities		465,649	473,133
Total equity and liabilities		817,783	832,534

Authorized for issue and signed on 3 June 2016

General Director

/s/

A.A.Isaev

The notes on pages 7 through 16 are an integral part of these condensed consolidated interim financial statements

HSCI PJSC

Consolidated interim statements of comprehensive income for the three-month period ended 31 March 2016

(thousands of Russian rubles, unless otherwise indicated)

	Notes	<u>Three-month period, ended 31 March 2016</u>
Sale of goods and services	7	93,644
Total revenue		93,644
Operating expenses, including:	8	(89,766)
<i>Depreciation and amortization</i>	8	(6,548)
Operating profit		3,878
Interest expense	11	(4,188)
Interest income		551
Share of loss of associates	13	(63)
Net other non-operating loss	9	(8,112)
Net foreign exchange loss	10	(338)
Loss before tax		(8,272)
Income tax	12	1,005
Loss for the period		(7,267)
<i>Comprehensive income for the 3 months, net of tax</i>		(7,267)
Loss for the period		(7,267)
<i>Attributable to:</i>		
Equity holders of the parent		(7,155)
Non-controlling interests		(112)
Total comprehensive loss for the period, net of tax		(7,267)
<i>Attributable to:</i>		
Equity holders of the parent		(7,155)
Non-controlling interests		(112)
Basic and diluted (loss) per share for loss for the year period attributable to equity holders of the parent (RUB)	16	(0,10)

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HSCI PJSC

Consolidated interim statements of cash flow for the three-month period ended 31 March 2016

(thousands of Russian rubles, unless otherwise indicated)

	Notes	Three-month period, ended 31 March 2016
Operating activities		
Loss for the period		(7,267)
Income tax expense	12	(1,005)
Loss before tax		(8,272)
Adjustment for non-cash items to reconcile profit before tax to net cash flows		
Depreciation and amortization	8	6,548
Interest expense	11	4,188
Interest income		(551)
Share of loss of associates	13	63
Net foreign exchange gain	10	338
Other non-operating (income) / expenses		(2,434)
Net (gain)/ loss from revaluation of financial instruments held for trading		-
Operating income / (loss) before changes in working capital, interest and income taxes paid		(119)
<i>Working capital adjustments</i>		
Increase in trade and other receivables and prepayments		(21,720)
Increase in inventories		(2,762)
Increase in trade and other payables		931
Income tax paid		-
Net cash flows from / (used in) operating activities		(23,670)
Investing activities		
Purchase of property, plant and equipment and intangible assets		0
Loans issued		(1,307)
Repayment of loans issued		94
Proceeds from sale of financial assets held for trading		5,466
Interest received		284
Net cash flows from / (used) in investing activities		4,537
Financing activities		
Proceeds from loans and borrowings net of fees paid		5,855
Repayment of loans and borrowings		(8,210)
Interest paid		(639)
Payment of finance lease liabilities		-
Sale of a stake in a subsidiary		-
Net cash flows from/(used in) financing activities		(2,994)
Net increase / (decrease) in cash and cash equivalents		(22,127)
Cash and cash equivalents at the beginning of the period		50,761
Cash and cash equivalents at the end of the period		28,634

Authorized for issue and signed on 3 June 2016

General Director

/s/

A.A.Isaev

The notes on pages 7 through 16 are an integral part of these condensed consolidated interim financial statements

HSCI PJSC

Consolidated interim statement of changes in equity for the three-month period ended 31 March 2016

(thousands of Russian rubles, unless otherwise indicated)

Attributable to equity holders of the parent										
	Share capital (mln. shares)	Share capital	Treasury shares	Share premium	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2016	75	7,500	(43,179)	139,702	-	485	183,116	287,624	71,777	359,401
Profit for the year	-	-	-	-	-	-	(7,155)	(7,155)	(112)	(7,267)
Total comprehensive income	-	-	-	-	-	-	(7,155)	(7,155)	(112)	(7,267)
As at 31 March 2016	75	7,500	(43,179)	139,702	-	485	175,961	280,469	71,665	352,134

Authorized for issue and signed on 3 June 2016

General Director

/s/

A.A.Isaev

The notes on pages 7 through 16 are an integral part of these condensed consolidated interim financial statements

HSCI PJSC

Notes to consolidated interim financial statements for three-month period ended 31 March 2016

(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 three-month period ended 31 March 2016 were authorized for issue in accordance with a resolution of the General director on 3 June 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 27 November 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: parent company – PJSC “HSCI”, issuer of Moscow Exchange, and 7 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 (within the international SynBio project)

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 received 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 project to develop its own Russia-wide network of Genetico[®] medical centers & 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. Among others, Genetico[®] centers provide medical genetics consultations using various genetic testing technologies, including HSCI's proprietary DNA array Ethnogene and microfluidics for genetic screening, 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). Starting 2013 the medical genetics diagnostic and consulting services are offered based on the new HSCI's 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.

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

HSCI PJSC

Notes to consolidated interim financial statements for three-month period ended 31 March 2016

(thousands of Russian rubles, unless otherwise indicated)

1. Corporate information (continued)

HSCI actively promotes scientific engagement and discussion of fields of research related to its core business areas. This includes holding the Annual International symposium “*Current Topics in Gene and Cell Technologies*” and publishing the scientific and analytical journal *Genes & Cells* (former “Cell Transplantology and Tissue Engineering”).

In December 2009 Human Stem Cells Institute conducted an IPO on the MICEX (ticker: ISKJ), becoming the first biotech company in Russia to go public. HSCI’s IPO opened trading on the iIM (Innovation & Investment Market) – a new 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 consolidated interim financial statements for the three-month ended 31 March 2016

(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	
			31 March 2016	31 December 2016
NextGen LLC	R&D for gene and cell therapy, the development of techniques for treating inherited diseases using modern assisted reproductive technologies, and the creation of DNA arrays for the diagnosis of inherited diseases and predisposition to them.	Russia	100,00	100,00
Cell Technology Laboratory LLC	R&D for cell- and gene-based technologies.	Russia	75,00	75,00
Vitacel LLC	Aesthetic medicine developer, developer of SPRS-therapy – a set of 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
RGMC HSCI LLC (Regenerative and Genetic Medical Center of the Human Stem Cells Institute)	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	78,81	78,81
IMCB LLC	"International Medical Center for Biomaterials Processing and Cryostorage" LLC was set up in October, 2014 for the provision of hematopoietic stem cell banking services. It is planned to start rendering Gemabank® services through IMCB before the end of 2015.	Russia	100,00	100,00
NVG-cardio LLC	R&D and commercialization of innovative drugs and medical equipment and products.	Russia	65,00	65,00

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

HSCI PJSC

Notes to consolidated interim financial statements for the three-month ended 31 March 2016

(thousands of Russian rubles, unless otherwise indicated)

2. Group Information

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 LLC. NextGen LLC is engaged in R&D for gene and cell therapy, development of techniques for treating inherited diseases using modern assisted reproductive technologies and the development of arrays for DNA diagnostics of inherited diseases and predisposition to them. HSCI OJSC assumed publishing responsibility for the CTTE (Cell Transplantology & Tissue Engineering) journal.

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. 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.

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 2014, the Group's effective interest in IceGen LLC was 54.60% (as of 31 December 2013: 53.56%).

IceGen LLC was established to consolidate participatory interests of SynBio LLC (except for RUSNANO OJSC) 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.

In October 2012 RGMC HSCI LLC was founded with the share held by HSCI amounting to 100%. The principal activities of RGMC HSCI LLC include the provision of DNA diagnostic services followed by consultations with a medical geneticist, including medical genetics consultations for children and adults based on the results of genetic screening using HSCI's proprietary DNA array called Ethnogene

In October 2012 RGMC HSCI LLC was founded with the share held by HSCI amounting to 100%. The principal activities of RGMC HSCI LLC include the provision of DNA diagnostic services followed by consultations with a medical geneticist, including medical genetics consultations for children and adults based on the results of genetic screening using HSCI's proprietary DNA array called Ethnogene.

HSCI PJSC

Notes to consolidated interim financial statements for the three-month ended 31 March 2016

(thousands of Russian rubles, unless otherwise indicated)

2. Group Information (continued)

On 17 February 2014, HSCI and RVC Biopharmaceutical Investments, Ltd. (RVC BioFund) signed an investment agreement regulating the terms of and the procedure for the joint implementation (including financing) of a project to set up a network of medical centers in Russia for the development of personalized medicine based on the principle of individual approach to the prevention, diagnosis and treatment of reproductive and genetic disorders.

In October, 2015, RGMC HSCI LLC was renamed to GENETICO LLC (Center of Genetics and Reproductive Medicine GENETICO LLC). In a framework of above mentioned investment agreement, during reporting period HSCI fulfilled its liability to contribute 40 million rubles in the charter capital of GENETICO LLC. For the conversion of additional contribution to the charter capital of GENETICO LLC the following calculations were used: 1 ruble in the charter capital of GENETICO LLC for 1,000 rubles of HSCI's investment funds. As a result of conversion, as of 31 March 2016, the charter capital of GENETICO LLC amounted to 354,000 rubles, with HSCI's share becoming 78.81 % and the share of RVC BioFund becoming 21.19 %.

On 01 September 2014, pursuant to the BOD Minutes, HSCI resolved to establish International Center of Biomaterials Processing and Cryostorage LLC with 100% participatory interest of HSCI. From October 1, 2015 the Company started rendering Gemabank® services through IMCB LLC (HSCI's 100%-subsidiary) – with the aim to increase effectiveness as well as to use state tax allowance for medical companies. IMCB (International Medical Center for Biomaterials Processing and Cryostorage) was set up in October, 2014 and in July 2015 obtained the license for hematopoietic cord blood stem cell isolation, transportation and storage services. In the course of 2016 the whole client base from Gemabank's first days 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® (year charges).

IMCB's net income, starting 2016, will be paid to the parent company in the form of dividends which contributed to HSCI's net profit.

In May, 2015 HSCI has 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 Circulatory Pathology named after E.N. Meshalkin. HSCI's share in NVG-Cardio LLC is 65%.

The companies within the Group have no representative offices.

HSCI PJSC

Notes to consolidated interim financial statements for the three-month ended 31 March 2016

(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	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at 31 March 2016	93,516	57,194	4,180	24,243	-	179,133
<i>Accumulated depreciation</i>						
Balance at 31 December 2015	(27,437)	(30,991)	(3,725)	(20,427)	-	(82,580)
Depreciation charge for 3 months 2016	(1,993)	(2,000)	(166)	(1,136)	-	(5,295)
Depreciation of property, plant and equipment disposed in 3 months 2015	-	-	-	-	-	-
Balance at 31 March 2016	(29,430)	(32,991)	(3,891)	(21,563)	-	(87,875)
Balance at 31 December 2015	66,079	26,203	455	3,816	-	96,553
Balance at 31 March 2016	64,086	24,203	289	2,680	-	91,258

4. Intangible assets

	Software and licenses	R&D costs	User rights and patents	Trademarks	Total intangible assets
Balance at 31 December 2015	2,427	40,181	19,329	1,003	62,940
Additions	-	-	-	-	-
Development	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31 March 2016	2,427	40,181	19,329	1,003	62,940
<i>Accumulated amortization</i>					
Balance at 31 December 2015	(1,040)	(7,364)	(6,525)	(352)	(15,281)
Amortization charge for 3 months 2016	(105)	(461)	(661)	(28)	(1,254)
Disposals	-	-	-	-	-
Balance at 31 March 2016	(1,145)	(7,825)	(7,186)	(380)	(16,535)
Balance at 31 December 2015	1,387	32,817	12,804	651	47,659
Balance at 31 March 2016	1,387	32,357	12,143	624	46,405

HSCI PJSC

Notes to consolidated interim financial statements for the three-month ended 31 March 2016

(thousands of Russian rubles, unless otherwise indicated)

5. Financial assets

	31 March 2016	31 December 2015
Financial assets		
Cash and cash equivalents	28,634	50,761
Trade and other receivables	110,922	89,273
Financial instruments at fair value through profit or loss	139,305	144,771
Loans issued	11,348	14,424
Total financial assets	290,209	299,229
Total current	290,209	299,229
Total non-current	-	-

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:

	31 March 2016	31 December 2015
Trade and other receivables		
Trade receivables	31,360	23,571
Taxes paid in advance and overpayments	8,017	7,776
Advances to suppliers	50,786	36,163
Other receivables	20,759	21,763
Total	110,922	89,273

6. Financial liabilities

	31 March 2016	31 December 2015
At amortized cost	115,867	114,673
Current interest-bearing loans and borrowings	97,097	90,048
Non-current interest-bearing loans and borrowings	18,770	24,625
Trade and other payables:	17,735	18,496
Trade payables	8,396	12,201
Other payables	6,991	3,898
Taxes payable	2,348	2,397
Total financial liabilities	133,602	133,169
Total non-current	18,770	24,625
Total current	114,832	108,544
Target financing (grant)	2,602	3,200
Deferred revenues	5,556	7,990

HSCI PJSC

Notes to consolidated interim financial statements for the three-month ended 31 March 2016

(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, %	31 March 2016	31 December 2015
Moscow Seed Fund	RUB	15	17,900	21,400
FINAM Bank CJSC	RUB	21	870	3,225
Total non-current loans and borrowings			18,770	24,625

Current loans and borrowings

Creditor	Currency	Effective interest rate, %	31 March 2016	31 December 2015
Moscow Seed Fund	RUB	15	9,724	5,254
RVC BioFund LLC	RUB	12	32,910	31,256
FINAM Bank CJSC	RUB	21	9,612	9,651
Atlas Finance Inc.	RUB	25	10,288	9,324
SynBio LLC	RUB	11	34,563	34,563
Total current loans and borrowings			97,097	90,048
Total interest-bearing loans and borrowings			115,867	114,673

7. Sale of goods and services

	For the three months ended 31 March 2016
Isolation, cryopreservation and storage of cord blood stem cells	52,324
SPRS-therapy service	10,024
Genetico [®] medical centers (genetic diagnostic and consulting services, Reprobank [®] services)	30,249
Other revenue	1,047
Total	93,644

HSCI PJSC

Notes to consolidated interim financial statements for the three-month ended 31 March 2016

(thousands of Russian rubles, unless otherwise indicated)

8. Operating expenses

	For the three months ended 31 March 2016
Salary	17,625
Advisory and legal services	17,517
Rent of premises	7,793
Supplies and reagents	10,916
Advertising expenses	8,811
Social charges	3,692
R&D costs	5,506
Transport expenses	2,292
Software and maintenance	1,800
Services provided by third parties	1,749
Business trips	807
Telecommunications services	691
Maintenance of cryogenic equipment	523
Current repairs of property, plant and equipment	261
Audit fees	120
Contract-based manufacturing (Tax expenses)	119
Representation expenses	-
Other expenses	2,996
Depreciation of property, plant and equipment	5,294
Amortization of intangible assets and R&D	1,254
Total	89,766

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

	For the three months ended 31 March 2016
Other non-operating expenses:	
Revaluation of securities	(5,481)
Sale of securities	-
Provision for impairment of financial investments	-
Allowance for bad debts	(3,156)
Other	(3,156)
Total other non-operating expenses	(12,573)
Other non-operating income:	
Revaluation of purchased securities	-
Sale of securities	-
Bad debt recovery	1,775
Income from rent of property	688
Other income	1,998
Total other non-operating income	4,461
Total net other non-operating income / (expenses)	(8,112)

HSCI PJSC

Notes to consolidated interim financial statements for the three-month ended 31 March 2016

(thousands of Russian rubles, unless otherwise indicated)

10. Net foreign exchange gain (loss)

	For the three months ended 31 March 2016
Foreign exchange losses	(1,246)
Foreign exchange gains	908
Total net foreign exchange gain	(388)

11. Interest expense

	For the three months ended 31 March 2016
Interest payable accrued	(4,188)
Total interest expense	(4,188)

12. Income tax

	For the three months ended 31 March 2016
Current income tax charge	-
Deferred income tax charge	1,005
Income tax expense reported in the statement of comprehensive income	1,005

13. Share of profits / (losses) of associates

	For the three months ended 31 March 2016
Share of losses in the financial results of associated company IceGen LLC	(63)
Total share of profits / (losses) of associates	(63)

14. Inventories

	31 March 2016	31 December 2015
Raw materials	32,817	29,589
Materials transferred for processing	21,042	20,982
Goods for resale	665	1,189
Other inventories	315	317
Total inventories	54,839	52,077

HSCI PJSC

Notes to consolidated interim financial statements for the three-month ended 31 March 2016

(thousands of Russian rubles, unless otherwise indicated)

15. Cash and cash equivalents

	31 March 2016	31 December 2015
RUB-denominated cash on hand and balances on settlement account	24,462	13,343
RUB-denominated cash on deposit accounts (up to 3 months)	3,000	36,000
Foreign currency-denominated balances on settlement account	1,172	1,418
Total	28,634	50,761

16. Earnings per share (EPS)

	For the three months ended 31 March 2016
Profit attributable to ordinary equity holders of the parent for basic earnings	(7,267)
Weighted average number of ordinary shares for basic EPS (with a nominal value of RUB 0.1)	75,000,000
Basic earnings per share, RUB	(0,10)
Diluted earnings per share, RUB	(0,10)

17. Related party transactions

	For the three months ended 31 March 2016	
Interest income	145	
First International Investment Group Ltd.	116	
IceGen LLC	29	
Other expenses	76	
IceGen LLC	76	
	31 March 2016	31 December 2015
Accounts receivable	98	261
IceGen LLC	-	256
SynBio LLC	-	5
A.A. Isaev	98	-
Accounts payable	5	
SynBio LLC	5	5
Current loans issued	6,480	
A.A. Isaev	-	967
IceGen LLC	830	2,435
First International Investment Group Ltd.	5,650	5,650
Non-current loans issued	-	

HSCI PJSC

Notes to consolidated interim financial statements for the three-month ended 31 March 2016

(thousands of Russian rubles, unless otherwise indicated)

17. Related party transactions (continued)

	31 March 2016	31 December 2015
Interest Income	1,192	1,047
First International Investment Group Ltd.	1,022	906
IceGen LLC	75	46
Loans and borrowings received	31,955	31,955
SynBio LLC	31,955	31,955
Interest accrued and payable on loans received	2,607	2,607
SynBio LLC	2,607	2,607

Authorized for issue and signed on 3 June 2016
General Director

/s/

A.A. Isaev