HSCI Announces Full Year 2013 Consolidated Results under IFRS

Moscow, 6 May 2014 – OJSC HSCI – The Human Stem Cells Institute ("HSCI", MOEX: ISKJ), one of Russia's leading biotech companies, today announced its audited consolidated results for the full year ended December 31, 2013 in accordance with International Financial Reporting Standards (IFRS):

- *Consolidated revenue for the full year 2013 amounted to RUB 419.8 million, increasing by 40.1% year on year; new products (Neovasculgen®, SPRS-therapy, genetic diagnostics and consulting, Reprobank) accounted for 45.8% of consolidated revenue.*
- *Operating profit amounted to RUB 42.7 million compared to an operating loss of RUB 32.6 million in the previous year.*[1]
- *OIBDA*[2] *for 2013 amounted to RUB 65.2 million; OIBDA margin amounted to 15.5% .*
- *Net profit in 2013 amounted to RUB 16.7 million compared to a net loss of RUB 108.1 million in 2012.*

In 2013 HSCI Group (hereafter – "the Company") delivered the following key financial and operating results:

RUB thousands	2013	2012 (as restated)	*% change, y-o-y*
Revenue	**419 770**	**299 664**	***40.1%***
Operating expenses, incl.	**377 107**	**332 304**	***13.5%***
Depreciation & amortization	22 502	10 118	*122.4%*
OIBDA	**65 165**	**(22 522)**	***n/a***
OIBDA margin, %	*15,5%*	*n/a*	*n/a*
Operating income / (loss)	**42 663**	**(32 640)**	***n/a***
Operating margin, %	*10,2%*	*n/a*	*n/a*
Net profit / (loss)	**16 670**	**(108 114)**	***n/a***
Net margin, %	*4,0%*	*n/a*	*n/a*
Total comprehensive income / (loss)	**16 734**	**(108 114)**	***n/a***

HSCI consolidated revenue and income generated by specific projects

Consolidated revenue for 2013 increased by 40.1% year on year to RUB 419.770 million.

The largest portion of the consolidated revenue – 49.7% – was generated by OJSC HSCI (hereafter – "HSCI") as well as its subsidiary Cryonix from cord blood stem cell isolation and storage services.

[1] Here and below comparative results for 2012 are presented with restatements reflected retrospectively in FY 2013 IFRS financial statements in relation to previous reporting periods. For details, see Notes 4.3, 4.4 and 4.5 to HSCI's consolidated financial statements prepared in accordance with IFRS as of and for the year ended December 31, 2013 (audited by E&Y /Ernst & Young LLC/) : http://eng.hsci.ru/investoram-i-aktsioneram/financial-reports/financial-reports-in-accordance-with-international-financial-reporting-standards-ifrs. We also note that in the process of preparing FY2013 IFRS financial statements, the Company introduced a number of corrections in order to accurately reflect the condition of its business, with these corrections concerning interim reporting periods during 2013 (i.e. previously published unaudited consolidated interim financial statements under IFRS for 6 months ended June 30, 2013).

[2] OIBDA is a non-U.S. GAAP and non-IFRS financial measure, which the Company calculates as total revenues less operating expenses excluding 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 share of revenues generated by new products and services (Neovasculgen®, SPRS-therapy, genetic diagnostics and consulting, Reprobank) accounted for 45.8% of consolidated revenue.

The change in consolidated revenue structure in 2013 was mainly due to a substantial portion of revenues from the sale via distributors of the innovative drug Neovasculgen® introduced to the Russian market in late-2012. The growth in sales of Neovasculgen® positively impacted both consolidated revenue and margins. However, it is important to note that HSCI has not yet succeeded in getting the drug included on the state drug subsidy programs, which is hindering the development of resale and accessibility to this drug for all patients in need.

An important event in 2013 was the opening of HSCI's unique new laboratory and production complex for the creation of products and provision of services in regenerative medicine and medical genetics. The licensing process has been completed and the Molecular Genetics laboratory has begun function from Q3 2013, allowing the Company to launch the entire spectrum of services for medical genetics diagnostics and consultations, including Ethnogene and PGD. Reprobank – a reproductive cell and tissue bank –was also opened at the new laboratory and production complex in Q3 2013. All these services are offered to the public through a network of advanced medical genetics centers which are being opened by the Company across Russia under the *Genetico* brand. First proceeds from all *Genetico* services are reflected in the Company's consolidated revenue for 2013 under IFRS, as they are provided by RGMC HSCI LLC, a subsidiary of HSCI.

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

Revenues from the sale of HSCI's own innovative drug Neovasculgen® through distributors in Russia and Ukraine in 2013 amounted to RUB 166.680 million (39.7% of the Company's consolidated revenue). From the launch of the drug in the Russian market at the end of the third quarter of 2012 and to December 31, 2013, revenues have totaled RUB 175.622 million (approximately 3,500 packages).

Neovasculgen® received marketing authorization on December 7, 2011 (registration decision RU № LP-000671). After industrial production of the first batches of Neovasculgen was launched and certified (in late-September 2012), the drug 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.

In March 2013 HSCI signed a sales agreement with Sotex Pharm Firm, which is part of Protek Group and has extensive experience in bringing medicines to market. The agreement covers three commercial years.

Throughout 2013 significant outreach efforts were made to engage the professional community of cardiovascular surgeons and angiologists as well as state healthcare bodies to promote Neovasculgen® and for the comprehensive development of its market in Russia. In June 2013 Neovasculgen® was included in the National Recommendations for treating patients with Peripheral Arterial Disease, the new version of which was approved at the international conference of vascular surgeons in Novosibirsk.

Due to the fact that this drug is innovative and expensive, the dynamics of sales to end-customers is highly dependent on its inclusion in state medicine financing programs. Thus one of the Company's key objectives is the inclusion of Neovasculgen® in federal and regional public drug subsidy programs. An import step in this direction would be the inclusion of Neovasculgen® in the list of Vital and Essential Drugs. However, changes the list were not approved by the Government for either 2013 or 2014 (a government directive from December 19, 2013 stipulated that the list would not be changed for 2014, thus leaving in place for a third year in a row the list confirmed for 2012). In 2014 the Company will submit another application for the inclusion of Neovasculgen® in the Vital and Essential Drugs list to be formulated for 2015.

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: the first deliveries of the drug to Ukraine were made in the second quarter of 2013 with corresponding revenues reflected in the reporting period.

In 2014 efforts will be undertaken to launch the process of receiving marketing authorization for Neovasculgen® in the United States and China.

HSCI has prepared a business plan to introduce Neovasculgen® to the US market, analyzed the potential of the market (which is substantially larger than the Russian market), selected potential partners for addressing regulatory issues and contract production as well as preclinical studies and clinical trials, and made calculations of the financing required. According to preliminary estimations, the required volume of investments for carrying out preclinical studies and clinical (Phase I and II) trials in the United States would be approximately US$20 million. The Company

intends to attract the required funds from both Russian and international investors. One of possible options is an SPO on the Moscow Exchange and/or a private placement with an institutional investor(s). Other options are also being considered for attracting financing for the development of the drug in the United States.

A business plan for bringing Neovasculgen® to the Chinese market is also in the works.

The action mechanism of Neovasculgen® – therapeutic angiogenesis – introduces a new approach to the treatment of ischemia: the use of an evolutionarily programmed process of blood vessel creation and growth. For this reason HSCI aims to implement new pre-clinical studies and clinical trial protocols in order to expand the range of indications for applying Neovasculgen® (other nosologies in addition to PAD, including cardiovascular diseases, i.e. IHD).

***Cord blood stem cell isolation, cryopreservation and storage services** – bio-insurance (Gemabank)*

In 2013 revenue from this service amounted to RUB 208.518 million (49.7% of the Company's consolidated revenue). Revenue from this service was down 12.9% from 2012.

During the reporting period HSCI' s revenues from the storage of cord blood stem cells rose while revenues from the isolation and cryopreservation of cord blood stem cells declined. The number of contracts signed for cord blood stem cell banking declined by 25.3% year on year and totaled 2,776. Thus the total number of personal cord blood stem cell samples held in storage at Gemabank® as of December 31, 2013 increased to 19,700.

One of the reasons for the decline in sales was the impact of consumers' reaction to a negative article on cord blood stem cell banking published in a well-known Russian magazine in the end of January 2013. The article contained false information which discredits this medical field on the whole and tarnishes the reputation of stem cell banks, including Gemabank®. In response to this HSCI has engaged in an informational and public awareness campaign and also filed a lawsuit against Mediaholding Expert (owners of the Russky Reporter magazine) with the demand that the magazine publish HSCI's response to the article in Russkiy Reporter No.3 (281) from 24 January 2013 "Money for Babies' Blood". In October 2013 the Arbitration Court of the City of Moscow ruled in favor of HSCI. The decision came into force on 26 November 2013, however, the court rulling has yet to be fulfilled and HSCI's response has not been published in Russky Reporter till today.

Research and assessment of the cord blood stem cell banking market in Russia conducted by the Company has shown that in 2013 Gemabank® retained its leading positions. However, it should be noted that competitors have become more active and new players have emerged, particularly on the market for Moscow and the Moscow region. Another important feature is that the Russian market for personalized cord blood stem cell banking, according to the research, has potential for growth: over the past three years the country has seen rising birth rates and rising consumer demand while the market for cord blood stem cell banking has remained virtually unchanged from the level reached in 2011.

On the whole, it should be noted that in 2012-2013 the relative decline in consumer demand for cord blood stem cell banking has been observed not only in Russia but in other countries as well, now the market stabilizes and becomes more consolidated. HSCI believe that in the second half of 2014, despite possible crisis downtrends in consumer demand, the growth dynamic will return.

Ukraine's largest cord blood bank Hemafund, in which HSCI holds a 50% stake, as of the end of 2013 held more than 7,100 cord blood stem cell samples in storage.

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

Revenue from SPRS-therapy, including the long-tern storage of autologous skin fibroblasts, in 2013 totaled RUB 19.939 million (4.8% of the Company's consolidated revenue). Revenue from the service was up 18.9% from 2012.

This service was authorized by the Russian healthcare regulator 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.

This service is primarily offered through the leading dermatology and cosmetics clinics of Moscow (more than 20); however, in 2012 cooperation in providing this service began to extend to clinics in Russia's regions (covering 5 cities by the end of 2013).

The total number of patients that had used this service as of the end of 2013 was 356 people. A third of patients have returned for second and/or additional skin treatments in other areas besides the face. The number of requests for services within the spectrum SPRS-therapy (both initial and follow-up applications) in 2013 increased by 35% from 2012.

In parallel with continued work with doctors and clinics specializing in aesthetic medicine, the marketing strategy continues to also include a focus on the promotion of SPRS-therapy services directly to consumers.

In September 2012, Vitacel LLC (HSCI's subsidiary) applied for an international patent (PCT) to protect its IP for the related "Diagnostic method for connective tissue and its application", which is necessary to receive global patent protection for SPRS-therapy and, in particular, personalized skin diagnostics (Skin Passport®). This PCT application was published on April 11, 2013, which provides temporary legal protection of the technology in countries which allow for patent applications in English. In July 2013 the international patent application moved to the national and regional phases, and in September the corresponding Eurasian Patent Application (covering the CIS) was published and in October the United States patent application was published.

In February 2014, the US Patent Office completed its expert review and issued Vitacel a patent for its "Method of determining tissue regenerative ability of the skin", which provides the opportunity to protect the SPRS-therapy know-how in the United States. In late-March 2014 national patent applications were submitted to the European Patent Office as well as to the Patent Office of Brazil.

Genetic diagnostics and consultation services at Genetico medical genetics centers – *HSCI's socially significant project 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.*

Revenues from the provision of genetic diagnostics and consulting services in 2013 amounted to RUB 5.555 million (1.3% of consolidated revenue). These services are provided by the Regenerative and Genetic Medical Center of the Human Stem Cells Institute (RGMC HSCI LLC), a subsidiary of HSCI specially created in October 2012 for the provision of medical services (with the aim of making use of tax breaks available for medical service providers).

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 physician-geneticist.

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 (including with the help of new medical technologies) to maintain good health and the health of one's children as well as 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 program for newborns. This program included DNA screening and consulting services on the six most widespread inherited disorders in Russia and congenital features. DNA screening was mainly carried out using cord blood of the newborn. Through follow-up consultations with a genetic doctor the parents received 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 parallel during 2012 substantial progress was also made on the creation of a proprietary DNA array which makes it possible to test for a large number of inherited diseases (monogenic) and predisposition to widespread multifactorial disorders. One of the key ideas behind the creation 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. Genetic screening using this DNA array of HSCI, which has been called Ethnogene, allows to simultaneously test for the presence or carrier status of more than 60 monogenic inherited diseases and also predisposition to the development of several prevalent multifactorial disorders.

Starting in the second half of April 2013 HSCI began using this array to provide its new Ethnogene genetic screening and consulting service for a broad range of consumers: for adults and children, including newborns (determination of the genetic features and identification of risks for clinically healthy individuals and their future offsprings with the aim of prediction and prophylactic treatment of genetic disorders or preventing the development of complications if the disease is discovered), as well as for couples in pregnancy planning (preconception screening to minimize the risks of giving birth to a sick child).

In the third quarter of 2013 the Company also began to provide the spectrum of PGD services – preimplantation genetic diagnosis of an embryo for monogenic inherited diseases and chromosome anomalies during IVF cycles. The PGD laboratory, which operates within the HSCI's new laboratory and production complex, was created in cooperation with the pioneer and world leader in this field – the Reproductive Genetics Institute in the United States. The laboratory uses a broad arsenal of methods and technologies which meet the strictest requirements for the fullness, informative value and reliability of the analysis as applicable to any situation in which preimplantation genetic diagnosis is required (for more information see: http://eng.hsci.ru/products/pgd).

The provision of the entire line of genetic diagnostics and consulting services with a physician-geneticist is being made possible by the launch of a Russia-wide network of advanced medical genetics centers under the *Genetico* brand. In the course of five years Genetico centers will be opened and operating in 19 major cities throughout Russia. In 2014 Genetico centers have a presence in 6 cities in the Russian Federation.

Moreover, in 2013 substantial work was done to attract investment to finance further development of the *Genetico* project, and the RVC BioFund, a state investment fund, has become the Company's partner. The investment agreement signed by the parties was approve by HSCI's EGM on March 27, 2014 (for details, see: the press-release on EGM results and the press-release on the Investment agreement for RVC BioFund to become a participant in RGMC HSCI LLC).

Operating expenses, OIBDA, Operating profit

Consolidated operating expenses in 2013 amounted to RUB 377.107 million – a moderate increase of 13.5% from 2012.

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 as follows: higher staff costs due to the expansion of teams for each project and of HSCI's management; higher rent expenses resulting from the expansion of office space; higher payments to contractors due to the launch of the entire range of Genetico services; increase of depreciation as the clean room premises of the new laboratory and production complex were commissioned.

Operating expenses before depreciation and amortization amounted to RUB 354.605 million (a year-on-year increase of 10.1%), resulting in an OIBDA of RUB 65.165 million and an OIBDA margin of 15.5%.

As revenue growth exceeded the increase in operating expenses, in 2013 the Company demonstrated operating profit of RUB 42.663 million, with an operating margin amounting to 10.2%.

Other income/loss, profit before Income tax

The consolidated statements for 2013 show a loss from associated companies in the amount of RUB 7.836 million compared to a loss from associates in the amount of RUB 71.612 million in 2012.

The size of this loss both in 2012 and 2013 was largely determined by: on the one hand, in 2013 – by the share in profits, in 2012 – by the share in losses in the financial results of SynBio LLC due to the revaluation made by SynBio of its financial investments in Xenetic Biosciences Inc.; on the other hand – by the share in losses in the financial results of Hemafund Medical Center LLC, Ukraine (in 2013 – in the amount of RUB 22 million, in 2012 – in the amount of RUB 2 million).

Other loss (net) for 2013 (i.e. net interest income (expense) + other non-operating income (loss), net + foreign exchange gain (loss), net) decreased by 18.1% year on year and amounted to RUB 7.439 million.

The Company demonstrated other loss (net) in the reporting year due to reasons as follows. In spite of other non-operating income (net), mainly resulted from revaluation gain on financial investments, held for trading (purchased securities), as well as foreign exchange gain, in 2013 net interest expense (the difference between interest income and interest expenses) amounted to RUB 15,613 million compared to a net interest expense of RUB 3.106 million in 2012, when the long-term loan agreements were initially signed in Q3.

The Company's profit before income tax in 2013 thus amounted to RUB 27.388 million compared to the loss before income tax in the amount of RUB 113.334 million in the previous year.

Net profit for the year

Due to the reasons mentioned above, in 2013 the Company demonstrated a consolidated net profit totaling RUB 16.670 million, compared to a net loss in 2012 of RUB 108.114 million.

Consolidation

The consolidated financial statements for 2013 include the operating results of HSCI and its subsidiaries – Cell Technologies Laboratory LLC, Vitacel LLC, NextGen LLC, Cryonix CJSC, RGMC HSCI LLC, IceGen LLC (through effective share with Cryonix) and also HSCI's share in the profits/losses of associated companies – Medical Biotechnological Company Hemafund LLC (Ukraine), Hemafund Medical Center LLC (Cord Blood Bank, Ukraine), SynBio LLC.

HSCI's consolidated financial statements prepared in accordance with IFRS as of and for the year ended December 31, 2013 (audited by E&Y /Ernst & Young LLC/) can be viewed on the Company's corporate website under "For Investors"(Financial Reports -> IFRS): http://eng.hsci.ru/investoram-i-aktsioneram/financial-reports/financial-reports-in-accordance-with-international-financial-reporting-standards-ifrs

APPENDICES:

i. Condensed consolidated statements of comprehensive income for the full year ended December 31, 2013, and December 31, 2012 in RUB thousands

ii. Condensed consolidated statements of financial position as of December 31, 2013 and December 31, 2012, in RUB thousands

Appendix I

Condensed consolidated statements of comprehensive income for the full year ended December 31, 2013, and December 31, in RUB thousands

'000 RUB	2013	2012* (as restated)	% change, y-o-y
Revenue from products and services:			
Isolation, cryopreservation and storage of cord blood stem cells	208,518.0	239,399.0	*-12.9%*
Neovasculgen®	166,680.0	8,942.0	*by a factor of 18.6*
SPRS-therapy	19,939.0	16,771.0	*18.9%*
Genetic diagnostics and consulting services	5,555.0	5,726.0	*-3.0%*
Research and development agreements	16,500.0	24,521.0	*-32.7%*
Other revenue	2,578.0	4,305.0	*-40.1%*
Total revenue	**419,770.0**	**299,664.0**	***40.1%***
Wages, salaries, other benefits and payroll taxes	(149,985.0)	(133,490.0)	*12.4%*
Rental fee	(40,163.0)	(29,134.0)	*37.9%*
Advertising costs	(22,673.0)	(30,604.0)	*-25.9%*
R&D costs	(21,846.0)	(32,087.0)	*-31.9%*
Services of third-party organizations (contractors)	(20,148.0)	(8,917.0)	*126.0%*
Materials and reagents	(16,497.0)	(18,733.0)	*-11.9%*
Consulting and similar services, incl. on dealmaking and customer search	(22,628.0)	(7,202.0)	*214.2%*
Contract manufacturing costs	(9,384.0)	(8,075.0)	*16.2%*
Bad debt expense	(7,787.0)	(9,969.0)	*-21.9%*
Transportation, Travel and Representation expenses	(13,480.0)	(17,453.0)	*-22.8%*
Factoring interest	(3,900.0)		*n/a*
Telecommunications services	(3,877.0)	(3,117.0)	*24.4%*
Audit fees	(3,837.0)	(1,215.0)	*215.8%*
Other operating expenses (each type - less than 1% of total operating expenses)	(18,400.0)	(22,190.0)	*-17.1%*
Operating expenses before depreciation & amortization	**(354,605.0)**	**(322,186.0)**	***10.1%***
OIBDA	**65,165.0**	**(22,522.0)**	***n/a***
OIBDA margin, %	***15.5%***	***n/a***	***n/a***
Depreciation & amortization	(22,502.0)	(10,118.0)	*122.4%*
Total operating expenses	**(377,107.0)**	**(332,304.0)**	***13.5%***
Operating profit / (loss)	**42,663.0**	**(32,640.0)**	***n/a***
Operating margin, %	***10.2%***	***n/a***	***n/a***
Gain / (loss) from associates	***(7,836.0)***	***(71,612.0)***	***-89.1%***
Other income / (loss) - net, incl.	***(7,439.0)***	***(9,082.0)***	***-18.1%***
Net interest expense (interest income + interest expense)	(15,613.0)	(3,106.0)	*402.7%*
Other non-operating income / (loss), net	6,973.0	(5,692.0)	*n/a*
Foreign exchange gain / (loss), net	1,201.0	(284.0)	*n/a*
Profit / (loss) before income tax	***27,388.0***	***(113,334.0)***	***n/a***
Income tax expense	(10,718.0)	5,220.0	*n/a*
Profit / (loss) for the year /net profit/	**16,670.0**	**(108,114.0)**	***n/a***
Net margin, %	***4.0%***	***n/a***	***n/a***
Other comprehensive income / (loss), net of tax	***64.0***	***-***	***n/a***
Total comprehensive income / (loss) for the year, net of tax	**16,734.0**	**(108,114.0)**	***n/a***

***** *Comparative figures for 2012 are presented with restatements reflected retrospectively in FY 2013 IFRS financial statements in relation to previous reporting periods. For details, see Notes 4.3, 4.4 and 4.5 to HSCI's consolidated financial statements prepared in accordance with IFRS as of and for the year ended December 31, 2013 (audited by E&Y /Ernst & Young LLC/) : http://eng.hsci.ru/investoram-i-aktsioneram/financial-reports/financial-reports-in-accordance-with-international-financial-reporting-standards-ifrs.*

Appendix II

Condensed consolidated statements of financial position as of December 31, 2013 and December 31, 2012, in RUB thousands

RUB thousands	Dec. 31, 2013	Dec. 31, 2012* (as restated)	*% change, y-o-y*
ASSETS			
Non-current Assets, incl.:	**512,768**	**475,446**	***7.8%***
Property, plant and equipment	117,454	73,579	*59.6%*
Intangible assets	36,855	26,599	*38.6%*
Investments in associates	348,984	359,417	*-2.9%*
Non-current financial assets	7,146	9,702	*-26.3%*
Current Assets, incl.:	**216,257**	**207,157**	***4.4%***
Accounts receivable	90,659	102,329	*-11.4%*
Other current financial assets, incl.	92,355	66,614	*38.6%*
Financial assets at fair value through profit or loss (held for trading)	78,861	56,889	*38.6%*
Cash and cash equivalents	18,120	26,671	*-32.1%*
Total Assets	**729,025**	**682,603**	***6.8%***
EQUITY AND LIABILITIES			
Shareholders' equity:	**362,322**	**345,868**	***4.8%***
Equity attributable to equity holders of the parent	351,768	336,882	*4.4%*
Non-controlling interests	10,554	8,986	*17.4%*
Non-currents liabilities, incl.:	***40,248***	**63,078**	***-36.2%***
Long-term loans and borrowings	36,742	61,789	*-40.5%*
Deferred tax liabilities	3,177	-	*n/a*
Current liabilities, incl.:	**326,455**	**273,657**	***19.3%***
Short-term loans and borrowings	90,598**	87,467	*3.6%*
Advances received	211,431	166,356	*27.1%*
Accounts payable (trade and other)	16,199	14,991	*8.1%*
Total Liabilities	**366,703**	**336,735**	***8.9%***
Total Equity and Liabilities	**729,025**	**682,603**	***6.8%***
Net debt* **	**30,359**	**65,696**	***-53.8%***

* *Comparative figures for 2012 are presented with restatements reflected retrospectively in FY 2013 IFRS financial statements in relation to previous reporting periods. For details, see Notes 4.3, 4.4 and 4.5 to HSCI's consolidated financial statements prepared in accordance with IFRS as of and for the year ended December 31, 2013 (audited by E&Y /Ernst & Young LLC/) : http://eng.hsci.ru/investoram-i-aktsioneram/financial-reports/financial-reports-in-accordance-with-international-financial-reporting-standards-ifrs.*

** *Including short-term portion of long-term loans amounting to RUB 40,032 thousand.*

*** *Net debt is calculated as the sum of long-term and short-term loans and borrowings minus cash and cash equivalents and financial assets available for sale (2013: Net Debt/OIBDA = 0.47).*

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

HSCI engages in R&D as well as commercialization and marketing of innovative proprietary products and services in the field of regenerative medicine, medical genetics, bio-insurance, gene therapy, biopharmaceutics.

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

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

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

HSCI is implementing a socially significant project to create its own Russia-wide network of *Genetico* medical genetics centers to provide genetic diagnostics and consulting services with the aim of early identification, prediction and prophylactic treatment of genetic disorders (Ethnogene, PGD, Prenetix and other services).

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

HSCI is a co-investor in SynBio – a long-term multilateral project to create new unique medicines (first-in-class and 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 is listed on the Innovation & Investment Market (iIM) of the Moscow Exchange (ticker: ISKJ). The Company conducted its IPO in December 2009, becoming the first Russian biotech company to go public.

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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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