

Auditor report for 2016 financial year

Audit and Consulting Firm
RAIS AUDIT
Limited Liability Company

10 Ul. Koshtoyantsa, Moscow, 119454
settlement account 4070281090000003025 in AO Alma Bank
BIC 044525408, correspondent account 3010181090000000408

AUDIT REPORT
on the annual accounting statements of
Open Joint-Stock Company
BIOSINTEZ
2016

OOO Audit and Consulting Firm RAIS AUDIT

10 Ul. Koshtoyantsa, Moscow, 119454, tel./fax (499) 131-71-77, (499) 131-65-00

Corporate member of the self-regulatory organization of auditors Russian Union of Auditors (Association), Principal Number of Registration Entry 10403002394
E-mail: raisa@rais-audit.ru, rais-audit@mail.ru

**To: Shareholders of
OJSC BIOSINTEZ
and other users**

INFORMATION ABOUT THE AUDITED ENTITY

NAME:	Open Joint-Stock Company BIOSINTEZ
ABBREVIATED NAME	OJSC BIOSINTEZ
LOCATION	4 Ul. Druzhby, Penza, 440033
STATE REGISTRATION NUMBER	The company is listed in the Unified State Register of Legal Entities under Primary State Registration Number 125801102502

AUDITOR:

NAME:	Audit and Consulting Firm RAIS AUDIT Limited Liability Company
LOCATION	10 Ul. Koshtoyantsa, Moscow, 119454
STATE REGISTRATION NUMBER	OGRN 1037789069230
NAME OF THE SELF-REGULATORY ORGANIZATION OF AUDITORS	Self-regulatory organization of auditors – Russian Union of Auditors (abbreviated name of the self-regulatory organization is RUA)
NUMBER IN THE REGISTER OF AUDITORS AND AUDIT ORGANIZATIONS OF THE SELF-REGULATORY ORGANIZATION OF AUDITORS	Principal Number of Registration Entry 10403002394

Auditor report for 2016 financial year

We have performed audit of the attached accounting statements of OJSC BIOSINTEZ consisting of:

- an accounting balance sheet as of December 31, 2016;
- a 2016 P&L statement;
- a 2016 equity change statement;
- a 2016 cash flow statement, and
- Explanatory notes to the accounting balance sheet and P&L statement.

RESPONSIBILITY OF THE AUDITED ENTITY FOR THE ACCOUNTING STATEMENTS

The management of the audited entity is responsible for the preparation and reliability of the said accounting statements in compliance with the accounting principles of the Russian Federation and for the internal control system requisite for the preparation of the accounting statements that is free from material misstatements, whether due to fraud or error.

RESPONSIBILITY OF THE AUDITOR

Our responsibility lies in expressing an opinion regarding the reliability of the accounting statements based on the audit we have performed. We performed the audit in accordance with federal standards of auditing operations, standards of auditing operations of SRO RUA, and internal standards of ACF RAIS AUDIT Limited Liability Company. These standards require an observation of applicable ethic norms and planning and performance of the audit in such a way as to be sufficiently sure that the accounting statements are free from material misstatements.

The audit included performance of audit procedures aimed at obtaining an audit proof confirming the figures in the accounting reports and disclosure of information therein. The choice of audit procedures is a subject to our judgment based on assessment of the risk of material misstatements, whether due to fraud or error. In the process of this risk assessment, we considered the internal control system that ensures preparation and reliability of the accounting statements in order to choose relevant audit procedures, but not to express an opinion on the efficiency of the internal control system.

The audit also included an assessment of proper character of the employed accounting policy and reasonableness of the estimated figures obtained by the audited entity management, and assessment of the overall accounting statement presentation.

We believe that the audit proof obtained during the audit presents a sufficient basis for expressing a modified opinion that the accounting statements are reliable.

Auditor report for 2016 financial year

OPINION

In our opinion, the accounting statements reliably reflect, in every material respect, the financial standing of Open Joint-Stock Company BIOSINTEZ as of December 31, 2016, results of its financial and economic operations and cash flow over 2016 in compliance with established accounting principles of the Russian Federation.

Director General
OOO ACF RAIS AUDIT

[signature]

R.I. Potashnik

Single auditor certificate No. 03-00598 issued on February 13, 2013
Principal Number of Registration Entry 21003008220

March 30, 2017.

[Round seal:
Audit and Consulting Firm
RAIS AUDIT
Limited Liability Company]

МНЕНИЕ

По нашему мнению, бухгалтерская отчетность отражает достоверно во всех существенных отношениях финансовое положение Открытого акционерного общества «БИОСИНТЕЗ», по состоянию на 31 декабря 2016 года, результаты ее финансово-хозяйственной деятельности и движение денежных средств за 2016 год в соответствии с правилами составления бухгалтерской отчетности Российской Федерации.

Генеральный директор
ООО «АКФ РАЙС АУДИТ»

/Потапник Р. И./

Единый аттестат аудитора № 03-00598, выданный от 13 февраля 2013г.
ОРНЗ 21003008220.

30.03 2017г.

Balance Sheet
as of **31 декабря 20 16**

Organization Biosintez, an Open Joint Stock Company

Taxpayer Identification Number _____

Type of economic

activities production of drugs

Organizational legal form/ownership form _____

OJSC/private ownership _____

Unit of measurement: RUR '000

Location (address) _____

4, Druzhby St., Penza, 440033

OKUD form
Date (day, month, year)

OKPO

TIN

OKVED

OKOPF/OKFS

OKEI

Codes	
0710001	
00480550	
5834001025	
21.20.1	
12247	16
384	

Explanations	Indicator Name	Code	As of 31 декабря 20 16	As of 31 декабря 20 15	As of 31 декабря 20 14
	ASSETS				
	I. NON-CURRENT ASSETS				
1.1	Intangible assets	1110	2 764	3 015	3 623
1.4	Results of research and development	1120	9 304	8 239	4 047
	Intangible search assets	1130	0	0	0
	Tangible search assets	1140	0	0	0
2.1	Fixed assets	1150	1 890 506	1 954 366	1 551 658
	Income-bearing investments into tangible valuables	1160	0	0	0
3.1	Financial investments	1170	1 069	2 000	2 000
	Deferred tax assets	1180	149 680	134 917	52 427
1.5	Unfinished and unregistered R&D and unfinished operations for acquisition of intangible assets	11851	87 876	69 951	60 353
2.2;19	Unfinished capital investments in fixed asset items	11852	357 851	279 640	716 486
19	Other non-current assets	1190	51 960	63 823	76 057
	Total for section I	1100	2 551 010	2 515 951	2 466 651
	II. CURRENT ASSETS				
4.1	Reserves	1210	480 031	619 540	538 052
	including:				
	<i>raw and other materials and other similar valuables</i>	1211	249 440	265 332	317 215
	<i>costs in work-in-process</i>	1212	30 904	76 660	62 900
	<i>finished products and goods for resale</i>	1213	195 381	270 811	156 422
	<i>other reserves and costs</i>	1214	4 306	6 737	1 515
	Value added tax on acquired valuables	1220	20 457	12 019	16 916
5.1	Accounts receivable (for which payments are expected more than 12 months after the reporting date)	12301	6 516	9 760	3 824
5.1	Accounts receivable (for which payments are expected within 12 months after the reporting date)	12302	577 919	1 115 862	826 238
	including:				
	<i>buyers and customers</i>	12303	524 480	1 018 101	748 339
	<i>advance payments made</i>	12304	38 344	93 798	27 023
	Financial investments (except for cash equivalents)	1240	0	0	0
	Cash and cash equivalents	1250	172 741	1 588	8 958
	including:				
	<i>letter of credit</i>	12501	0	0	0
	<i>deposit</i>	12502	0	0	0
	Other current assets	1260	24	27	24
	Total for section II	1200	1 257 688	1 758 796	1 394 012
	BALANCE	1600	3 808 698	4 274 747	3 860 663

Explanations	Indicator Name	Code	As of 31 декабря 20 16	As of 31 декабря 20 15	As of 31 декабря 20 14
EQUITY AND LIABILITIES					
III. EQUITY AND PROVISIONS					
	Charter capital (contributed capital, charter fund, contributions of partners)	1310	286	286	286
	Own shares redeemed from shareholders	1320	(0)	(0)	2 379)
19	Revaluation of non-current assets	1340	311 397	321 957	330 367
	Added capital (without revaluation)	1350	0	0	0
	Reserve capital	1360	14	72	72
	Retained profit (uncovered loss)	1370	429 659	448 320	505 873
	Total for section III	1300	741 356	770 635	834 219
IV. LONG-TERM LIABILITIES					
5.3:19	Borrowed funds	1410	1 582 467	1 960 567	1 762 487
19	Deferred tax liabilities	1420	130 821	102 316	72 029
	Estimated liabilities	1430	0	0	0
	Other liabilities	1450	1	1	2
	Total for section IV	1400	1 713 289	2 062 884	1 834 518
V. SHORT-TERM LIABILITIES					
5.3:19	Borrowed funds	1510	999 576	249 394	304 465
5.3	Accounts payable	1520	287 022	1 164 561	861 743
	including:				
	<i>suppliers and contractors</i>	15201	199 384	1 021 496	711 451
	<i>indebtedness to the organization's personnel</i>	15202	20 168	22 399	25 109
	<i>indebtedness to state off-budget funds</i>	15203	10 318	60 746	90 709
	<i>indebtedness on taxes and levies</i>	15204	18 116	26 743	10 316
	<i>advance payments received</i>	15205	9 579	4 462	3 796
	<i>other creditors</i>	15206	29 457	28 715	20 362
	Incomes of future periods	1530	3	0	0
7	Estimated liabilities	1540	67 452	27 273	25 718
	Other liabilities	1550	0	0	0
	Total for section V	1500	1 354 053	1 441 228	1 191 926
	BALANCE	1700	3 808 698	4 274 747	3 860 663

Chief Executive

Boldov D.V.

(signature)

(signed by)

" 30 "

March

20 17

Statement of Comprehensive Income

for the Year of 20 16

Codes	
0710002	
00480550	
5834001025	
21.20.1	
12247	16
384	

Form acc. to OKUD

Date (day,month,year)

Entity Open Joint-Stock Company Biosintez OKPO

Taxpayer individual number _____ TIN 5834001025

Type of economic activities _____
Production of drugs OKVED 21.20.1

Organizational and legal form / ownership form OJSC/Private Ownership

OKOPF/OKFS

Unit of measurement: RUR '000 _____ OKEI

Explanation s	Indicator Name	Code	For the year of 20 16	For the year of 20 15
18	Revenues	2110	2 925 057	3 208 263
	including from sale of medical products of own production	2111	2 868 565	3 160 517
6; 18; 19	Cost of sales	2120	(2 114 136)	(2 290 906)
	including from sale of medical products of own production	2121	(2 089 680)	(2 267 174)
18	Gross Profit (Loss)	2100	810 921	917 357
6; 19	Selling expenses	2210	(66 258)	(81 641)
6; 19	Administrative expenses	2220	(206 022)	(216 312)
	Profit (loss) of sales	2200	538 641	619 404
	Income from participation in other organization	2310		1
	Interest receivable	2320	92	20
	Interest payable	2330	(83 930)	(72 872)
	Other incomes	2340	133 855	67 082
	Other expenses	2350	(594 894)	(721 179)
	Profit (loss) before tax	2300	(6 236)	(107 544)
	Current profit tax	2410	(0)	(0)
	including permanent tax liabilities (assets)	2421	14 953	8 082
19	Changes in deferred tax liabilities	2430	(28 469)	(30 293)
19	Changes in deferred tax assets	2450	14 763	82 490
	Other items	2460	(9 337)	(10 616)
	Net Profit (Loss)	2400	(29 279)	(65 963)

Explanation s	Indicator Name	Code	For the year of 20 <u>16</u>	For the year of 20 <u>15</u>
	FOR REFERENCE ONLY			
	Surplus on revaluation of non-current assets not included in net profit (loss) for the period	2510	-	-
	Surplus on other operations not included in net profit (loss) for the period	2520	()	()
	Comprehensive income for the period	2500	(29 279)	(65 963)
19	Basic earnings (loss) per share	2900		
19	Diluted profit (loss) per share	2910		

(signature)

Chief Executive

D. V. Boldov

(signature)

(signed by)

" 30 "

March

20 17

(round seal)

Equity change statement 20 16

	Codes
	0710003
	00480550
	5834001025
	21.20.1
12247	16
384	

OKUD form
Date (dd/mm/yyyy)
OKPO
TIN
OKVED
OKOPF/OKFS
OKEI

Organization Open Joint-Stock Company Biosintez
 Taxpayer Identification Number _____
 Economic activity manufacture of drugs
 Legal form of organization / ownership form Public Joint-Stock Company / private property
 Measurement unit: thous. Rubles

1. Dynamics of equity

Index name	Code	Equity capital	Treasury shares	Capital surplus	Capital reserves	Retained profit (outstanding loss)	Total
Capital value as of December 31 20 14	3100	286		330 367	72	505 873	834 219
Over 20 15							
Capital increase - total:	3210					0	0
including:							
net profit	3211	x	x	x	x	0	0
revaluation of assets	3212	x	x		x		
earnings referred directly to the capital increase	3213	x	x		x		
additional issuance of shares	3214				x	x	
increase of nominal value of shares	3215				x		x
reorganization of the legal entity	3216						

Index name	Code	Equity capital	Treasury shares	Capital surplus	Capital reserves	Retained profit (outstanding loss)	Total
Capital reduction --- total:	3220	0		0	0	(65 963)	(65 963)
including:							
loss	3221	x	x	x	x	(65 963)	(65 963)
revaluation of assets	3222	x	x	0	x	0	0
expenditures referred directly to the capital reduction	3223	x	x	0	x	0	0
reduction of nominal value of shares	3224	0			x		0
reduction of the number of shares	3225	0			x		0
reorganization of the legal entity	3226						0
dividends	3227	x	x	x	x	0	0
Changes of the capital surplus	3230	x	x	(8410)		8 410	x
Changes of the capital reserves	3240	x	x	x			x
Sale of own shares	32451	x	2 379	x			2 379
Capital value as of December 31 20 15	3200	286	(0)	321 957	72	448 320	770 635
Over 20 16							
Capital increase - total:	3310	0	0	0	0	0	0
including:							
net profit	3311	x	x	x	x	0	0
revaluation of assets	3312	x	x		x		
earnings referred directly to the capital increase	3313	x	x		x		
additional issuance of shares	3314				x		
reorganization of the legal entity	3315				x		x
reorganization of the legal entity	3316						
Capital reduction --- total:	3320	(0)	(0)	(0)	(0)	(29279)	(29279)
including:							
loss	3321	x	x	x	x	(29279)	(29279)
revaluation of assets	3322	x	x	0	x	0	0
expenditures referred directly to the capital reduction	3323	x	x	0	x	0	0
reduction of nominal value of shares	3324	0			x		0
reduction of the number of shares	3325	0			x		0
reorganization of the legal entity	3326						0
dividends	3327	x	x	x	x	0	0
Changes of the capital surplus	3330	x	x	(10 560)		10 560	x
Changes of the capital reserves	3340	x	x	x	(58)	58	x
Capital value as of December 31 20 16	3300	286	(0)	311 397	14	429 659	741 356

2. Adjustments due to changes of the accounting policy and correction of errors

Index name	Code	As of December 31		Equity change over		As of December 31
		20 14	20 15	due to net profit (loss)	due to other factors	
Capital - total						
before adjustments	3400	1 028 073		42	2 379	1 030 494
adjustment due to:						
changes of the accounting policy	3410					
correction of errors	3420	(193 854)	(66 005)	0	0	(259 859)
after adjustments	3500	834 219	(65 963)	2 379	2 379	770 635
including:						
retained profit (outstanding loss):						
before adjustments	3401	699 727		42	8 410	708 179
adjustment due to:						
changes of the accounting policy	3411					
correction of errors	3421	(193 854)	(66 005)	0	0	(259 859)
after adjustments	3501	505 873	(65 963)	8 410	8 410	448 320
other capital items for which adjustments are made:						
(by item)						
before adjustments	3402	328 346		0	(6 031)	322 315
adjustment due to:						
changes of the accounting policy	3412					
correction of errors	3422					
after adjustments	3502	328 346	0	0	(6 031)	322 315

3. Net assets

Index name	Code	As of December 31	
		20 16	20 15
Net assets	3600	741 359	770 635
			834 219

CEO _____ D.V. Boldov
 (signature) (spelled-out name)

« 30 » of March 20 17 _____

**Cash flow statement
over the year 20 16**

Organization Open Joint-Stock Company Biosintez
 Taxpayer Identification Number _____
 Economic activity manufacture of drugs
 Form of incorporation / ownership form Public Joint-Stock Company
private property
 Measurement unit: thous. rubles

OKUD form _____
 Date (dd/mm/yyyy) _____
 OKPO _____
 TIN _____
 OKVED _____
 OKOPF/OKFS _____
 OKEI _____

Codes	
0710004	
00480550	
5834001025	
21.20.1	
12247	16
384	

Index name	Code	Over the year	Over the year
		20 16	20 15
Cash flows from current transactions			
Proceeds - total	4110	2 738 765	2 267 870
including:			
from sale of products, merchandise, works and services	4111	2 464 415	2 195 954
from lease payments, license payments, royalties, commissions and other similar payments	4112	1 017	891
from re-sale of financial investments	4113	-	-
other proceeds	4119	273 333	71 025
Payments - total	4120	(2 722 438)	(2 161 295)
including:			
to suppliers (contractors) for raw and other materials, works and services	4121	(1 917 650)	(1 362 836)
due to the workers' remuneration	4122	(625 515)	(698 913)
of debenture interests	4123	(64 398)	(73 155)
of organization profits tax	4124	(-)	(102)
other payments	4129	(114 875)	(26 289)
Balance of cash flows from current transactions	4100	16 327	106 575

Index name	Code	Over the year 20 16	Over the year 20 15
Cash flows from investment transactions			
Proceeds - total	4210	3 262	2 672
including:			
from sale of non-current assets (except financial investments)	4211	3 262	2 671
from sale of other organizations' shares (participation interests)	4212	-	-
from repayment of granted loans, from sale of debt securities (cash entitlement towards other entities)	4213	-	-
dividends, interest on debt financing and similar proceeds from participation interest in other organizations	4214	-	1
other proceeds	4219	-	-
Payments - total	4220	(207 617)	(258 454)
including:			
due to purchase, creation, upgrade, reconstruction of non-current assets and their preparation for use	4221	(83 020)	(169 047)
due to purchase of other organizations' shares (participation shares)	4222	(-)	(-)
due to purchase of debt securities (cash entitlements towards other entities), granting loans to other entities	4223	(-)	(-)
interests on debentures included into the investment asset value	4224	(124 597)	(89 407)
other payments	4229	(-)	(-)
Balance of cash flows from investment transactions	4200	(204 355)	(255 782)
Cash flows from financial transactions			
Proceeds - total	4310	1 218 721	948 546
including:			
reception of credits and loans	4311	1 215 153	947 017
cash investments of owners (participants)	4312	-	-
from issuance of shares and increase of participation interests	4313	3 568	1 529
from issuance of debenture bonds, promissory notes and other debt securities and similar	4314	-	-
other proceeds	4319	-	-

Index name	Code	Over	the year	Over	the year
		20	16	20	15
Payments - total	4320	(859 333)	(807 480)
including:					
to owners (participants) due to purchasing from them shares (participation interests) of the organization or their resignation from participation	4321	(-)	(3 568)
to pay dividends and make other payments for profit allocation in favor of owners (participants)	4322	(-)	(-)
due to a pay-off (pay-out) of promissory notes and other securities, repayment of credits and loans	4323	(859 333)	(803 912)
other payments	4329	(-)	(-)
Balance of cash flows from financial transactions	4300		359 388		141 066
Balance of cash flows over the reporting period	4400		171 360		(8 141)
Opening cash and cash equivalent balance	4450		1 588		8 958
Closing cash and cash equivalent balance	4500		172 741		1 588
Scope of the effect of the exchange rate changes	4490	(207)	771

CEO

(signature)

D.V. Boldov

(spelled-out name)

" 30 " of March 20 17

**Explanatory notes to the accounting balance sheet
and P&L statement (thous. rubles)**

**1. Intangible assets and expenditures for scientific research,
design and experimental, and technological words (R&D)
1.1. Availability and flow of intangible assets**

0710005 p. 1

Index name	Code	Period	As of the year beginning		Changes over the period						As of the period end		
			initial value	accumulated amortization and losses from impairment	entered	withdrew		accrued amortization	loss from impairment	revaluation		initial value	accumulated amortization and losses from impairment
						initial value	accumulated amortization and losses from impairment			initial value	accumulated amortization		
Intangible assets - total	5100	20 16	5875	(2860)	122	(604)	604	(373)	0	0	0	5393	(2629)
	5110	20 15	5875	(2252)	0	(0)	0	(608)	0	0	0	5875	(2860)
including:	5101	20 16	3444	(866)	0	(0)	0	(232)	0	0	0	3444	(1098)
	5111	20 15	3444	(635)	0	(0)	0	(231)	0	0	0	3444	(866)
Audio and video compositions	5102	20 16	65	(35)	0	0	0	(21)	0	0	0	65	(56)
	5112	20 15	65	(13)	0	0	0	(22)	0	0	0	65	(35)
Trademark and service mark	5103	20 16	2366	(1959)	122	(604)	604	(120)	0	0	0	1884	(1475)
	5113	20 15	2366	(1604)	0	(0)	0	(355)	0	0	0	2366	(1959)

1.2. Initial value of intangible assets created by the organization itself

Index name	Code	As of December 31		As of December 31	
		20 16	20 15	20 15	20 14
Total	5120	5328	5810	5810	5810

1.3. Intangible assets with a fully repaid value

Index name	Code	As of December 31		As of December 31	
		20 16	20 15	20 14	20 14
Total	5130	1206	187		187

1.4. Availability and dynamics of R&D outcomes

Index name	Code	Period	As of the year beginning		Changes over the period				As of the period end	
			initial value	part of the value written off for expenditures	entered	withdrew		part of the value written off for expenditures over the period	initial value	part of the value written off for expenditures
						initial value	part of the value written off for expenditures			
R&D - total	5140	20 16	14786	(6547)	4185	(5854)	5854	(3120)	13117	(3813)
	5150	20 15	7958	(3911)	6828	(0)	0	(2636)	14786	(6547)
including:	5141	20 16	14786	(6547)	4185	(5854)	5854	(3120)	13117	(3813)
Technologies of manufacture of a new product type	5151	20 15	7958	(3911)	6828	(0)	0	(2636)	14786	(6547)

1.5. Incomplete and undocumented R&D and incomplete transactions of purchasing intangible assets

Index name	Code	Period	As of the year beginning	Changes over the period			As of the period end
				expenditures over the period	expenditures written off as those having yielded no positive result	reflected in accounting books as intangible assets or R&D	
Expenditures for incomplete research and developments total	5160	20 16	69894	21466	(1296)	(4185)	85879
	5170	20 15	58697	18293	(0)	(7096)	69894
including:	5161	20 16	69894	21466	(1296)	(4185)	85879
<i>Technology of manufacture of a new product type</i>	5171	20 15	58697	18293	(0)	(7096)	69894
Incomplete transactions of purchasing intangible assets - total	5180	20 16	57	110	(0)	(122)	45
	5190	20 15	14	57	(14)	(0)	57
including:	5181	20 16	0	0	(0)	(0)	0
<i>Invention patents</i>	5191	20 15	0	0	(0)	(0)	0
	5182	20 16	57	110	(0)	(122)	45
<i>Trademark and service mark</i>	5192	20 15	14	57	(14)	(0)	57

2. Fixed assets

2.1. Availability and dynamics of fixed assets

Index name	Code	Period	As of the year beginning		Changes over the period						As of the period end	
			initial value	accumulated amortization	entered	withdrawn items		accrued amortization	revaluation		initial value	accumulated amortization
						initial value	accumulated amortization		initial value	accumulated amortization		
Fixed assets (without profitable investments into tangible assets) - total	5200	20 16	2 905 186	(950 820)	75 562	(35 868)	29 966	(133 520)			2 944 880	(1 054 374)
	5210	20 15	2 397 862	(846 204)	529 558	(22 234)	19 570	(124 186)			2 905 186	(950 820)
including: Buildings	5201	20 16	1 337 840	(306 931)	0	(0)	0	(32 306)			1 337 840	(339 237)
	5211	20 15	1 124 563	(278 861)	216 206	(2 929)	973	(29 043)			1 337 840	(306 931)
Structures and transmissive devices	5202	20 16	84 178	(70 867)	0	(12 160)	9 513	(1 352)			72 018	(62 706)
	5212	20 15	88 048	(71 321)	0	(1 870)	1 870	(1 416)			84 178	(70 867)
Machines and equipment	5203	20 16	1 422 902	(542 577)	75 562	(22 639)	19 466	(96 742)			1 475 825	(619 853)
	5213	20 15	1 124 927	(466 695)	313 352	(15 377)	14 669	(90 551)			1 422 902	(542 577)
Vehicles	5204	20 16	28 908	(18 883)	0	(157)	149	(2 729)			28 751	(21 463)
	5214	20 15	29 916	(17 162)	0	(1 008)	1 008	(2 729)			28 908	(18 883)
Production and household equipment	5205	20 16	12 928	(11 562)	0	(912)	838	(391)			12 016	(11 115)
	5215	20 15	13 978	(12 165)	0	(1 050)	1 050	(447)			12 928	(11 562)
Land plots	5206	20 16	18 430	(0)	0	(0)	0	(0)			18 430	(0)
	5216	20 15	18 430	(0)	0	(0)	0	(0)			18 430	(0)

2.2. Incomplete capital investments

Index name	Code	Period	As of the year beginning	Changes over the period			As of the period end
				expenditures over the period	written off	accounted for in the balance as fixed assets or the value is increased	
Incomplete constructions and incomplete transactions for purchase, upgrade, etc. of fixed assets - total	5240	20 16	272 987	172 072	(21 975)	(74 802)	348 282
	5250	20 15	698 255	127 525	(23 235)	(529 558)	272 987
including: Buildings	5241	20 16	28 151	36 764	(10 851)	(0)	54 064
	5251	20 15	240 629	7 920	(4 192)	(216 206)	28 151
Structures and transmissive devices	5242	20 16	0	0	(0)	(0)	0
	5252	20 15	66	0	(66)	(0)	0
Machines and equipment	5243	20 16	244 836	135 308	(11 124)	(74 802)	294 218
	5253	20 15	457 560	119 605	(18 977)	(313 352)	244 836
Vehicles	5244	20 16	0	0	(0)	(0)	0
	5254	20 15	0	0	(0)	(0)	0
Production and household equipment	5245	20 16	0	0	(0)	(0)	0
	5255	20 15	0	0	(0)	(0)	0

2.3. Changed value of fixed assets as a consequence of finishing construction, finishing equipping, reconstruction and partial dismantlement

Index name	Code	Over 20 16	Over 20 15
Increase of the value of fixed asset items as a consequence of finishing construction, finishing equipping and reconstruction - total	5260	73	219 543
including:			
<i>buildings</i>	5261		216 206
<i>machines and equipment</i>	5262	73	3 337
<i>vehicles</i>	5263		
<i>structures and transmissive devices</i>	5264		
Decrease of the value of fixed asset items as a consequence of partial dismantlement - total:	5270	(2 724)	(1 137)
including:			
<i>production equipment</i>	5271	()	()
<i>structures and transmissive devices</i>	5272	(2 724)	(1 137)
<i>machines and equipment</i>	5273	()	()
<i>buildings</i>	5274	()	()

2.4. Other uses of fixed assets

Index name	Code	As of December 31 20 16	As of December 31 20 15	As of December 31 20 14
Leased out fixed assets that are on the balance	5280	62	6 325	65
Leased out fixed assets that are outside the balance	5281			
Received for lease fixed assets that are on the balance	5282			
Received for lease fixed assets that are outside the balance	5283	0	41 043	44 202
Property items that are accepted into service and actually used and are undergoing the state registration	5284			
Fixed assets transferred for conservation	5285	120 783	121 339	125 406
Other uses of fixed assets (mortgage, etc.)	5286	1 717 616	1 783 249	1 376 497
Fixed assets on restoration	5287	7 065	7 065	7 380

3. Financial investments

3.1. Availability and dynamics of financial investments

Index name	Code	Period	As of the year beginning			Changes over the period				As of the period end	
			initial value	accumulated adjustment	entered	withdrawn (repaid)		interest accrual (including bringing the initial value up to the nominal value)	current market value (losses from impairment)	initial value	accumulated adjustment
						initial value	accumulated adjustment				
Long-term - total	5301	20 16	2 000	(0)	0	(0)	0	0	(931)	2 000	(931)
	5311	20 15	2 000	(0)	0	(0)	0	0	(0)	2 000	(0)
	5302	20 16	0	(0)	0	(0)	0	0	0	0	(0)
including: investments into equity capital	5312	20 15	0	(0)	0	(0)	0	0	0	0	(0)
shares	5303	20 16	2 000	(0)	0	(0)	0	0	(931)	2 000	(931)
	5313	20 15	2 000	(0)	0	(0)	0	0	0	2 000	(0)
	5305	20 16									
Short-term - total	5315	20 15									
		20 16									
		20 15									
including: (group, type)											
etc.											
Financial investments - total	5300	20 16	2 000	(0)		(0)			(931)	2 000	(931)
	5310	20 15	2 000	(0)		(0)			0	2 000	(0)

3.2. Other uses of financial investments

Index name	Code	As of December 31		As of December 31	
		20 16	20 15	20 14	20 14
Financial investments presently pledged - total	5320	0	0		0
Financial investments handed over to third parties (except sale) - total	5325	0	0		0
Other use of financial investments	5329	0	0		0

4. Stock

4.1. Availability and dynamics of stock

Index name	Code	Period	As of the year beginning			Changes over the period					As of the period end	
			prime cost	amount of reserve for value reduction	receipts and expenditures	withdrawn		losses from value reduction	turnover of stock between its groups (types)	prime cost	amount of reserve for value reduction	
						prime cost	reserve for value reduction					
Stock - total (group, type)	5400	20 16	626 946	(7 406)	2 094 462	(2 232 774)	(1 197)			x	488 634	(8 603)
	5420	20 15	546 382	(8 330)	2 507 084	(2 426 520)	924			x	626 946	(7 406)
including: raw and other materials	5401	20 16	272 738	(7 406)	1 314 862	(28 881)	1 299			(1 303 172)	255 547	(6 107)
	5421	20 15	325 102	(7 887)	1 606 163	(21 872)	481			(1 636 655)	272 738	(7 406)
expenditures in incomplete manufacture	5402	20 16	76 660	(0)	770 098	(102 089)	(10)			(713 755)	30 914	(10)
	5422	20 15	62 900	(0)	888 211	(129 547)	0			(744 904)	76 660	(0)
finished products and merchandise for resale	5403	20 16	270 811	(0)	5 196	(1 503 537)	(2 486)			1 425 397	197 867	(2 486)
	5423	20 15	156 865	(443)	5 979	(1 832 224)	443			1 940 197	270 811	(0)
other expenditures	5404	20 16	6 737	(0)	4 306	(598 267)	0			591 530	4 306	(0)
	5424	20 15	1 515	(0)	6 737	(442 877)	0			441 362	6 737	(0)

4.2. Pledged stock

Index name	Code	As of <u>December 31</u> 20 <u>15</u>	As of December 31 20 <u>14</u>	As of December 31 20 <u>13</u>
Stock that is unpaid as of the reporting date - total	5440	0	0	0
Stock that is pledged under an agreement - total	5445	0	0	0
including: <i>finished products</i>	5446	0	0	0

5. Receivables and payables
5.1. Availability and dynamics of receivables

Index name	Code	Period	Changes over the period										As of the period end	
			As of the year beginning		entered					withdrew			As of the period end	
			discounted receivables under contractual terms	doubtful debts provision scope	in consequence of economic transactions (transactional) net in debt amount	due interest, penalties and other accruals	repayment	write-off for financial outcomes	provision recovery	write-off on the account of provision amounts	provision formation	transfer from long-term to short-term receivables	discounted receivables under contractual terms	doubtful debts provision scope
Long-term receivables - total	5501	31.20.16	9 760	(0)	1 377	0	(4 732)	(0)	0	(0)	0	111	6 516	(0)
	5521	31.20.16	3 824	(0)	5 947	0	(2 618)	(0)	0	(0)	0	2 807	9 760	(0)
Including: on other settlements with personnel	5502	31.20.16	756	(0)	85	0	(764)	(0)	0	(0)	0	(0)	77	(0)
	5522	31.20.15	2 946	(0)	0	0	(2 190)	(0)	0	(0)	0	(0)	756	(0)
Including: other receivables	5503	31.20.16	9 004	(0)	1 292	0	(3 968)	(0)	0	(0)	0	111	6 439	(0)
	5523	31.20.15	878	(0)	5 947	0	(628)	(0)	0	(0)	0	2 807	9 004	(0)
Short-term receivables - total	5510	31.20.16	1 122 559	(6 697)	577 831	9 644	(1 113 113)	(0)	214	(214)	11 980	(111)	596 596	(18 677)
	5530	31.20.15	829 712	(3 474)	1 165 937	1 593	(811 863)	(0)	3	(13)	3 233	(2 807)	1 122 559	(6 697)
Including: on settlements with buyers and customers	5511	31.20.16	1 024 798	(6 697)	538 672	0	(1 020 313)	(0)	(0)	(0)	11 980	0	543 167	(18 677)
	5531	31.20.15	751 813	(3 474)	1 011 563	0	(738 568)	(0)	(0)	(10)	3 233	0	1 024 798	(6 697)
Including: settlements on paid out advances	5512	31.20.16	93 798	(0)	34 688	0	(89 897)	(0)	144	(144)	0	(111)	38 844	(0)
	5532	31.20.15	27 023	(0)	84 926	0	(18 148)	(0)	3	(3)	0	0	93 798	(0)
Other receivables	5513	31.20.16	3 963	(0)	4 471	9 644	(2 913)	(0)	70	(70)	0	0	15 095	(0)
	5533	31.20.15	50 876	(0)	9 448	1 593	(55 147)	(0)	0	(0)	0	(2 807)	3 963	(0)
Total	5500	31.20.16	1 132 319	(6 697)	579 208	9 644	(1 117 645)	(0)	214	(214)	11 980	x	603 112	(18 677)
	5520	31.20.15	833 536	(3 474)	1 111 884	1 593	(814 661)	(0)	3	(13)	3 233	x	1 132 319	(6 697)

5.2. Overdue receivables

Index name	Code	As of December 31		As of December 31		As of December 31	
		20 16	20 15	20 15	20 14	20 14	20 14
		discounted receivables under contractual terms	book value	discounted receivables under contractual terms	book value	discounted receivables under contractual terms	book value
Total	5540	157 206	138 529	259 760	253 063	43 337	39 863
Including: on settlements with suppliers and contractors (account 60)	5541	4 867	4 867	76 212	76 212	2 658	2 658
on settlements with buyers and customers (accounts 62)	5542	148 030	129 353	182 710	176 013	37 051	33 577
on settlements with miscellaneous debtors and creditors (account 76)	5543	4 309	4 309	838	838	3 628	3 628

5.3. Availability and dynamics of payables

Index name	Code	Period	Opening balance as of the year beginning	Changes over the period					Closing balance
				entered		withdrew			
				in consequence of economic transactions (transaction/operation debt amount)	due interest, penalties and other accruals	repayment	write-off for financial outcome	transfer from long-term to short-term payables	
Long-term payables - total	5551	20 16	1 960 568	0	0	(359 060)	0	(20 040)	1 582 468
	5571	20 15	1 762 489	318 700	0	(120 621)	0	(0)	1 960 568
including: long-term liabilities for credits and loans	5552	20 16	1 960 567	0	0	(358 060)	0	(20 040)	1 582 467
	5572	20 15	1 762 487	318 700	0	(120 620)	0	(0)	1 960 567
Short-term payables - total	5560	20 16	1 413 955	1 004 431	1 088	(1 151 833)	1 083	20 040	1 286 598
	5580	20 15	1 166 208	1 316 227	9 589	(1 077 351)	688	0	1 413 955
including: liabilities to suppliers and contractors	5561	20 16	1 021 496	188 377	0	(1 009 447)	1 042	0	189 384
	5581	20 15	711 451	909 527	0	(599 033)	449	0	1 021 496
including: tax and duty liabilities to the budget (account 88)	5562	20 16	26 743	18 116	0	(26 743)	0	0	18 116
	5582	20 15	10 316	26 743	0	(10 316)	0	0	26 743
including: obligatory insurance liabilities to extra-budgetary funds	5563	20 16	60 746	10 318	0	(60 746)	0	0	10 318
	5583	20 15	80 709	60 748	0	(90 709)	0	0	60 748
including: labor remuneration liabilities to the personnel	5564	20 16	22 399	20 168	0	(22 399)	0	0	20 168
	5584	20 15	25 109	22 399	0	(25 109)	0	0	22 399
including: liabilities to buyers and customers for received advance and pre-payment amounts	5565	20 16	4 462	9 452	0	(4 330)	5	0	9 579
	5585	20 15	3 796	4 120	0	(3 460)	3	0	4 462
including: short-term liabilities for credits and loans	5566	20 16	249 394	730 142	0	(0)	0	20 040	999 576
	5586	20 15	304 465	275 000	0	(330 071)	0	0	249 394
including: other liabilities	5566	20 15	28 715	27 858	1 088	(28 166)	36	(0)	29 457
	5586	20 15	20 362	17 683	9 589	(19 683)	236	(0)	20 715
Total	5550	20 15	3 374 523	1 004 431	1 088	(1 509 893)	1 083	x	2 869 066
	5570	20 15	2 928 697	1 634 927	9 589	(1 195 002)	668	x	3 374 523

5.4. Overdue payables

Index name	Code	As of December 31 20 16	As of December 31 20 15	As of December 31 20 14
Total	5590	31 711	828 231	468 585
including:				
on settlements with suppliers and contractors	5591	31 231	766 293	387 978
on liabilities to buyers and customers for received advance and pre-payment amounts	5592	28	0	0
on settlements with the budget and extra-budgetary funds	5593	0	49 542	78 861
on settlements with miscellaneous debtors and creditors	5594	452	12 396	1 756

6. Production expenditures

Index name	Code	20 16	20 15
Material expenditures	5610	1 519 473	1 782 867
Labor remuneration expenditures	5620	417 684	495 332
Social security contributions	5630	128 146	150 635
Amortization	5640	138 079	128 604
Other expenditures	5650	70 521	107 234
Total by element	5660	2 271 903	2 662 472
Balance change growth [-], depreciation [+]:			
of incomplete production, finished products and other (growth [-])	5670		(114 318)
of incomplete production, finished products and other (depreciation [+])	5680	72 865	
Total expenditures for core activities	5800	2 344 768	2 548 154

7. Estimated liabilities

Index name	Code	Opening balance as of the year beginning	Acknowledged	Repaid	Written off as an excessive amount	Closing balance
Estimated liabilities - total	5700	27 273	98 272	(56 826)	(1 267)	67 452
<i>provisions for future costs:</i>						
<i>vacation pay provision</i>	5701	27 273	77 528	(56 826)	(0)	47 975
<i>remuneration provision</i>	5702	0	20 744	(0)	(1 267)	19 477
etc.						

8. Liability securities

Index name	Code	As of December 31 20 16	As of December 31 20 15	As of December 31 20 14
Received - total	5800	479	1 351	3 716
including:				
<i>received securities for liabilities and payments</i>	5801	479	1 351	3 716
Issued - total	5810	2 030 084	2 384 142	3 577 100
including:				
<i>provided securities</i>	5811	2 030 084	2 034 142	2 377 679
<i>suretyship</i>	5813	0	350 000	1 199 401
<i>security of proprietary rights</i>	5814	0	0	20

9. Government assistance

Index name	Code	20 16	20 15
Budgetary funds received - total	5900	11 296	47 390
including: for operating expenditures	5901	0	25 238
for investments into non-current assets	5905	11 296	22 152
		As of the year beginning	Returned over the year
		Received over the year	As of the year end
Budgetary credits - total	5910	0	(0)
	5920	0	(0)
including: (purpose)			()
etc.			()

10. Information about OJSC Biosintez

- 12.1. Name: Open Joint-Stock Company Biosintez (OJSC Biosintez).
- 12.2. Location and address: 4 Ul. Druzhby, Penza, 440033, Russian Federation.
- 12.3. Core operation - manufacture of pharmaceuticals.
- 12.4. Average headcount – 1,781 employees.
- 12.5. State registration date: November 26, 1992, No. 414 of Administration of Zheleznodorozhny district of Penza; September 11, 2002, under Primary State Registration Number 1025801102502 by Inspectorate of the Federal Tax Service of the Russian Federation in charge of Zheleznodorozhny district of Penza.
- On December 16, 2008, OJSC Biosintez was registered as the major taxpayer as per notification No. 1067251 by Inspectorate of the Federal Tax Service of the Russian Federation in charge of Zheleznodorozhny district of Penza d.d. December 16, 2008.
- The Taxpayer Individual Number is 5834001025.
- 12.6. The equity capital of the company amounts to 286,283 rub.; it is divided into 214,712 ordinary shares and 71,571 preferred shares whose nominal value is 1 ruble per share.
- In November 2016, OJSC Biosintez effected a sale of its own shares: 155 ordinary shares at 956 rub. per share and 2,928 preferred shares at 1,168 rub. per share.
- The number of shareholders listed in the register as of December 31, 2016, is 797.

11. Information about the company's auditor

Audit and Consulting Firm RAIS AUDIT Limited Liability Company, 10 Ul. Koshtoyantsa, Moscow. A member of the self-regulatory organization of auditors Moscow Auditor Chamber, Principal Number of Registration Entry 10403002394 in the register of SRO.

12. Information about the company's register holder:

AO Reestr, block 1, building 20, Bolshoy Balkansky Per., Moscow. License No. 10-000-1-00254 d.d. September 13, 2002.
Penza regional branch: 47 Ul. Volodarskogo, Penza.

13. Information about activities of the Board of Directors:

The Board of Directors consists of 7 individuals:

from *January 01, 2016, to June 23, 2016*

- V.G. Klimin - Director General of OOO Biotec;
- S.Y. Lapin - first vice-president for compliance with ethical and business norms of OOO Biotec;
- V.N. Kolesnikov - Director General of OAO Biopreparat;
- D.V. Boldov – Director General of OJSC Biosintez;
- G.V. Levitsky - Director General of ZAO IRPPDC Biotec;
- E.E. Loven – deputy chief accountant of OOO Biotec; and
- A.N. Krikun – vice-president of OOO Biotec.

from *June 23, 2016, to December 23, 2016*

- M.L. Revina - director of tender and auction dept. of OOO Biotec;
- S.Y. Lapin - first vice-president for compliance with ethical and business norms of OOO Biotec;
- V.N. Kolesnikov - Director General of OAO Biopreparat;
- D.V. Boldov – Director General of OJSC Biosintez;
- G.V. Levitsky - Director General of ZAO IRPPDC Biotec;
- E.E. Loven – deputy chief accountant of OOO Biotec; and
- A.N. Krikun – president of OOO Biotec

from *December 23, 2016, to December 31, 2016*

- Arvind Kumar
- Vivek Mittal
- Arvind Abrol
- Arun Kumar Rajput
- Alexander Borisovich Voloshinov

14. Executive body - Director General of OJSC Biosintez:

from *January 01, 2016, to December 31, 2016* – Dmitry Vasilyevich Boldov.

15. Information about activities of the auditing commission of the company:

The auditing commission consists of 3 individuals that are representatives of ZAO Inter-Regional Pharmaceutical Production and Distribution Corporation Biotec and OOO Intermedfarm:

- E.A. Korotun
- A.V. Pylayev
- I.V. Fofonova

The scope of remunerations paid to the key management personnel in 2016 amounted to 14,818 thousand rubles, including: labor remuneration and vacation compensation over the reporting period 12,053 thousand rubles and mandatory payments to extra-budgetary funds charged on it - 2,765 thousand rubles.

16. Information about related parties:

List of related parties as of December 31, 2016

Organization name (individual's full name)	Location and postal address (residential location is specified only upon the consent of the private individual)	Grounds on which the parties are related to the company	Effective date of the grounds on which the parties are deemed related
Arvind Kumar	No consent of the private individual is received	Member of the Board of Directors	December 23, 2016
Vivek Mittal	No consent of the private individual is received	Member of the Board of Directors	December 23, 2016
Arvind Abrol	No consent of the private individual is received	Member of the Board of Directors	December 23, 2016
Arun Kumar Rajput	No consent of the private individual is received	Member of the Board of Directors	December 23, 2016
Alexander Borisovich Voloshinov	No consent of the private individual is received	Member of the Board of Directors	December 23, 2016
Dmitry Vasilyevich Boldov	No consent of the private individual is received	Director General	October 28, 2014
Ranbaxy (Netherlands) B.V.	Polarisavenue 87, 2132 JH Hoofddorp, The Netherlands	Share in the equity capital is over 20%	December 19, 2016

In 2016, no economic transactions were made with private individuals that were related parties.

Information about economic transactions made in 2016 with related parties that are legal entities, namely Ranbaxy (Netherlands) B.V.

Types of transactions, contract No. and date	Transaction amount, thous. rubles	Record in P&L statement		Arrears as of December 31, 2016	
		line No. in Form 2	thous. rubles	line No. in Form 1	thous. rubles
1	2	3	4	5	6
Agreement on the cessation of rights (assignment of claims) No. 8624/2016/101 for the rights implied by pledge agreement No. 1143/3 d.d. September 16, 2015 (technological equipment)	957 257	x	x	x	x
Agreement on the cessation of rights (assignment of claims) No. 8624/2016/101 for the rights implied by pledge agreement No. 52/1 d.d. October 08, 2014 (equipment)	19 378	x	x	x	x
Loan agreement 16_BIO-1067 d.d. December 17, 2016	263 784	2 330	1 211	1 510	264 995
Loan agreement 16_BIO-1068 d.d. December 17, 2016	300 000	2 330	459	1 510	300 459
Agreement on the cessation of rights (assignment of claims) No. 8624/2016/101 d.d. December 14, 2016	1 640 370	2 330	7 453	1 510	38 424
		2 340	495	10 206	26 437
Agreement on the cessation of rights (assignment of claims) under interest-free loan agreement d.d. July 29, 2015	252 098	x	x	1 510	252 098
Debt assignment agreement No. 16-BIO-1066 d.d. December 17, 2016	260 797	x	x	x	x

17. Accounting

In OJSC Biosintez, accounting is performed in compliance with Russian accounting standards (Accounting Law). The accounting policy 2016 is determined by order No. 1443 d.d. December 30, 2015.

Fixed assets include assets whose value exceeds 40,000 rubles and useful life exceeds 12 months. Amortization of fixed assets and depreciation of intangibles is mostly accrued by linear method, while amortization of equipment used in the core activities is accrued in proportion to the output of finished products. The useful life of intangible assets is determined. Revaluation of fixed assets is not done. Material and production stocks are entered in the books at their actual prime cost; material resources that are put into production are evaluated at the prime cost of a stock item. Incomplete manufacture and finished products are evaluated at the actual manufacturing cost. Management expenses and sale expenses are not included into the manufactured products' cost but are fully recognized in the sale prime cost of the reporting period.

Sales of products (works, services) are accounted for as of the transfer of the property ownership right under contractual terms.

For the purpose of ensuring reliability of the accounting data, an inventory of all assets and liabilities within the accounting statement is performed and the inventory outcomes are recorded in the accounting statement.

In 2016 and until the report signing date, there were no contingencies that would be likely to cause an increase or reduction of economic benefits in the future.

Before the report signing date, claims of organizations against OJSC Biosintez have been under consideration by judicial authorities; these events are considered events after the reporting period and may lead to a reduction of economic benefits by 295 thousand rubles.

18. Notes to the P&L statement

Activity name	Revenue ex VAT, thous. rubles	Prime cost, thous. rubles	Gross profit (loss), thous. rubles
Export sales of pharmaceuticals	697 787	591 530	106 257
Sales of pharmaceuticals at the domestic market	2 170 778	1 469 980	700 798
Other sales of merchandise (works, services)	56 492	52 626	3 866
TOTAL	2 925 057	2 114 136	810 921

In 2016, the basic loss per share was 136,03 rubles while diluted loss per share was 102,27 rubles.

19. Notes to the accounting report forms

Throughout 2016, there were acquired loans - 137,333 thousand rubles from AO Ranbaxy Moscow and 563,784 thousand rubles from Ranbaxy (Netherlands) B.V. - for a replenishment of current assets. Sberbank RF assigned Ranbaxy (Netherlands) B.V. the liability on long-term investment credits received in 2012-2013 and on a long-term credit for a replenishment of current assets; the aggregate amount of the assigned loan principal is 1,602,507 thousand rubles.

Line 11852 of the accounting statement is greater than line 5240 of the notes by 9,569 thousand rubles, i.e. by the amount of advances paid to suppliers and contractors for capital investments. Line 11851 of the accounting statement is greater than the aggregate of lines 5160 and 5180 of the notes by 1,952 thousand rubles - these are advances paid to R&D contractors.

Line 1190 of the accounting statement - 51,960 thousand rubles - represents deferred expenses with a maturity of over 12 months. In the reporting year, no revaluations of non-current assets were performed; line 1340 of the accounting statement reflects a reduction of the amounts of value increases of the previous periods regarding withdrawn items that was charged to unappropriated profits of prior years (line 1370) - specifically, 10,560 thousand rubles.

The aggregate of lines 2120, 2210 and 2220 of P&L statement exceeds line 5600 of the notes by 41,648 thousand rubles - these are expenditures for other activity types (except production).

Line 2430 of P&L statement differs from the amount of changes in line 1420 of the accounting statement by 36 thousand rubles - this is an adjustment of deferred tax liabilities for amortization of fixed assets that withdrew in the current reporting period.

Line 5286 of the notes reflects fixed assets that are pledged at depreciated value amounting to 1,717,616 thousand rubles; line 5811 reflects property and property rights at pledge value amounting to 2,034,142 thousand rubles.

In 2016, there were corrected material errors of 2014 and 2015 related to the initial recognition of an exchange loss within the deferred expenses. The correction was performed in retrospective, i.e. figures in the prior years' reports were re-calculated.

Adjustments of the accounting statement are as follows: for the comparable period of 2014: line 1190 is reduced by 193,854 thousand rubles and line 1370 is reduced by 193,854 thousand rubles; for the comparable period of 2015: line 1190 is reduced by 324,823 thousand rubles, line 1370 is reduced by 259,859 thousand rubles, and line 1420 is reduced by 64,964 thousand rubles.

Adjustments of P&L statement for the comparable period of 2015 are as follows: line 2350 is increased by 130,969 thousand rubles and line 2430 is reduced by 64,964 thousand rubles. Therefore, following the 2015 outcomes, instead of a profit of 42 thousand rubles, there should be recognized a loss of 65,963 thousand rubles.

In the equity change statement, adjustments related to the correction of material errors for 2014 and 2015 are reflected on page 3.

Director General

D.V. Boldov

March 30, 2017

Information to accompany the accounting statement

1. Information about expenditures for power resources

OJSC Biosintez is a participant of the wholesale electricity market of the Unified Energy System; certificate of registration No. 2.2.0090 d.d. September 06, 2006.

Aggregate expenditures for purchase and consumption of all types of energy resources in 2016.

Resource name	Measurement unit	Quantity	Value (ex VAT), thous. rubles
Electric power, including for resale at the wholesale market	million kWh	19.471263	41
Power	million kWh	2.356983	2
Heat energy, including:	MW	48.35	13
hot water	Gcal	10,302.5	13
steam	Gcal	60,129.0	78
Water consumption, including:			
central water mains	thous. m ³	3.307	72
artesian water from own water intake system	thous. m ³	592.405	X
Sewage	thous. m ³	666.41	10

Economic benefits from introduction of energy saving actions in 2016

Action name	Requisite expenditures	Economic benefits
	amount, thous. rub.	amount, thous. rub.
Optimization of operations of energy-consuming equipment	0	32
Installation of condensate drains on steam-using equipment	94	26
Heat insulation of steam pipeline from block 5 to block 8 on the overpass	370	120
Optimization of operations of heat-consuming equipment	0	18
Installation of metering devices on SPS-13	950	1,839.6
TOTAL	1 414	196

2. Environmental activities

Current expenditures for environment protection over 2016 :

- sewage and natural waters quality control – 250 thousand rubles.
- control of air pollutant emissions – 313 thousand rubles.
- upkeep of environmental service specialists – 502 thousand rubles.
- wastes removal and transfer for destruction, disposal and landfilling - 348 thousand rubles.
- payment for negative environmental impact – 0.3 thousand rubles.

TOTAL: 1,413.3 thousand rubles.

Activities scheduled for 2017:

- destruction of class B and class D medical wastes.
- development of "Inventory of air pollutant emissions" project.

3. Financial performance

The balance currency dropped by 466,049 thousand rubles as a consequence of the reduction of current assets by 501,108 thousand rubles due to the receivables and stocks; cash balance on the banking accounts increased by 171,153 thousand rubles.

At the same time, the structure of the company's property - i.e. non-current and current assets ratio - is characterized by high immobilization and substantial excess of the non-current assets share in overall property value.

The share of own capital in the balance structure as of the yearend is 19 %, meaning that 19% of the enterprise's assets are formed due to its own capital and 81 % are due to the raised funds.

Increase of the capitalization ratio to 4.1 indicates that financial dependence of the organization has increased by the yearend due to the raising of additional loans in March and December 2016. The standard value of the capitalization ratio does not exceed 1.5.

Current liquidity ratio declined from 1.22 down to 0.9, while the standard value ranges from 1 to 2.

The value of working capital to current assets ratio is negative, as there no company's own funds are engaged in the circulation.

Director General

D.V. Boldov

March 30, 2017

JSC "Biosintez"

Stitched, numbered 40 (forty)
sheets

Chief Executive

D. V. Boldov

30.03.2017