

## HSCI Reports its Audited Consolidated Full Year 2012 Results under IFRS

**Moscow – 8 May 2013.** The Human Stem Cells Institute (“HSCI”, MICEX: [ISKJ](#)), one of Russia’s leading biotech companies specializing in cell-based, gene and post-genome technologies, announced its consolidated results for 2012 under IFRS:

- Consolidated revenues for 2012 amounted to RUB 316.501 million, increasing 21% from the previous year; the share of new products and services (SPRS-therapy, Gemascreen, Neovasculgen<sup>®</sup>, distribution of medical equipment produced by Cytori) accounted 11% of total revenues.
- Operating loss for 2012 amounted to RUB 11.801 million compared to operating income of RUB 16.643 million for 2011.
- Net loss for 2012 totaled RUB 149.840 million compared to a net profit of RUB 20.943 million in 2011.

HSCI and its subsidiaries (hereafter – “HSCI Group”, “the Company”) delivered the following financial and operating results for 2012:

RUB thousands	2012	2011	% change, y-o-y
<b>Revenue</b>	<b>316,501</b>	<b>262,076</b>	<b>20.8%</b>
<b>Operating expenses, incl.</b>	<b>328,302</b>	<b>245,433</b>	<b>33.8%</b>
Depreciation & amortization	8,989	6,069	48.1%
<b>OIBDA<sup>1</sup></b>	<b>(2,812)</b>	<b>22,712</b>	<b>n/a</b>
<i>OIBDA margin, %</i>	<i>n/a</i>	<i>8.7%</i>	<i>n/a</i>
<b>Operating profit / (loss)</b>	<b>(11,801)</b>	<b>16,643</b>	<b>n/a</b>
<i>Operating margin, %</i>	<i>n/a</i>	<i>6.4%</i>	<i>n/a</i>
<b>Net profit / (loss)</b>	<b>(149,840)</b>	<b>20,943</b>	<b>n/a</b>
<i>Net margin, %</i>	<i>n/a</i>	<i>8.0%</i>	<i>n/a</i>
<b>Total comprehensive income / (loss)</b>	<b>(156,275)</b>	<b>20,943</b>	<b>n/a</b>

### General Director of HSCI Artur Isaev commented on the key events of the year and prospects for the Company:

“The year 2012 was one of full vital work focused on both executing already defined plans and laying a foundation for the Company’s future development.

We increased revenues from cord blood banking services and a cell service for the esthetic medicine called SPRS-therapy. We brought the innovative drug Neovasculgen<sup>®</sup> to market as well as the medical genetics consulting service Gemascreen for Newborns, thus realizing the pilot phase of the Genetico project, which is aimed at creating a Russia-wide network of medical genetics centers for the purpose of prophylactic treatment of inherited diseases. At the same time we were engaged in the construction of HSCI’s new laboratory and production complex and set the stage for its use in the launch of other projects in the pipeline: the reproductive cell and tissue bank Reprobank, a comprehensive set of PGD services and also medical genetics diagnostics and consultations based on HSCI’s proprietary DNA array Ethnogene.

<sup>1</sup> OIBDA is a non-U.S. GAAP and non-IFRS financial measure, which the Company defines as operating income before depreciation and amortization. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our business operations, including our ability to finance investments and to incur and service debt. OIBDA should not be considered in isolation as an alternative to net income, operating income or any other measure of performance under U.S. GAAP or IFRS.

The past year demanded a maximum concentration of efforts and resources – in terms of both personnel and finances. In 2012 all available funds were put toward development, and borrowed funds were also used for this purpose. Not everything was completed on schedule. With the postponement of the completion of the new laboratory and production complex to the first half of 2013, the launch of a number of projects announced earlier was also postponed, and the start of Neovasculgen® sales was also delayed.

Growth in operating expenses exceeded revenue growth and the Company finished the year with a consolidated operating loss.

However, we confidently look to the future. In 2013 and 2014, after we bring to the market all of the planned products and services, our work will be focused on both developing markets for them and improving profitability and margins, which will be facilitated in part by the restructuring of the HSCI Group's business with the aim of optimizing operations, lowering expenses and improving effectiveness.

With this in mind we updated our business plan for the next five years and in March of this year the Board of Directors approved a business plan for the entire HSCI Group: the Business Plan of OJSC HSCI and Subsidiaries According to Projects (2013-2017).

The strategy which we adhere to remains the same: the development of promising new markets for the Company through the creation and marketing our own innovations.”

### **HSCI Group revenue and income generated by specific projects**

*Consolidated revenue for 2012 increased in comparison to the previous year by 20.8% to RUB 316.501 million. The increase in revenue was driven by growth in income from cord blood banking services as well as the new products and services brought to the market.*

The largest portion of the consolidated revenue was generated by OJSC HSCI (hereafter – “HSCI”) as well as its subsidiary Cryonix from cord blood stem cell isolation and storage services – 75.9%.

Revenues generated by new products and services amounted to 11.1% of consolidated revenue: revenues increased from SPRS-therapy, which was introduced to the market in 2011; in 2012 HSCI launched its Gemascreen medical genetics consulting services for newborns, began sales of its proprietary innovative drug Neovasculgen® and also began operating as a distributor of cell-processing equipment produced by Cytori Therapeutics (USA).

### **Bio-insurance: cord blood stem cell isolation, cryopreservation and storage services.**

Consolidated revenues from these services in 2012 grew 20.2% year-on-year to RUB 240.161 million.

HSCI signed 3,717 contracts on the isolation/storage of cord blood stem cells, which exceeds by 15.7% the results of 2011 (3,213 contracts). In the fourth quarter there was a 10% decline in the number of contracts signed from the previous quarter, which can be explained by the impact of a rise in the price for the service on the demand in the regions. Starting September 15, 2012, the price of a basic contract for the isolation and cryopreservation of cord blood stem cells was raised by 9%, while the price of storage services was not changed. The rise in price was related to HSCI's new marketing strategy for 2013-2017.

In total, at the start of 2013 more than 17,000 personal cord blood stem cell samples were held in storage by Gemabank.

The largest cord blood bank in Ukraine, Hemafund, in which HSCI owns a 50% stake, in 2012 signed 1,601 contracts for cord blood banking, which represents a 24.4% increase from the previous year. The total number of cord blood stem cell samples stored at Hemafund thus exceeded 6,000 units.

### **The commercialization of proprietary innovative drugs, technologies and services (regenerative medicine /cell services/, medical genetics, gene therapy):**

*Revenues from SPRS-therapy and Gemascreen services as well as the sale of the drug Neovasculgen® accounted for 10% of HSCI Group's consolidated revenues in 2012.*

**SPRS-therapy** – *a set of personalized diagnostics and treatment procedures for repairing skin damage due to aging or other structural changes.*

This service was authorized by the Russian healthcare regulator Roszdravnadzor and introduced to the Russian market starting in January 2011. An innovative medical technology, SPRS-therapy entails the use of autologous skin fibroblasts to correct the effects of aging and skin damage. The service includes diagnostics of the condition of the patient's skin; a therapy course using the cell product with the patient's own fibroblasts; and long-term storage of the patient's skin fibroblast culture in a cryogenic bank.

In 2012 revenues from SPRS-therapy, including the cryogenic storage of skin fibroblast cultures, increased by 66.3% from 2011 and totaled RUB 16.222 million or 5.1% of the HSCI Group's total revenue. More than 205 patients had used this service as of the end of the reporting period (187 patients fully completed their treatment, a number of which have returned for second and/or additional skin treatments in other affected areas).

This service is primarily offered through the leading dermatology and cosmetics clinics of Moscow; however, in 2012 cooperation in providing this service began to extend to clinics in Russia's regions.

Among the projects in HSCI Group's business plan for 2013-2017 is the launch of a separate Skin Passport service, which entails a personal cell diagnostics service allowing for assessment of the regenerative and proliferative potential of the population of fibroblasts in the patient's skin and also the long-term cryopreservation of autofibroblasts. This service is intended for a broad array of consumers and is designed to both create a patient-specific program for correction of skin damage and slowing of the effects of aging as well as to act as a form of bio-insurance.

**Gemascreen** – *the first stage of a socially significant project of HSCI aimed at promoting the widespread use in Russia of medical genetics diagnostics and consultation for the identification and prophylactic treatment of monogenic inherited diseases and multifactorial disorders.*

In 2011 HSCI developed a project to create its own a Russia-wide network of advanced medical genetics centers to provide genetic diagnostics and consulting services with a personal genetic doctor.

The main aim of the project is to identify and forecast risks for clinically healthy individuals and their progeny, i.e. to foster and promote among the Russian public a new attitude towards one's own health and the health of future generations.

Genetic diagnostics and consulting services are intended to foster a preventative approach to healthcare, whereby every person has the opportunity to in a timely manner discover their genetic features and take the necessary measures to maintain good health and also to prevent the coincidental birth in the family of children with serious inherited pathologies.

In January 2012 the Company began to implement the first test phase of the project, launching the Russia-wide *Gemascreen for Newborns* program. This service includes DNA screening and consulting services on the six most widespread inherited disorders in Russia and congenital features. DNA screening can be carried out using both cord blood and peripheral blood. Through follow-up consultations with a genetic doctor the parents receive information on prophylactic treatment of complications and prevention of the development of clinical symptoms of a disease (if discovered) or advice on approaches to planning the health of the child's progeny (in the case that carrier status is identified).

In 2012 the provision of Gemascreen services generated RUB 5.725 million or 1.8% of HSCI Group's consolidated revenue.

In developing this project, over the course of the year the Company focused on optimizing the portfolio of services to be offered and also paid significant attention to the positioning of this initiative in order to foster a broad understanding of its social significance and the practical value of genetic screening.

At the same time, in 2012 substantial progress was made on the creation of a proprietary DNA array which makes it possible to diagnose a large number of inherited diseases (monogenic) and predisposition to widespread multifactorial disorders (thrombophilia, hypertension, ischemic stroke, osteoporosis and others). One of the exceptional features of this DNA array is its practical application: it reflects the spectrum of inherited diseases characteristic for residents of Russia and the CIS.

In February 2013, HSCI completed the technical validation of the array and in April completed its clinical validation. Using this DNA array HSCI can diagnose more than 60 monogenic inherited diseases and predisposition to 10 multifactorial disorders.

Starting in the second quarter of 2013 HSCI is beginning to use this array to provide its new *Ethnogene services – medical genetics consultations for a broad range of consumers*: for children and adults (identification of genetic peculiarities and determination of genetic load for the purpose of forecasting and evaluating risks), as well as a tool in pregnancy planning (preconception screening),

The provision of genetic diagnostic services and consultations with a personal genetic doctor, including PGD (preimplantation genetic diagnostics), is being made possible by the launch of a Russia-wide network of advanced medical genetics centers under the Genetico brand.

According to HSCI's business plan over the next five years Genetico centers will be opened and operating in 19 major cities throughout Russia.

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

Neovasculgen® passed phase 2b/3 clinical trials and received marketing authorization on December 7, 2011 (registration decision RU № LP-000671 dated September 28, 2011).

Throughout the course of 2012, preparations were underway to begin sales of the drug: preliminary marketing events, creation and organization of a proprietary network to promote the drug, and production of the drug. In the end of September 2012 after certification of the drug's first batches Neovasculgen® went on sale in Russia in the form of a ready-to-use drug (lyophilisate to prepare an injection solution; the treatment course comprising 2 sequential injections /i.e. 2 vials/) offered through distributors.

Revenues from the sale of Neovasculgen® in 2012 totaled RUB 9.450 million or 3.0% of consolidated revenue, which was lower than anticipated as sale began only in the fourth quarter rather than the second quarter as initially planned. The reason for this was the longer than expected process of launching industrial production of the first batches of the drug and also its lengthy certification process as an innovative medicine.

HSCI plans a comprehensive approach to developing the market for this drug, including efforts to secure the inclusion of Neovasculgen® in federal and regional public medicine subsidy programs. Following successful promotional activities, Neovasculgen® sales should account for a substantial portion of HSCI's revenues. According to HSCI's forecasts, by 2017 the market volume for Neovasculgen® in Russia could exceed RUB 1.5 billion and thus account for approximately 50% of comprehensive consolidated revenue from projects foreseen in HSCI Group's business plan for 2013-2017.

To this end, in March 2013 HSCI signed a sales agreement with Sotex Pharm Firm, which is part of Protek Group and has extensive experience in bringing innovative medicines to market. The agreement covers three commercial years and first-year deliveries have been agreed for a total of RUB 211.75 million.

In addition to the Russian market, HSCI intends to make Neovasculgen® available on other markets as well. In February 2013 marketing authorization for Neovasculgen® was received in Ukraine: sales of the drug should begin there in the second or third quarter of this year. Work is also underway to obtain authorization for the drug in a number of other neighboring countries.

The action mechanism of Neovasculgen® – therapeutic angiogenesis – has much potential for use in treating other ischemia-related conditions. HSCI is preparing new clinical trial protocols in order to expand the range of indications for applying this drug (other nosologies, including cardiovascular diseases).

### **Distribution of innovative cell-processing equipment manufactured by Cytori Therapeutics, Inc. (USA)**

In 2011 HSCI signed an exclusive distribution contract with the US-based Cytori Therapeutics for the distribution in Russia of innovative medical device technology for use in reconstructive and aesthetic medicine (lipofilling of the face and body /autologous fat transfer/). This technology employs an "Auto and Fresh" approach, which allows a surgeon to use the patient's own adipose-derived regenerative cells (ADRCs) with minimal manipulations: the liposuction procedure can be conducted, ADRCs isolated and lipofilling procedure

completed all in the course of a single operation. This differs from the standard approach of extraction, transport to laboratory, lengthy cultivation and storage, which entails more than one visit by the patient.

HSCI completed the registration procedure for the Cellution<sup>®</sup> 800/ CRS and its supplementary materials in late-May 2012 and starting in the fourth quarter began sales. Revenues from the sale of Cytori equipment in 2012 amounted to RUB 3.818 million or 1.2% of HSCI Group's consolidated revenues.

### **Operating Expenses, OIBDA, Operating Profit**

Consolidated operating expenses in 2012 amounted to RUB 328.302 million, increasing 33.8% from 2011.

The main reason for the growth in operating expenses was planned expenses on the development of projects according to the Group's approved business plan.

This was primarily manifested in higher staff costs stemming from the formation of highly professional teams for each of the projects of HSCI Group and the parent Company as a whole. The creation of a strong management team for the mid-term perspective was one of the top priority tasks for 2012. The reporting period also included expenses for the construction of HSCI's new laboratory and production complex. The lease of additional office space led to a substantial increase in rent expenses.

For the purpose of supporting the growing demand for HSCI's products and services, and in connection with the fact that a number of new products were introduced to the market and launched, marketing expenses were increased, including advertising expenditure.

Thus, due to the quicker growth of operating expenses compared to revenue growth, in 2012 HSCI Group demonstrated an operating loss in the amount of RUB 11.801 million compared to an operating profit of RUB 16.643 million in 2011.

OBIDA for the year was a negative RUB 2.812 million, compared to a positive RUB 22.712 million the previous year.

### **Other Income/Loss, Profit before Income Tax**

The consolidated statements for 2012 show a loss from participation in associated companies in the amount of RUB 126.882 million (compared to a loss of RUB 2.344 million for 2011).

This substantial negative result from investment activities in the reporting year can be explained by the Company's corresponding share (28% or RUB 131.278 million) in the annual loss of SynBio LLC, which this Company explains as resulting from the creation of provisions for the devaluation of financial investments.

Financial expenses for 2012 totaled RUB 3.486 million, compared to financial income of RUB 4.937 million during the previous year, which is largely derived from an increase in interest expenses and decrease in interest income.

As a result of expenditures on the mandatory repurchase of shares from shareholders in late 2011, investments in the realization of planned projects and also the use of short-term and long-term borrowed funds, in 2012 the HSCI Group reported a net interest expense of RUB 2.752 million compared to a net interest income of RUB 6.246 for 2011. In particular, in August 2012, HSCI and the Moscow Bank of Sberbank of Russia signed an agreement on the partial financing in the amount of RUB 75 million of the construction and acquisition of equipment for the new laboratory and production complex of HSCI (a credit agreement and opening of a line of credit with a term until 2015).

As a result, net loss before income tax in 2012 amounted to RUB 142.169 million, compared to a net profit before income tax of RUB 19.236 million for the year 2011.

### **Net profit for the year**

Due to the reasons mentioned above, in 2012 HSCI Group demonstrated a consolidated net loss totaling RUB 149.840 million, compared to a net profit in 2011 of RUB 20.943 million.

## **Consolidation**

The consolidated financial statements for 2012 include the operating results of HSCI and its subsidiaries – Cell Technologies Laboratory LLC, Vitacel LLC, NextGen LLC, Cryonix CJSC, RGMC LLC (from October 2012) and also HSCI's share as a parent Company in the profits/losses of associated companies – Medical Biotechnological Company Hemafund LLC (Ukraine), Hemafund Medical Center LLC (Cord Blood Bank, Ukraine), SynBio LLC, IceGen LLC.

*The audited consolidated financial statements of HSCI Group for 2012 can be viewed on the Company's corporate website in the Investor Relations (Financial Reports → IFRS): <http://eng.hsci.ru/investoram-i-aktsioneram/financial-reports/financial-reports-in-accordance-with-international-financial-reporting-standards-ifs>*

## **APPENDICES:**

1. Condensed consolidated statements of comprehensive income for the full year ended December 31, 2012, and December 31, 2011, in RUB thousands;
2. Condensed consolidated statements of financial position as of December 31, 2012, and December 31, 2011, in RUB thousands.



## Appendix I

Condensed consolidated statements of comprehensive income for the full year ended December 31, 2012 and December 31, 2011 in RUB thousands

	Year ended December 31, 2012	Year ended December 31, 2011	% change, y-o-y
<b>Revenue from services:</b>	<b>275,376.0</b>	<b>209,556.0</b>	<b>31.4%</b>
Isolation, crypreservation and storage of cord blood stem cells	240,161.0	199,799.0	20.2%
SPRS-therapy	16,222.0	9,757.0	66.3%
Neovasculgen	9,450.0	-	n/a
Gemascreen	5,725.0	-	n/a
Cytori (distribution)	3,818.0	-	n/a
<b>Other revenue</b>	<b>41,125.0</b>	<b>52,520.0</b>	<b>-21.7%</b>
<b>Total revenue</b>	<b>316,501.0</b>	<b>262,076.0</b>	<b>20.8%</b>
Wages, salaries, other benefits and payroll taxes	(132,138.0)	(99,451.0)	32.9%
Materials and reagents	(32,928.0)	(28,594.0)	15.2%
R&D costs	(21,079.0)	(27,387.0)	-23.0%
Rental fee	(30,057.0)	(17,268.0)	74.1%
Advertising costs	(29,925.0)	(14,030.0)	113.3%
Medical services of third-party organizations (contractors)	(658.0)	(13,817.0)	-95.2%
Consulting and similar services	(7,127.0)	(6,694.0)	6.5%
Travel and Representation expenses	(15,474.0)	(8,693.0)	78.0%
Repair and Maintenance	(8,680.0)	(1,658.0)	423.5%
Taxes other than on income	(971.0)	(3,904.0)	-75.1%
Bad dept expense	(4,627.0)	(2,650.0)	74.6%
Accounts receivable writtten-off	(4,500.0)	(548.0)	721.2%
Other operating expenses	(31,149.0)	(14,670.0)	112.3%
<b>Operating expenses before depreciation &amp; amortization</b>	<b>(319,313.0)</b>	<b>(239,364.0)</b>	<b>33.4%</b>
<b>OIBDA</b>	<b>(2,812.0)</b>	<b>22,712.0</b>	<b>-112.4%</b>
<b>OIBDA margin, %</b>	<b>n/a</b>	<b>8.7%</b>	<b>n/a</b>
Depreciation & amortization	(8,989.0)	(6,069.0)	48.1%
<b>Total operating expenses</b>	<b>(328,302.0)</b>	<b>(245,433.0)</b>	<b>33.8%</b>
<b>Operating profit/ (loss)</b>	<b>(11,801.0)</b>	<b>16,643.0</b>	<b>n/a</b>
<b>Operating margin, %</b>	<b>n/a</b>	<b>6.4%</b>	<b>n/a</b>
<b>Gain / (loss) from associates</b>	<b>(126,882.0)</b>	<b>(2,344.0)</b>	<i>by a factor of 54.1</i>
<b>Financial gain/ (loss) - net, incl.</b>	<b>(3,486.0)</b>	<b>4,937.0</b>	<b>n/a</b>
Interest expense	(5,450.0)	(414.0)	<i>by a factor of 13.2</i>
Interest income	2,698.0	6,660.0	-59.5%
Gain / (loss) from discounting of long-term accounts payable	1,062.0	(905.0)	-217.3%
Gain / (loss) on sale of investments	(1,544.0)	-	n/a
Foreign exchange loss, net	(252.0)	(404.0)	-37.6%
<b>Income before tax</b>	<b>(142,169.0)</b>	<b>19,236.0</b>	<b>n/a</b>
Current tax charge	(584.0)	(4,095.0)	-85.7%
Deferred tax benefit/ (loss)	(7,087.0)	5,802.0	73.1%
<b>Income tax (expense)/ benefit</b>	<b>(7,671.0)</b>	<b>1,707.0</b>	<b>n/a</b>
<b>Profit / (loss) for the year</b>	<b>(149,840.0)</b>	<b>20,943.0</b>	<b>n/a</b>
<b>Net margin, %</b>	<b>n/a</b>	<b>8.0%</b>	<b>n/a</b>
<b>Other comprehensive income/ (loss), net of tax, incl.</b>	<b>(6,435.0)</b>	<b>-</b>	<b>n/a</b>
<b>Total comprehensive income/ (loss) for the year</b>	<b>(156,275.0)</b>	<b>20,943.0</b>	<b>n/a</b>

## Appendix II

Condensed consolidated statements of financial position as of December 31, 2012 and December 31, 2011 in RUB thousands

	<b>Dec. 31, 2012</b>	<b>Dec. 31, 2011</b>	<b>% change, y-o-y</b>
<b>ASSETS</b>			
<b>Non-current Assets, incl.</b>	<b>837,119</b>	<b>876,882</b>	<b>-4.5%</b>
Property, plant and equipment	66,163	37,009	78.8%
Intangible assets	48,497	27,886	73.9%
Investments in associates	652,427	787,614	-17.2%
Other investments	56,889	905	<i>by a factor of 62.9</i>
<b>Current Assets, incl.</b>	<b>166,060</b>	<b>103,766</b>	<b>60.0%</b>
Accounts receivable and prepayments	109,406	57,583	90.0%
Short-term loans granted	13,101	14,042	-6.7%
Cash and cash equivalents	26,671	17,363	53.6%
<b>Total Assets</b>	<b>1,003,179</b>	<b>980,648</b>	<b>2.3%</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity, incl.</b>	<b>670,658</b>	<b>817,404</b>	<b>-18.0%</b>
Revaluation reserves	-	635,133	<i>n.n.</i>
Retained earnings	550,097	74,355	639.8%
Non-controlling interests	12,927	9,683	33.5%
<b>Non-current liabilities</b>	<b>129,342</b>	<b>61,610</b>	<b>109.9%</b>
Trade and other payables and accruals	63,655	59,141	7.6%
Long-term borrowings	61,789	739	<i>by a factor of 83.6</i>
<b>Current liabilities, incl.</b>	<b>203,179</b>	<b>101,634</b>	<b>99.9%</b>
Short-term borrowings	87,217	9,714	797.8%
Accounts payable and accrued expenses	112,531	87,115	29.2%
<b>Total Liabilities</b>	<b>332,521</b>	<b>163,244</b>	<b>103.7%</b>
<b>Total Equity and Liabilities</b>	<b>1,003,179</b>	<b>980,648</b>	<b>2.3%</b>

**Human Stem Cells Institute OJSC (HSCI, [www.eng.hsci.ru](http://www.eng.hsci.ru))** is a Russian public biotech company founded in 2003.

HSCI engages in R&D as well as commercialization and marketing of innovative proprietary products and services in the areas of cell-based, gene and post-genome technologies. Today, HSCI's projects encompass five core focus areas: regenerative medicine, bio-insurance, medical genetics, gene therapy, and biopharmaceuticals (within the SynBio international project).

HSCI owns the largest family cord blood stem cell bank in Russia – [Gemabank](#)<sup>®</sup>.

In 2012 the Company launched [Neovasculgen](#)<sup>®</sup>, the first-in-class gene-therapy drug for treating Peripheral Arterial Disease, including Critical Limb Ischemia, and also began creating its own Russia-wide network of advanced medical genetics centers to provide [genetic diagnostics and consulting services](#) for inherited disorders.

Since 2011 HSCI has been marketing [SPRS-therapy](#) – an innovative cell technology which entails the use of autologous dermal fibroblasts to repair skin damage due to aging and other structural changes.

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

In December 2009 HSCI conducted an IPO on the MICEX (ticker: [ISKJ](#)), becoming the first Russian biotech company to go public.

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



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

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

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

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

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

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

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