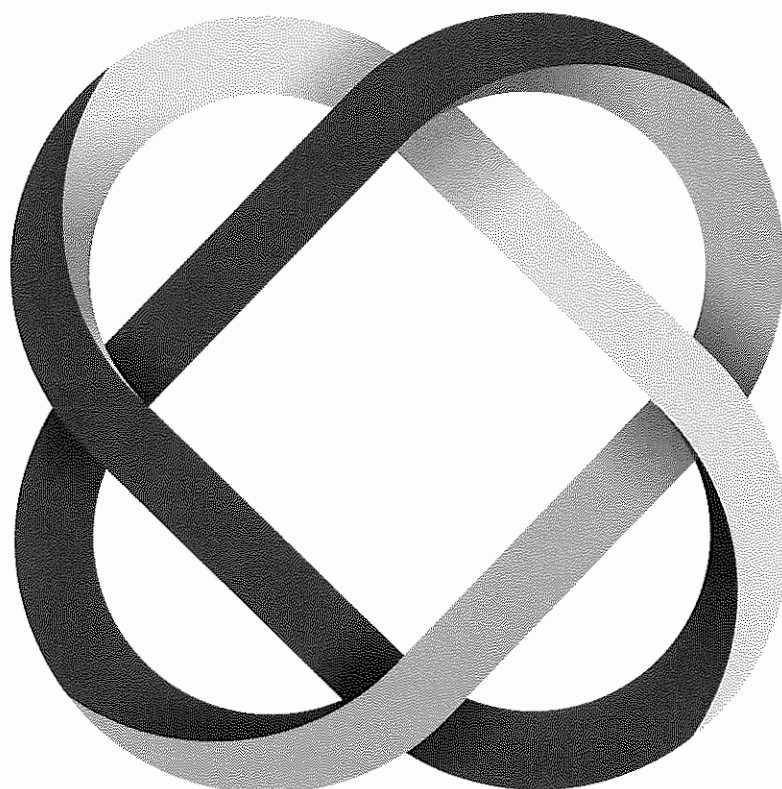


Biosintez Public Joint Stock Company

Independent Auditor's report on the financial statements

for the period ended December 31, 2018

Moscow | 2019



Independent Auditor's Report [Translation from Russian original]

To the Shareholders of
Biosintez Public Joint Stock Company

Opinion

We have audited the accompanying financial statements of Biosintez Public Joint Stock Company (hereinafter – Biosintez PJSC), which comprise the balance sheet as at 31 December 2018, the statement of financial results for 2018, supplements to the balance sheet and the statement of financial results, including the statement of changes and the statement of cash flows for 2018, and notes to the financial statements for the year ended 31 December 2018.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Biosintez PJSC as at 31 December 2018, its financial performance and its cash flows for 2018 in accordance with Russian accounting standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the audited entity in accordance with the Rules of Independence of the Auditors and Audit Organizations and The Code of Professional Ethics of the Auditors, which are in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Biosintez PJSC for the year ended 31 December 2017 were audited by another auditor, BDO Unicon, who expressed a qualified opinion on those statements on 28 March 2018.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Russian accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Members of the Board of Directors are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the audited entity's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of the audited entity;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the audited entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the audited entity to cease its ability to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with members of the Board of Directors of the audited entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Engagement partner

O.I. Chekhovskaya
Audit qualification certificate dated
24 April 2014, No. 03-000652, ORNZ 21403044213

Date of the auditor's report: 25 March 2019

Audited entity

Name:

Biosintez Public Joint Stock Company (Biosintez PJSC).

Place of business:

4 Druzhby St., Penza, 440033, Russian Federation.

Official registration:

Registered by the Administration of the Zheleznodorozhny District of Penza on 26 November 1992, Resolution No. 414. The registration entry was made in the Unified State Register of Legal Entities on 11 September 2002 under primary state registration number (OGRN) 1025801102502.

Auditor

Name:

FBK, LLC

Place of business:

44/1, 2AB, Myasnitskaya St, Moscow, 101990, Russian Federation.

Official registration:

State Registration Certificate series IO3 3 No.484.583 ПП issued by Moscow Registration Chamber on 15 November 1993. The registration entry was made in the Unified State Register of Legal Entities on 24 July 2002 under primary state registration number (OGRN) 1027700058286.

Membership in a self-regulatory auditor organization:

Self-regulatory organization of auditors Association "Sodruzhestvo".

Number in the register of audit organizations registered with the self-regulatory audit organization:

Certificate of membership in the Self-regulatory organization of auditors Association "Sodruzhestvo" No. 7198, principal number of registration entry (ORNZ) – 11506030481.

Balance Sheet
as at 31 December 20 18

Form on OKUD
Date (day, month, year)

Entity Biosintez Public Joint Stock Company OKPO
Taxpayer identification number _____ INN
Type of activity _____ OKVED
деятельности drug manufacturing
Legal form/property form _____
PJSC/private ownership _____ OKOPF/OKFS
Measurement unit: thousand RUB _____ OKEI
Location (address) 4 Druzhby St., Penza, 440033

Codes	
0710001	
00480550	
5834001025	
21.20.1	
12247	16
384	

Note	Narrative	Code	As at 31 December 20 18	As at 31 December 20 17	As at 31 December 20 16
	ASSETS				
	I. NON-CURRENT ASSETS				
4.1.	Intangible assets	1110	2 200	2 508	2 764
4.2.	Research and development results	1120	5 791	8 953	9 304
	Intangible exploration assets	1130	0	0	0
	Tangible exploration assets	1140	0	0	0
4.3.	Fixed assets	1150	2 146 459	1 776 398	1 890 506
	Income-bearing investments in tangible assets	1160	0	0	0
4.5.	Financial investments	1170	2 000	2 000	1 069
3;4.6.	Deferred tax assets	1180	181 155	126 100	157 459
4.4.	R&D and intangible assets acquisition in progress	11851	35 249	40 769	87 876
4.4.	In-progress capital investments in fixed assets	11852	105 351	310 317	224 238
3;4.7.	Other non-current assets	1190	15 809	14 704	13 066
	Total Section I	1100	2 494 014	2 281 749	2 386 282
	II. CURRENT ASSETS				
4.8.	Inventories	1210	538 344	637 119	480 031
	including:				
	<i>raw materials, consumables and other similar assets</i>	1211	372 357	360 374	249 440
	<i>work in progress costs</i>	1212	71 993	63 948	30 904
	<i>finished products and goods for resale</i>	1213	92 226	211 430	195 381
	<i>other inventories and costs</i>	1214	1 768	1 367	4 306
	Input value-added tax	1220	14 174	12 319	20 457
4.9.	Accounts receivable (expected to be repaid beyond 12 months after the reporting date)	12301	5 570	76 806	6 516
4.9.	Accounts receivable (expected to be repaid within 12 months after the reporting date)	12302	799 172	1 015 289	577 919
	including:				
	<i>buyers and customers</i>	12303	701 346	736 677	524 480
	<i>advances paid</i>	12304	69 902	63 519	38 344
	Financial investments (excluding cash equivalents)	1240	0	0	0
4.10.	Cash and cash equivalents	1250	123 160	123 322	172 741
	including:				
	<i>letter of credit</i>	12501	0	0	0
	<i>deposit</i>	12502	100 000	0	0
4.11.	Other current assets	1260	44	37	24
	Total Section II	1200	1 480 464	1 864 892	1 257 688
	BALANCE	1600	3 974 478	4 146 641	3 643 970

Form 0710001 p.

Note	Narrative	Code	As at 31 December 20 18	As at 31 December 20 17	As at 31 December 20 16
LIABILITIES					
III. EQUITY AND RESERVES					
4.12.	Share capital	1310	286	286	286
	Own shares buy-back	1320	(0)	(0)	(0)
4.13.	Revaluation of non-current assets	1340	297 120	298 605	311 397
	Additional capital (without revaluation)	1350	0	0	0
4.14.	Reserve capital	1360	14	14	14
3;4.15.	Retained earnings (uncovered loss)	1370	(132 826)	320 284	291 654
	Total Section III	1300	164 594	619 189	603 351
IV. LONG-TERM LIABILITIES					
3;4.17.	Borrowings	1410	3 295 956	1 960 491	1 582 467
4.16.	Deferred tax liabilities	1420	113 973	105 068	104 098
	Estimated liabilities	1430	0	0	0
	Other liabilities	1450	0	0	1
	Total Section IV	1400	3 409 929	2 065 559	1 686 566
V. SHORT-TERM LIABILITIES					
3;4.17.	Borrowings	1510	75 062	1 192 461	988 645
3;4.18.	Accounts payable	1520	160 670	100 162	297 953
	including:				
	<i>suppliers and contractors</i>	15201	80 606	29 963	199 384
	<i>payables to company employees</i>	15202	15 176	15 329	20 168
	<i>payables to state non-budgetary funds</i>	15203	8 980	1 237	10 318
	<i>charge and tax payables</i>	15204	12 324	13 978	18 116
	<i>advances received</i>	15205	1 098	2 652	9 579
3	<i>other creditors</i>	15206	42 486	37 003	40 388
	Deferred income	1530	2 137	2 217	3
4.20.	Estimated liabilities	1540	162 086	167 053	67 452
	Other liabilities	1550	0	0	0
	Total Section V	1500	399 955	1 461 893	1 354 053
	BALANCE	1700	3 974 478	4 146 641	3 643 970

Director

(signature)

D.V. Boldov

(printed name)

20 19

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Note	Narrative	Code	for the year 20 18	for the year 20 17
	FOR REFERENCE			
	Result of revaluation of non-current assets not included to the net profit (loss) for the period	2510	-	-
	Results of other transactions not included to the net profit (loss) for the period	2520	()	()
	Cumulative financial result for the period	2500	(454 595)	15 838
	Basic earnings (loss) per share	2900	(2)	-
	Diluted earnings (loss) per share	2910	(2)	-

Director

_____ D.V. Boldov
 (signature) (printed name)

_____ 20 19

Statement of Changes in Equity for 20 18

Form on OKUD
Date (day, month, year)
OKPO
INN
OKVED
OKOPF/OKFS
OKEI

Codes	
0710003	
00480550	
5834001025	
21.20.1	
12247	16
384	

Entity Biosintez Public Joint Stock Company

Taxpayer identification number _____

Type of activity drug manufacturing

Legal form/property form PJSC/private ownership

Measurement unit: thousand RUB

1. Changes in equity

Narrative	Code	Share capital	Own shares buy-back	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Balance as at 31 December 20 17	3100	286	(0)	311 397	14	291 654	603 351
Increase in equity — total:	3210					15 838	15 838
including:							
net profit	3211	x	x	x		15 838	15 838
revaluation of assets	3212	x	x		x		
income directly attributable to equity	3213	x	x		x		
additional shares issue	3214				x	x	
increase in share par value	3215				x		x
reorganisation of legal entity	3216						

Narrative	Code	Share capital	Own shares buy-back	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Decrease in equity — total:							
including:							
loss	3220	0		0	0	(0)	(0)
revaluation of assets	3221	x	x	x	x	(0)	(0)
expenses directly attributable to equity	3222	x	x	0	x	0	0
decrease in share par value	3223	0			x		
decrease in number of shares	3224	0			x		
reorganisation of legal entity	3225	0			x		
dividends	3226	x	x	x	x	0	0
Additional capital change	3227	x		x			
Reserve capital change	3230	x		(12,792)		12 792	x
Sale of own shares	3240	x	x	x			x
Balance as at 31 December 20 17	32451	x		x			0
for 20 18	3200	286	(0)	298 605	14	320 284	619 189
Increase in equity — total:							
including:							
net profit	3310	0	0	0	0	0	0
revaluation of assets	3311	x	x	x	x	0	0
income directly attributable to equity	3312	x	x		x		
additional shares issue	3313	x	x		x		
increase in share par value	3314				x		x
reorganisation of legal entity	3315				x		
Decrease in equity — total:							
including:							
loss	3320	(0)	(0)	(0)	(0)	(454,595)	(454,595)
revaluation of assets	3321	x	x	x	x	(454,595)	(454,595)
expenses directly attributable to equity	3322	x	x	0	x	0	0
decrease in share par value	3323	x	x	0	x	0	0
decrease in number of shares	3324	0			x		
reorganisation of legal entity	3325	0			x		
dividends	3326	x	x	x	x	0	0
Additional capital change	3327	x		x			
Reserve capital change	3330	x		(1,485)	0	1 485	x
Balance as at 31 December 20 18	3340	x	x	x	0	0	x
Balance as at 31 December 20 18	3300	286	(0)	297 120	14	(132,826)	164 594

2. Restatements due to changes in accounting policies and correction of errors

Narrative	Code	As at 31 December 20 16	Changes in equity for 20 17		As at 31 December 20 17
			From net profit (loss)	Due to other factors	
Equity — total					
before restatement	3400	634 466	(7 251)	0	641 717
restatement due to:	3410				
changes in accounting policies	3420	(31 115)	(8 587)	0	(22 528)
correction of accounting errors	3500	603 351	(15 838)	0	619 189
after restatement					
including:					
retained earnings (uncovered loss):					
before restatement	3401	322 769	7 251	12 792	342 812
restatement due to:	3411				
changes in accounting policies	3421	(31 115)	8 587	0	(22 528)
correction of accounting errors	3501	291 654	15 838	12 792	320 284
after restatement					
other capital items					
restatements:					
(by items)					
before restatement	3402	311 697	0	(12 792)	298 905
restatement due to:	3412				
changes in accounting policies	3422				
correction of accounting errors	3502	311 697	0	(12 792)	298 905
after restatement					

3. Net assets

Narrative	Code	As at 31 December 20 18	As at 31 December 20 17	As at 31 December 20 16
Net assets	3600	166 731	621 406	603 354

Director _____ D.V. Boldov
(signature) (printed name)

_____ March 20 19 _____

Narrative	Code	for the year 20 18	for the year 20 17
Cash flows from investing activities			
Receipts – total	4210	-	-
including:			
from sales of non-current assets (except for financial investments)	4211	-	-
from sales of shares of other entities (ownership interest)	4212	-	-
from return of loans issued, sales of debt securities (rights of claiming cash from third parties)	4213	-	-
dividends, interest from long-term financial investments and receipts from participation in other entities	4214	-	-
other receipts	4219	-	-
Payments – total	4220	(236 769)	(108 073)
including:			
acquisition, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(236 769)	(108 073)
acquisition of other entities shares (ownership interest)	4222	(-)	(-)
acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	(-)	(-)
borrowing costs included in the cost of the investment asset	4224	(-)	(-)
other payments	4229	(-)	(-)
Net cash flows from investing activities	4200	(236 769)	(108 073)
Cash flows from financing activities			
Receipts – total	4310	120 000	624 000
including:			
borrowings	4311	-	-
contributions of owners (members)	4312	-	-
issue of shares, increase in ownership interest	4313	-	-
issue of bonds, promissory notes and other debt securities, etc.	4314	-	-
receipt of loans from related companies (Sun Pharma (Netherlands) B.V.)	4315	120 000	624 000
other receipts	4319	-	-

Narrative	Code	for the year	
		20 18	20 17
Payments – total	4320	(-)	(137 333)
including:			
to owners (members) due to the fact of share buy-back or cessation of membership	4321	(-)	(-)
dividend payments or other distribution of profit to owners (members)	4322	(-)	(-)
redemption (buy-back) of promissory notes and other debt securities, loan repayment	4323	(-)	(137 333)
other payments	4329	(-)	(-)
Net cash flows from financing activities	4300	120 000	486 667
Net cash flows for the reporting period	4400	(1 106)	(48 973)
Cash and cash equivalents at the beginning of the reporting period	4450	123 322	172 741
Cash and cash equivalents at the end of the reporting period	4500	123 160	123 322
Effect of changes in the Russian ruble exchange rate	4490	944	(446)

Director

(signature)

D.V. Boldov

(printed name)

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Biosintez PJSC
Notes to the Financial Statements for the year ended 31 December 2018
(in thousand Russian Rubles unless otherwise stated)

Biosintez
Public Joint Stock Company

Notes
to the Financial Statements for the year ended
31 December 2018

Penza

Biosintez PJSC
Notes to the Financial Statements for the year ended 31 December 2018
(in thousand Russian Rubles unless otherwise stated)

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Biosintez PJSC
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Biosintez PJSC
Notes to the Financial Statements for the year ended 31 December 2018
(in thousand Russian Rubles unless otherwise stated)

These notes form an integral part of the 2018 financial statements of Biosintez PJSC (the "Company") prepared in accordance with the legislation of the Russian Federation.

1. Basic information

1.1. General information

Biosintez Public Joint Stock Company (the Company), abbreviated as Biosintez PJSC, INN/KPP 5834001025/583401001, was registered on 26 November 1992 by the Administration of the Zheleznodorozhny District of Penza, Resolution No. 414.

The registration entry was made in the Unified State Register of Legal Entities by Inspectorate of the Ministry of Taxes and Levies for the Zheleznodorozhny District of Penza on 11 September 2002 under primary registration number 1025801102502.

Registered and mail address: 4 Druzhby St., Penza, 440033, Russian Federation.

The Company's headcount:

As at 31/12/2016	As at 31/12/2017	As at 31/12/2018
1781	1573	1340

1.2. Basic activities

In 2017-2018, the Company was engaged in the following economic activities:

1. Drug manufacturing;
2. Pharmaceutical substance manufacturing;
3. Transport services;
4. Sales of electricity on the wholesale market;
5. Catering services;
6. Other services;
7. Lease of property.

The Company operated under the following licences:

No.	Type of activity	Licensing authority	Date of issue	Series, number and term of the license
1	Licence for the use of subsurface resources	Executive Committee of the Penza Region Council of Workers' Deputies	17/08/1998	No. 00277 until 17/08/2018
2	Licence to circulate narcotics, psychotropic substances and their precursors, and cultivate drug-yielding plants	Federal Service for Supervision of Healthcare	16/11/2017	ФC-99-03-000304, for an unlimited term
3	Licence for the use of explosive and chemically hazardous production facilities of hazard categories I, II and III	Federal Service for Ecological, Technological and Atomic Supervision	29/06/2016	BX-50-014598, for an unlimited term
4	Licence for the installation, maintenance and repair of fire safety devices of buildings and structures	Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural	01/11/2008	58-Б/00007, for an unlimited term

Biosintez PJSC
Notes to the Financial Statements for the year ended 31 December 2018
(in thousand Russian Rubles unless otherwise stated)

No.	Type of activity	Licensing authority	Date of issue	Series, number and term of the license
		Disasters		
5	Licence for medical activities	Ministry of Healthcare of the Penza Region	16/09/2015	No. ЛО-58-01-001631, for an unlimited term
6	Licence for drug manufacturing activities	Ministry of Industry and Trade of the Russian Federation	18/08/2017	No. 00290-ЛЦ, for an unlimited term
7	Licence for the use of infectious agents (unless this activity is performed for medical purposes) and genetically modified organisms of potential hazard grades 3-4 in closed systems	Office of the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing for the Penza Region	21/02/2017	No. 58.02.02.001.Л.000 001.02.17, for an unlimited term

1.3. Branches and representative offices

Biosintez PJSC has no branches or representative offices.

1.4. Authorized (share) capital structure, key shareholders (members)

The share capital of the Company, according to the Articles of Association, makes up RUB 286,283 as at 31 December 2018.

The Company's share capital is divided into:

- 214,712 ordinary personal uncertificated shares, each with the nominal value of RUB 1;
- 71,571 preferred personal uncertificated shares, each with the nominal value of RUB 1.

The Company's shareholders (members) as at 31 December 2018:

Name	Number of shares	Participation interest, %
SUN PHARMA (Netherlands) B.V.	243,627	85.1
Heumann Pharma GmbH & Co. Generika KG, Germany	29,508	10.3
Other shareholders - legal entities	5,535	1.9
Other shareholders - individuals	7,613	2.7
Total:	286,283	100

The Company's shareholders (members) as at 31 December 2017:

Name	Number of shares	Participation interest, %
SUN PHARMA (Netherlands) B.V.	243,627	85.1
Heumann Pharma GmbH & Co. Generika KG, Germany	29,508	10.3
Other shareholders - legal entities	5,270	1.8
Other shareholders - individuals	7,878	2.8
Total:	286,283	100

The Company's shareholders as at 31 December 2016:

Type	Number of shares	Participation interest, %
Ranbaxy (Netherlands) B.V.	243,627	85.1

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Heumann Pharma GmbH & Co. Generika KG, Germany	29,508	10.3
Other shareholders - legal entities	5,069	1.8
Other shareholders - individuals	8,079	2.8
Total:	286,283	100

1.5. Governance bodies

The General Meeting of Shareholders is the highest governance body of the Company.

The Board of Directors is responsible for the overall management of the Company, except for the issues in sole competence of the General Meeting of Shareholders in accordance with the Articles of Association.

The Board of Directors consists of 5 persons as at 31 December 2018:

No.	Full name	Position
1	Arun Kumar Rajput	(Chairman) Head of Business Development and Analytics at JSC Ranbaxy
2	Arvind Kumar	Head of M&A at Sun Pharmaceutical Industries Ltd
3	Vivek Mittal	General Manager for M&A at Sun Pharmaceutical Industries Limited
4	Arvind Abrol	Head of Economics at Biosintez PJSC, Head of Department at JSC Ranbaxy
5	Alexander Voloshinov	Lawyer at JSC Ranbaxy

The sole executive body of the Company (the General Director) acting on the basis of the Company's Articles of Association administers the Company's day-to-day operations.

Dmitry Boldov is the General Director of the Company.

According to the Articles of Association, the remit of the sole executive body includes all matters associated with the managing of current activities of the Company, except for the issues referred to the remit of the Board of Directors.

1.6. Information about the management bodies

The Company's internal auditor as at 31 December 2018:

N o.	Full name	Position
1	L.A. Manuilova	Deputy Chief Accountant at Biosintez PJSC

1.7. Information about the registrar and the auditor

JSC Reestr located at 20/1 Bolshoy Balkansky Per., Moscow, licence No. 10 – 000 – 1 – 00254 dated 13/09/2002, was the Company's registrar in the reporting year.

Regional branch in Penza: 47 Volodarskogo St., Penza

FBK, LLC located at 44/1, bldg 2AB, Myasnitskaya Street, Moscow, 101990 is the Company's auditor.

FBK, LLC is a member of the Self-regulatory organization of auditors Association "Sodruzhestvo" (SRO AAS). Number in the register of self-regulatory organization of auditors: Certificate of membership in the self-regulatory organization of auditors Association "Sodruzhestvo" No. 7198, number in the register – 11506030481.

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1.8. Subsidiaries and associates

Biosintez PJSC has no subsidiaries or associates.

2. Basis of presentation

2.1. Basis of presentation

These financial statements of the Company have been prepared in compliance with the applicable legislation of the Russian Federation.

The Company keeps accounting records in compliance with the requirements of Federal Law dated 6 December 2015 No.402-FZ "On Accounting", Russian Accounting Regulations approved by Orders of the Russian Ministry of Finance, and other laws and regulations of the Russian Federation applicable to accounting.

The accounting policies for 2018 were approved by the General Director's order No. 1701 dated 29 December 2017.

The Company's accounting policies rely on the following basic assumptions:

- assets and liabilities of the Company are separated from assets and liabilities of the Company's owner and assets and liabilities of other entities (separate entity assumption);
- the Company will continue its operations for the foreseeable future and has no intention or need to be liquidated or to cease operations and, therefore, liabilities will be discharged in accordance with the established procedure (going concern assumption);
- the accounting policies in place are applied consistently from one reporting period to another (accounting continuity assumption);
- economic events of the Company are related to the reporting period (and are therefore recognised in accounting records) when they actually took place without reference to the time of actual receipt or payment of cash connected with these events (accrual principle assumption).

The Company's accounting policies provide for the observance of the requirements of completeness, prudence, substance over form, consistency and rationality.

Due to changes in the organisational structure, the accounting policies for 2018 were amended as compared with 2017:

- officials' responsibilities for cash payments to employees and participation in the Company's permanent commissions were added to the accounting policies;
- the document flow schedule was amended.

2.2. Correction of errors in accounting records and financial statements

The rules for correcting errors and disclosing information about errors in accounting and reporting of organizations that are legal entities under the laws of the Russian Federation (except for credit institutions and state (municipal) institutions (hereinafter referred to as "entities") are set forth by RAR 22/2010 "Correction of Errors in Accounting and Reporting" approved by Order of the Russian Ministry of Finance No. 63n dated 28 June 2010.

An error is deemed material, if, individually or in the aggregate with other errors for the same reporting period, it can influence the economic decisions of users taken on the basis of the financial statements for this reporting period. An entity determines whether an error is material or not based on both the amount of error and the type of affected item(s) in the financial statements.

Identified errors and their implications are subject to mandatory correction.

An error of the reporting year, revealed before the end of this year, is corrected by entries in the corresponding accounts in the month of the reporting year when the error was detected.

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An error of the reporting year revealed after the end of this year, but before the date of signing of the financial statements for this year, is corrected by entries in the corresponding accounts for December of the reporting year (the year for which the annual financial statements are prepared).

A significant error of the previous reporting year, revealed after the date of signing of the financial statements for this year, but before the date of submission of such statements to shareholders of a joint-stock company, members of a limited liability company, a state authority, a local government or other body authorised to exercise the owner's rights, etc., shall be corrected according to the procedure provided for by clause 6 of this Regulation. If the specified financial statements were submitted to any other users, it should be replaced with the financial statements in which the revealed significant error is corrected (the restated financial statements).

A significant error of the previous reporting year, revealed after the presentation of the financial statements for this year to shareholders of a joint-stock company, members of a limited liability company, a state authority, a local government or other body authorized to exercise the owner's rights, etc., but before the approval date of such statements in accordance with the procedure established by the legislation of the Russian Federation, shall be corrected in the manner prescribed by clause 6 of RAR 22/2010. At the same time, the restated financial statements disclose information that these financial statements replace initially presented financial statements, as well as grounds for the preparation of the restated financial statements.

The restated financial statements must be sent to all addresses to which the original financial statements were sent.

The Company discloses the following information about material errors relating to the previous reporting periods which were corrected in the current reporting period in the notes to the annual financial statements:

- 1) nature of an error;
- 2) amount of restatement for each item of the financial statements for each preceding reporting period to the extent practicable;
- 3) amount of restatement for basic and diluted earnings (loss) per share;
- 4) amount of restatement for the opening balance of the earliest comparative period presented.

The influence of corrected errors on the numerical indicators in the financial statements is shown in Section 3 of these Notes.

2.3. Effect of changes in accounting policies

To meet the Company's shareholders' needs in 2017, the Company had to recognise expenses "quickly" based on estimates. Therefore, the Company began to make allocations to provisions in 2017: provision for settlements with contractors; provision for bonuses to customers. Information about estimated liabilities is disclosed in section 4 hereof.

These changes affected the 2017 financial result totalling RUB 99,673 thousand by decreasing it. Adjustments of the prior reporting periods due to changes in the accounting policies are not required.

Changes in the accounting policies for 2018 as compared to 2017 did not affect the Company's financial statements.

2.4. Accounting system and accounting procedures

The Accounting Department headed by the Chief Accountant is responsible for accounting at Biosintez PJSC. The bookkeeping and accounting is automated by:

- Parus-enterprise software that brings activities of all departments into the single information space;
- 1C: Salary and Personnel Administration software for payroll management.

2.5. Stocktaking of assets and liabilities

The procedure for stocktaking of assets and liabilities and reflection of its findings in the financial statements is stipulated in the Guidelines for Accounting and Reporting in the Russian Federation approved

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by Order No. 34n dd. 29 July 1998 of the Ministry of Finance of the Russian Federation as well as by the Guidelines for Stocktaking of Assets and Financial Liabilities approved by order No. 49 dd. 13 June 1995 of the Ministry of Finance of the Russian Federation.

Stocktaking of fixed assets is carried out once in three years under the Company's Accounting Policies. The previous stocktaking of fixed assets was carried out in 2016.

2.6. Accounting for assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are accounted for and translated to the currency of the Russian Federation – Russian rubles – in compliance with the requirements of Russian Accounting Regulation "Accounting for Assets and Liabilities Denominated in Foreign Currency" (RAR 3/2006) as approved by Order of the Ministry of Finance of the Russian Federation No. 154n dated 27 November 2006.

The exchange rates set by the Central Bank of Russia as at the reporting date are given below:

Currency	Exchange rate as at 31/12/2018	Exchange rate as at 31/12/2017	Exchange rate as at 31/12/2016
USD	69.4706	57.6202	60.6569
EUR	79.4605	68.8668	63.8111

2.7. Intangible assets

To account for assets as intangible assets, the Company applies criteria stipulated in Russian Accounting Regulation "Accounting for Intangible Assets" (RAR 14/2007) approved by order No. 153n dd. 27 December 2007 of the Ministry of Finance of the Russian Federation.

Measurement

Intangible assets are recognised at:

- actual acquisition costs and the costs of making such assets suitable for use;
- actual costs of producing an intangible asset by the Company using its own resources.

No revaluation of intangible assets was made in 2017 and 2018.

The useful life of an intangible asset is revised on an annual basis. If there is a significant change over a period during which the entity intends to use the asset, its useful life is to be adjusted. The respective adjustments, if any, are recognised in accounting records and financial statements as changes in accounting estimates.

As concerns an intangible asset with an indefinite useful life, the entity considers whether there are factors showing inability to reliably determine the useful life of such asset. If such factors cease to exist, the entity revises the useful life of such intangible asset and the amortisation method used. The respective adjustments, if any, are recognised in accounting records and financial statements as changes in accounting estimates.

The amortisation method of an intangible asset is revised on an annual basis. Should the expected economic benefit from the use of an intangible asset change significantly, the amortisation method should be changed accordingly. The respective adjustments, if any, are recognised in accounting records and financial statements as changes in accounting estimates.

Intangible assets are shown in the Balance Sheet less accrued amortisation.

Amortisation

Amortisation of intangible assets is accrued monthly on a straight-line basis.

The company selects an amortisation method for an intangible asset based on the expected economic benefits from its use, including the financial result from a possible sale of the said asset. In case the

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expectations of economic benefits from the use of the intangible asset are not reliable, amortisation charges for such asset are determined on a straight-line basis.

When applying the straight-line method, monthly amortisation is calculated

based on the actual (historical) cost of an intangible asset during its whole useful life.

The useful life of an intangible asset is determined on the basis of:

- validity period of the entity's rights to intellectual property or brand identity and the period of its control over such asset;
- an expected period of using the asset during which the entity intends to gain economic benefits.

The useful lives of intangible assets are determined and revised by the Commission based on the order of the General Director.

2.8. Research and development results

Scientific and research, design and experimental and technological expenses are incurred by the Company in accordance with Russian Accounting Regulation "Accounting for Scientific and Research, Design and Experimental and Technological Expenses" (RAR 17/02) approved by Order of the Ministry of Finance of the Russian Federation No. 115n dated 19 November 2002.

Scientific and research works are connected to scientific and experimental works as determined by Federal Law No. 127-FZ dated 23 August 1996 "On Science and State Scientific Policy".

Expenses for each scientific work are written off on a straight-line basis.

The Company independently determines the period over which R&D expenses are written off based on the expected period of use of the R&D results during which the Company can enjoy economic benefits (income).

2.9. Fixed assets

The Company initially recognises fixed assets in accordance with the criteria specified in Russian Accounting Regulation "Accounting for Fixed Assets" (RAR 6/01) approved by Order of the Russian Ministry of Finance No. 26n dated 30 March 2001, namely:

- a) an asset is meant to be used in production, performance of works or services, for management needs or given out for temporary possession and use or for temporary use for a fee;
- b) an asset will be used during a long period of time, i.e. a period exceeding 12 months or a normal operating cycle if it exceeds 12 months;
- c) an asset is not supposed to be later resold;
- d) an asset is able to bring economic benefits (income) in the future.

Assets which meet the above-said criteria and cost no more than RUB 40 thousand per unit are reflected in accounting records and financial statements as inventories. In order to ensure safety of these assets during manufacturing or in operation, off-balance sheet (quantitative) accounting is carried out.

Real estate objects taken into operation and actually used regardless of documentary evidence of filing of documents for registration of rights to real estate and obtaining such rights are taken into account as fixed assets.

Fixed assets are reflected in the Balance Sheet at their replacement cost less accrued depreciation.

Title to land plots

Land plots the title to which has been registered are reflected as fixed assets. No depreciation is accrued on such assets.

Certain land plots on which the Company's branches are located are leased.

Measurement of fixed assets for accounting purposes

The historical cost of purchased fixed assets is treated as the actual amount of construction and acquisition expenses, net of refundable taxes.

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Expenses (interest) on loans and borrowings raised for acquisition or creation of investment assets are included into the cost of the investment assets. Investment assets include construction in progress which will be further recognised as fixed assets.

Subsequent measurement

The historical cost of fixed assets is subject to amendment in case of completion, additional equipment, reconstruction, upgrading, partial liquidation and revaluation of fixed assets.

The Company does not perform revaluation of fixed assets.

Depreciation

Depreciation is accrued using the following methods:

- proportional to the output - for production lines (66 items);
- straight-line method - for other fixed assets.

The Company's commission decides which method to apply during the whole useful life.

Annual depreciation charges are calculated as follows:

- straight-line method - based on the historical or current (replacement) cost (in case of revaluation) of a fixed asset and the depreciation rate calculated based on the asset's useful life;
- proportional to the output - depreciation is based on the output in the reporting period and the ratio of the historical cost of a fixed asset and expected output for the whole useful life.

During the reporting year, the depreciation charges for fixed assets were accrued on a monthly basis, irrespective of the applied method of accrual, in an amount of 1/12 of the annual charge.

Used fixed assets bought by the Company are depreciated using the straight-line method based on the net book value of the assets and the remaining useful lives.

The useful life of a fixed asset is determined by the Company at its recognition for accounting purposes.

For fixed assets entered in books before 1 January 2002, the Company applies useful lives based on the depreciation rates approved by Resolution No. 1072 of the Council of Ministers of the USSR dated 22 October 1990.

For fixed assets entered in books after 1 January 2002, the Company applies useful lives approved by Regulation of the Government of the Russian Federation No. 1 dated 1 January 2002.

The useful lives accepted by the Company for groups of fixed assets are as follows.

Group of fixed assets	Useful lives (number of years) of assets recognised	
	before 01/01/2002	after 01/01/2002
Buildings	10-125	15-83
Structures	15-50	20
Transfer devices	12-50	5-20
Machinery and equipment	2-30	1-30
Transport vehicles	5-15	4-10
Production and maintenance tools	5-30	3-15

Disposal of fixed assets

Income and expenses from the sale or disposal of fixed assets are to be included in other income and expenses in the Company's Statement of Financial Results.

Maintenance and repair costs

The costs of repair and maintenance are recognised when incurred. Actual costs associated with current and extraordinary repairs of the basic production assets are included in the cost of products (works, services) upon completion of works.

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2.10. Construction in progress

In accordance with the Guidelines for Accounting and Reporting in the Russian Federation approved by the Ministry of Finance of the Russian Federation No. 34n dated 29 July 1998, in-progress capital investments are expenses for the construction and erection works, acquisition of buildings, equipment, vehicles, tools, instruments, other long use tangible assets, other capital works and expenses (design, exploration, drilling works, land allotment expenses etc.).

In-progress capital investments are reflected in the balance sheet at the actual costs incurred by the organisation.

Expenses for "idle mode" commissioning activities to make assets ready for use carried out before assets are approved by the working commission are recognised as capital investments on account 08.

Expenses directly connected with "under pressure" commissioning activities are recognised as capital investments on account 08 if:

- they are provided by the design estimate documentation and the technological process and were not incurred for trial production;
- they were incurred before the working commission approves the asset and before KC-14 and OC-1 certificates are issued.

If any of the above conditions are not met, expenses for "under pressure" commissioning activities are recognised on expense accounts and included in the cost of products.

2.11. Financial investments

In accordance with the requirements of Russian Accounting Regulation "Accounting for Financial Investments" (RAR 19/02) approved by Order of the Ministry of Finance of the Russian Federation No. 126n dated 10 December 2002, financial investments should be presented in financial statements as short-term or long-term depending on their maturity.

It is necessary to provide information about cash equivalents and financial investments acquired for resale in the near term, for example:

In accordance with clause 5 of Russian Accounting Regulation "Statement of Cash Flows" (RAR 23/2011) approved by Order of the Ministry of Finance of the Russian Federation No. 11n dated 2 February 2011, cash equivalents are highly liquid financial investments that are readily convertible to known amounts of cash with insignificant risk of change in value: call deposits, promissory notes of OJSC Sberbank Russia, OJSC Bank VTB, OJSC Gazprombank, OJSC Gazprom acquired to make settlements within 3 months after their acquisition.

In accordance with clause 9 sub-clause 3) of Russian Accounting Regulation "Statement of Cash Flows" (RAR 23/2011) approved by Order of the Ministry of Finance of the Russian Federation by Order No. 11n dated 2 February 2011, financial investments acquired for resale in the near term comprise financial investments that are sold or settled within 3 months after their acquisition, except for financial investments treated as cash equivalents.

Financial investments are accounted for in accordance with the requirements of Russian Accounting Regulation "Accounting for Financial Investments" (RAR 19/02) approved by Order of the Russian Ministry of Finance No. 126n dated 10 December 2002.

The Company excludes from financial investments:

- interest-free promissory notes of Russian banks. Such assets are treated as cash equivalents on a separate sub-account to account 76 (absent in the reporting and comparative periods);
- interest-free promissory notes and issued interest-free loans are recognised as other accounts receivable and treated on separate sub-accounts to accounts 73 and 76.
- promissory notes issued by buyers of the Company's goods, work or services and received by the Company from the issuer in settlement for these goods, works or services. Such assets are presented in accounting records and financial statements as trade receivables secured with

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promissory notes received and treated on a separate sub-account to account 62 (absent in the reporting and comparative periods);

- acquired accounts receivable that cannot bring proceeds to the Company. Such assets are treated as other accounts receivable on a separate sub-account to account 76 (absent in the reporting and comparative periods).

Financial investments are carried at cost. The classification of financial investments as long-term or short-term is based on the Company's intentions regarding their further use and contractual terms.

Upon the disposal of an asset recognised as a financial investment the current market value of which cannot be determined, its cost is determined on the basis of the historical cost of each financial investment in the books.

In line with the amendments to the Guidelines for Accounting and Reporting in the Russian Federation No. 34n and also in accordance with RAR 21/2008 "Changes in Accounting Estimates" approved by Order of the Ministry of Finance of the Russian Federation No. 106n dated 6 October 2008, provisions for impairment of financial investments, as well as other provisions refer to estimated provisions.

When deciding whether to establish a provision for impairment of financial investments, the Company assesses not only the current situation, but also possible future economic benefits from further ownership of such financial investment.

Impairment of financial investments is assessed based on the financial statements of the counterparty/market value of such asset for at least two reporting periods.

Highly liquid deposits with three-month maturity or less that are readily convertible to known amounts of cash and are only exposed to an insignificant risk of changes in value are treated in B/S line "Cash and cash equivalents".

2.12. Inventories

Inventories are accounted for in accordance with Russian Accounting Regulation "Accounting for Inventories" (RAR 5/01) approved by order No. 44n dated 9 June 2001 of the Ministry of Finance of the Russian Federation.

Inventories are accounted for at their actual cost. The actual cost of inventories acquired for consideration is the amount of actual expenses for acquisition less value added-tax and other refundable taxes.

Inventories when issued to production or disposed of are measured at unit cost.

Special clothing, irrespective of its useful life, is reported within current assets.

Inventories pledged according to RAR 8/2010 "Estimated Liabilities, Contingent Liabilities and Contingent Assets" are contingent liabilities which have to be disclosed in section 4.20 hereof, based on the quantity and the cost as of the reporting date as per the accounting records.

In line with the amendments to the Guidelines for Accounting and Reporting in the Russian Federation No. 34n and also in accordance with RAR 21/2008 "Changes in Accounting Estimates" approved by Order of the Ministry of Finance of the Russian Federation No. 106n dated 6 October 2008, inventory impairment provisions, as well as other provisions refer to estimated provisions.

Inventories that are obsolete, or have lost their original quality in full or in part, or the current market value (or sales value) of which has reduced, are shown in the balance sheet as of the end of the reporting year less inventory impairment provision. The inventory impairment provision is formed against profit or loss of the company in the amount of the difference between the current market value and the actual cost of inventories, provided that the latter exceeds the current market value.

2.13. Work in progress and finished products

Work in progress is measured at cost, excluding administrative and selling expenses. Administrative and selling expenses are recognised in full in the statement of financial results on a monthly basis as expenses from ordinary activities.

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Finished products reflect products finished during production that have been tested and accepted, completed with all parts in accordance with the requirements of relevant standards. Finished products are measured at direct actual production cost, excluding administrative and selling expenses.

2.14. Settlements with debtors and creditors

Settlements with debtors and creditors are reflected in the financial statements in the amounts based on contract terms and source documents.

Accounts receivable with expired limitation period and other doubtful debts are written off under each liability based on stocktaking data and written substantiation, and charged to profit or loss.

Receivables and payables are classified as short-term or long-term based on the terms of existing contracts, usual business practice and intentions of the Company.

Overdue receivables from buyers and customers which are not repaid within the time limits stipulated in contracts and are not properly secured with relevant guarantees or otherwise are recognised exclusive of bad debt provisions. Such provisions represent the management's conservative estimate of the part of debt which might not be repaid. Bad debt provisions increase other expenses.

In line with the amendments to the Guidelines for Accounting and Reporting in the Russian Federation No. 34H and also in accordance with RAR 21/2008 "Changes in Accounting Estimates" approved by Order of the Ministry of Finance of the Russian Federation No. 106H dated 6 October 2008, bad debt provisions as well as other provisions refer to estimated provisions.

2.15. Additional capital

The additional capital includes:

- increase in the cost of non-current assets identified as a result of their revaluation;
- paid-in capital;
- a member's contribution to the Company's assets.

When fixed assets are disposed of, the increase in their cost included in the additional capital is written off separately for each asset.

The increase in the cost of non-current assets identified as a result of their revaluation is included in the additional capital. The increase in the cost of non-current assets equal to the decrease in their cost in the previous reporting periods and charged against profit or loss as other expenses is charged against profit or loss as other income.

The decrease in the cost of non-current assets as a result of their revaluation is charged against profit or loss as other expenses. The decrease in the cost of non-current assets decreases the additional capital formed due to the increase in the cost of such assets in the previous reporting periods. If the decrease in the cost of assets exceeds the increase in their value that formed the additional capital as a result of revaluation carried out in the previous reporting periods, the amount in excess is charged against profit or loss as other expenses.

2.16. Loans and borrowings

Loans and borrowings are accounted for in accordance with Russian Accounting Regulation "Accounting for Loans and Borrowings" (RAR 15/2008) approved by order No.107n dd. 6 October 2008 of the Russian Ministry of Finance.

Loans and borrowings are subdivided into short-term (with a 12-month maturity period under the loan agreement) and long-term (with maturity over 12 months).

Long-term indebtedness is reclassified to short-term indebtedness depending on the maturity period left.

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Expenses for obtained loans and borrowings are recognised when incurred in the amount of payments due under concluded contracts.

Outstanding interest is shown in the financial statements as long-term or short-term indebtedness based on the maturity date set in the loan contract.

Borrowing costs are recognised as other expenses, except for such their part, which is to be included into the cost of an investment asset, unless otherwise set forth herein.

2.17. Special-purposes financing and government assistance

Government assistance is accounted for in accordance with the requirements of Russian Accounting Regulation "Accounting for Government Assistance" (RAR 13/2000) approved by Order of the Russian Ministry of Finance No. 92n dated 16 October 2000.

Special-purpose funds (including those received as government assistance), including resources other than cash, are recognised if the following conditions are met:

1. It is certain that the conditions under which these funds are allocated will be met by the Company. This may be confirmed by concluded agreements, approved or publicly announced decisions, feasibility studies, approved design estimate documentation etc.
2. It is certain that these funds will be received. This may be confirmed by budget financing targets approved in accordance with the established procedure (for public funds), notices of disposable funds, budget obligation limits, resource acceptance acts and other respective documents.

Special-purpose funds are recognised as special-purpose financing and accounts receivable related to these funds.

Analytical accounting for special-purpose financing is maintained by purposes of such funds, types of projects and financing programmes, types of special-purpose financing (broken down by sources of funds).

Funds are written off from the special-purpose financing account on a regular basis:

1. Special-purpose funds for capital expenses - during the useful life of non-current assets subject to depreciation or during the period of the recognition of expenses related to meeting conditions for budget funds allocation for the acquisition of non-current assets not subject to depreciation according to existing rules;
2. Special-purpose funds for current expenses - in the periods of the recognition of expenses for which funds are allocated. Special-purpose financing is recognised as deferred income when inventories are recognised, payroll is accrued and other expenses of similar nature are incurred and later charged to income of the reporting period when inventories are released in operation, payroll is accrued and other expenses of similar nature are incurred.

2.18. Estimated liabilities, contingent liabilities and contingent assets

According to Russian Accounting Regulation "Estimated Liabilities, Contingent Liabilities and Contingent Assets" (RAR 8/2010) approved by Order of the RF Ministry of Finance dd. 13 December 2010, No. 167n, the Company sets up the following provisions for future expenses, shown as estimated liabilities:

- provision for vacation payments (including social insurance and social security payments);
- provision for remuneration to personnel, including annual bonuses;
- provision for settlements with contractors for the amounts of documents not provided in due time;
- provision for discounts, bonuses and credit notes to customers.

Information about these estimated liabilities is disclosed in section 4.20 hereof.

Provisions for various amounts are credited from account 96 "Provisions for future expenses" and debited to the accounts used to treat production costs, sales expenses and other expenses.

Information about estimated liabilities, contingent liabilities and contingent assets in financial statements is reported in compliance with Russian Accounting Regulation "Estimated Liabilities, Contingent Liabilities"

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(RAR 8/2010) approved by Order No. 167n dd. 13 December 2010 of the Ministry of Finance of the Russian Federation.

An estimated liability is recognised in the accounting records of the Company in the amount representing the most reliable monetary estimate of expenses required for this liability settlement. The most reliable estimate of expenses is an amount immediately required for liabilities performance (settlement) as of the reporting date or for liabilities transfer to another person as of the reporting date.

A contingent asset arises for the Company as a result of past events in its business activity, when the asset existence with the Company as of the reporting date depends on occurrence (non-occurrence) of one or several future uncertain events beyond the Company's control.

A contingent liability arises for the Company as a result of past events in its business activity, when the liability existence with the Company as of the reporting date depends on occurrence (non-occurrence) of one or several future uncertain events beyond the Company's control.

Contingent liabilities also include estimated liabilities not recognised in the accounting records as of the reporting date, due to nonfulfillment of conditions set forth in clause 5 paragraphs "б" and (or) "в" of RAR 8/2010.

A liability with uncertain value and/or maturity (hereinafter - estimated liability) may arise:

- a) pursuant to laws, regulations, court decisions and agreements;
- b) as a result of the entity's actions which due to the established past practice or the entity's announcements show other persons that the entity assumes certain liabilities and, consequently, such persons have reasonable expectations that the entity will fulfil such liabilities.

An estimated liability is entered in books when all of the following conditions are simultaneously met:

- a) the entity has a liability as a result of past events which fulfilment the entity cannot avoid. In case the entity has doubts as to the existence of such liability, it recognises an estimated liability provided that based on the analysis of all circumstances and conditions, including expert opinions, it is more likely than not that the liability exists;
- b) economic benefits are likely to decrease as a result of the estimated liability fulfilment;
- c) the value of the estimated liability can be reliably measured.

2.19. Provisions

The Company sets up the following provisions:

- for doubtful accounts receivable;
- for impairment of financial investments;
- inventory impairment;
- for impairment of investments in non-current assets (construction in progress and R&D).

Provision for doubtful accounts receivable decreases the amount of accounts receivable from the current assets section of the Balance Sheet, while provision for identified doubtful advances paid to suppliers and contractors to create non-current assets decreases the book value of non-current assets.

To qualify receivables as doubtful, the following conditions are taken into account;

- receivables are not secured with a pledge, collateral, surety, bank guarantee or otherwise;
- the deadline for the fulfilment of the obligation has not been met by the debtor;
- the debtor's bankruptcy proceedings have been instituted.

If as at the reporting date the company is certain that the overdue accounts receivable will be settled, the accounts receivable are not recognised as doubtful and no provision is established. The provision amount is determined separately for each doubtful debt depending on the number of days of delay in payment: 45-90 days - 50% of the debt, over 90 days - 100% of the debt.

Provision for impairment of financial investments is established if there are indications of impairment based on the annual impairment check carried out using the data on the cost of net assets of issuers. If the current

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market value of the financial investments which impairment was covered by impairment provision increases, the respective part of the provision is charged to other income of the current reporting period. Inventory impairment provisions decreases the book value of the respective group of inventories and is established based on the following criteria:

- shelf life expiration;
- rejection due to low quality;
- the remaining shelf life of 6 months or less;
- no movement within the period exceeding 1 year.

Provisions for impairment of materials are established for each batch in the amount of the total cost of inventories. The Company establishes (adjusts) provisions for impairment of raw materials and consumables (including transportation and procurement costs) at each reporting date of the interim financial statements. If the current market value of the tangible assets which impairment was covered by impairment provision increases, the respective part of the provision is charged to other income of the current reporting period.

Provisions for impairment of equipment to be installed in stock and capital investments in progress decrease the book value of capital investments in progress. Impairment is checked on a quarterly basis. If the current market value of the equipment to be installed and capital investments in progress which impairment was covered by impairment provision increases, the respective part of the provision is charged to other income of the current reporting period.

Provision for impairment of R&D in progress decreases the book value of R&D in progress. Impairment is checked on a quarterly basis. If the current market value of the R&D in progress which impairment was covered by impairment provision increases, the respective part of the provision is charged to other income of the current reporting period.

2.20. Leased fixed assets

Fixed assets leased by the Company are debited to account 001 "Leased fixed assets" off-balance sheet in the amount:

- set forth in the contract;
- of the cadastral value of land plots.

2.21. Inventories accepted for custody

Inventories accepted for custody are treated on account 002 "Inventories accepted for custody" at the value set in the agreement. If there is no contractual value, the Company keeps quantitative records and performs measurement based on the value of similar inventories owned by the Company and market prices supported by documents.

2.22. Written-off debt of insolvent debtors

Accounts receivable written off to losses due to the expiration of the limitation period or due to the debtor insolvency are treated on account 007 "indebtedness of insolvent debtors written off to losses" for 5 years.

2.23. Collateral and surety received and given in security for liabilities and payments

Collateral and surety in security for liabilities and payments received and given by the Company are recognised on the Company's accounts at the time of its commencement and until it is returned.

Collateral and surety received and given in security for liabilities and payments are measured depending on its type and terms and conditions of the underlying contracts.

Pledged property is treated on account 008 "Collateral and surety for liabilities received" and account 009 "Collateral and surety for liabilities issued", respectively. In addition, the pledged property value is disclosed according to contractual terms and conditions.

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In case of the change in the primary liability, the pledged property value is to be proportionally amended, unless otherwise provided for by the contract.

2.24. Income recognition

Income is accounted for in compliance with Russian Accounting Regulation "Accounting for Corporate Income" (RAR 9/99) approved by order No. 32n dated 6 May 1999 by the Ministry of Finance of Russia.

Income, depending on its nature, conditions of incurrence and types of business are divided into:

- income from ordinary activities (sales proceeds);
- other income.

The Company's income denominated in foreign currency, provided that an advance, down payment or prepayment has been received, is recognised as an amount in rubles calculated at the exchange rate in effect on the date of translation of the received advance, down payment or prepayment to rubles (to the extent of the received advance, down payment or prepayment).

Income from ordinary activities includes:

- income from the sale of own-produced drugs (including for export)
- income from the sale of services of industrial and non-industrial nature;
- income from the sale of other goods;
- income from the lease of property and property rights;
- Income from the sale of own and acquired canteen products.

Other income includes:

- income from participation in other entities;
- interest and other income on securities;
- proceeds from the sale of fixed assets, materials (inventories);
- proceeds from the sale of foreign currency;
- donated assets;
- materials and fixed assets identified based on stocktaking results;
- materials, fixed assets received during dismantling, disassembly of fixed assets;
- penalties, fines, forfeit penalties for breach of contract;
- receipts in payment for damages inflicted to the Company;
- proceeds arising as a consequence of extraordinary circumstances of business activity (natural disaster, fire, accident, nationalization, etc.);
- revenue from writing-off of accounts payable and accounts receivable with expired limitation period;
- amounts paid by a debtor towards a receivable previously written off;
- exchange differences;
- revenues of past years identified in the reporting year;
- other income.

2.25. Expense recognition

Expenses are accounted for in compliance with Russian Accounting Regulation "Accounting for Corporate Expenses" (RAR 10/99) approved by order No. 33n dated 6 May 1999 of the Ministry of Finance of the Russian Federation.

Expenses, depending on their nature, conditions of their incurrence and types of business are divided into:

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- expenses for ordinary activities;
- other expenses.

Expenses for ordinary activities include expenses connected to income from ordinary activities listed in clause 2.24. hereof.

Other expenses include expenses related to other income listed in clause 2.24. hereof and interest for the use of loans, property tax accrual, allocations to provisions, assets write-off, bank services, donation of assets and social expenses.

Accounting for expenses on works and services is maintained separately for direct expenses accumulated on the debit side of accounts 20 "Main production" and 23 "Auxiliary production" and indirect expenses recorded on the debit side of account 25 "General production expenses".

Administrative expenses are treated on account 26 "Administrative expenses" and reflected in line 2220 "Administrative expenses" of the Statement of Financial Results.

Selling expenses are treated on account 44 "Sales expenses" and reflected in line 2210 "Selling expenses" of the Statement of Financial Results.

Expenses in foreign currency or conventional units the Company has paid in advance or in payment of which the company has transferred an advance payment or a deposit are recognised in the accounting records of the company translated into rubles at an exchange rate effective as of the date of translation of the paid advance, deposit or prepayment into rubles (with regard to advance, deposit, prepayment).

In accordance with cl. 18.2 of RAR 9/99 and cl. 21.2 of RAR 10/99 and the Company's accounting policies, other income is presented in the Statement of Financial Results less expenses related to this income:

- exchange gains and losses;
- other income from the sale (disposal) of other assets, fixed assets and intangible assets and related other expenses;
- other income and expenses related to the increase and decrease of provisions of one type (for impairment of securities, impairment of inventories, bad debt provisions);
- income and expenses related to the purchase and sale of foreign currency;
- tare income and expenses;
- social income and expenses.

2.26. Hedging of financial risks

Accounting regulations do not provide for a specific method to account for hedge transactions.

At the same time, in accordance with clause 7 of Russian Accounting Regulation "Corporate Accounting Policies" (RAR 1/2008), in case accounting regulations do not specify accounting methods for certain accounting matters, in its accounting policies an entity shall develop an accounting method based on this and other accounting regulations, as well as International Financial Reporting Standards.

Therefore, hedge instruments and related economic events are accounted for based on IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement* enacted in Russia by Orders of the Ministry of Finance of the Russian Federation No. 133n dated 26 August 2016 and No. 217n dated 28 December 2016.

2.27. Deferred taxes

Deferred taxes are accounted for by the Company in compliance with Russian Accounting Regulation "Accounting for Corporate Income Tax Settlements" (RAR 18/02) approved by order No. 114n dd. 19 November 2002 of the Ministry of Finance of the Russian Federation.

The differences between accounting profit (loss) and taxable profit (loss) in the reporting period resulting from the use of different rules of income and expense recognition set forth by the accounting regulations and tax laws of the Russian Federation may be permanent and temporary.

Deferred tax assets and deferred tax liabilities are recognised on account 09 "Deferred tax assets" and account 77 "Deferred tax liabilities".

In the balance sheet homogeneous deferred tax assets and liabilities are not netted and presented as non-current assets and long-term liabilities, respectively.

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2.28. Earnings per share

In accordance with the guidelines for disclosure of information about earnings per share approved by Order of the Ministry of Finance of the Russian Federation No. 29n dated 21 March 2000, a joint-stock company should disclose information about earnings per share in two figures: basic earnings (loss) per share, which reflects the part of earnings (loss) of the reporting period due to holders of ordinary shares, and diluted earnings (loss) per share, which reflects the possible decrease in the basic earnings (increase in the loss) per share in the following reporting period.

2.29. Related parties

Disclosure of related parties in financial statements shall be in compliance with Russian Accounting Regulation "Related Parties" (RAR 11/2008) approved by order No. 48n dd. 29 April 2008 of the Ministry of Finance of the Russian Federation.

Legal entities and (or) individuals capable of influencing the operations of the company compiling the financial statements, or whose activity can be affected by the company compiling the financial statements (related parties) can include:

- a) a legal entity and (or) an individual and a company compiling the financial statements, which are affiliated according to the legislation of the Russian Federation (RF Law dd. 22 March 1991, No. 948-1 "On Competition and Limitation of Monopolistic Activity in Commodities Markets");
- b) a legal entity and/or an individual registered as an individual entrepreneur and a reporting entity involved in joint business activities;
- c) a reporting entity and a non-governmental pension fund acting for the benefit of the employees of such entity or another entity related to the reporting entity.

2.30. Segment information

Segment information is disclosed in financial statements according to the requirements of Russian Accounting Regulation "Segment Information" (RAR 12/2010), as approved by Order of the Russian Ministry of Finance No. 143n dated 8 November 2001.

As the Company does not issue publicly placed securities, it does not disclose segment information in accordance with clause 2 of RAR 12/2010.

2.31. Subsequent events

Information about subsequent events in financial statements is reported in compliance with Russian Accounting Regulation "Subsequent Events" (RAR 7/98) approved by order No. 56n dd. 25 November 1998 of the Ministry of Finance of the Russian Federation.

A subsequent event is recognised as an economic event which might impact the Company's financial position and performance and which occurs between the reporting date and the date the financial statements for the reporting year are signed.

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3. Opening and comparative data

The data in the Balance Sheet as of 31 December 2017 and 31 December 2016 were formed by transferring data from the Balance Sheet for 2017 and 2016.

The data in the Statement of Financial Results include data transferred from the respective lines of the Statement of Financial Results for 2017.

Items of the financial statements for the previous periods were restated in these financial statements as follows.

Balance Sheet as at 31 December 2016:

B/S item	Code	As at 31/12/2016 in the financial statements for the previous year	Restated figure as at 31/12/2016 in the current financial statements	Restatement amount	Reason for restatement
Deferred tax assets	1180	149,680	157,459	+ 7,779	Recognition of additional borrowing costs as an expense of 2016 when accounts payable were assigned from PJSC Sberbank to Sun Pharma (Netherlands) B.V.
Other non-current assets	1190	51,960	13,066	-38,894	
Retained earnings (uncovered loss)	1370	322,769	291,654	-31,115	
Accounts payable: <i>other creditors</i>	1520 15206	287,022 29,457	297,953 40,388	+ 10,931	Assignment of interest accrued but not paid from PJSC Sberbank to Sun Pharma (Netherlands) B.V.
Short-term borrowings	1510	999,576	988,645	- 10,931	

Balance Sheet as at 31 December 2017:

B/S item	Code	As at 31 December 2017 in the financial statements for the previous year	Restated figure as at 31/12/2017 in the current financial statements	Restatement amount	Reason for restatement
Deferred tax assets	1180	120,468	126,100	+5,632	Recognition of additional borrowing costs as an expense of 2016 when accounts payable were assigned from PJSC Sberbank to Sun Pharma (Netherlands) B.V.
Other non-current assets	1190	42,864	14,704	-28,160	
Retained earnings (uncovered loss)	1370	342,812	320,284	-22,528	
Long-term borrowings	1410	2,226,507	1,960,491	-266,016	Detailing maturity of loan liabilities
Short-term borrowings	1510	926,445	1,192,461	+266,016	

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Statement of Financial Results (“for the previous year”):

Item of the Statement of Financial Results	Code	For 2017 in the financial statements for the previous year	Restated figure for 2017 in the current financial statements	Restatement amount	Reason for restatement
Revenue	2110	2,621,634	2,467,032	-154,602	Recognition of revenue including bonuses provided to customers for the sales of the reporting period
including revenue from the sale of own-produced medical products	2111	2,577,822	2,423,220	-154,602	
Cost of sales	2120	1,714,783	1,645,320	-69,463	Restatement of data for the previous period due to changes in the accounting policies: Since 2018 quality expenses have been treated on account 26 “Administrative expenses”
including revenue from the sale of own-produced medical products	2121	1,694,423	1,624,960	-69,463	
Administrative expenses	2220	203,105	272,568	+69,463	
Other expenses	2350	432,317	266,981	-165,336	154,602 – bonuses provided to customers for the sales of the reporting period; 10734 – reversal of additional borrowing costs (see above)
Changes in deferred tax assets	2450	(29,212)	(31,359)	-2,147	Restatement of DTA for 2017 due to the reversal of additional borrowing costs

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4. Notes to significant items of the Balance Sheet

4.1. Intangible assets

Information about the availability and movement of intangible assets for 2017-2018 is presented in the tables below.

Movement of intangible assets for 2018

Narrative	Code	As at 31/12/2017				Changes for the period						As at 31/12/2018		
		Historical cost	Accumulated amortisation and impairment losses	Net book value	Added	Disposed		Impairment loss	Revaluation		Historical cost	Accumulated amortisation and impairment losses	Net book value	
						Historical cost	Accumulated amortisation		Historical cost	Accumulated amortisation				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Intangible assets - TOTAL	1110	5,407	(2,899)	2,508				(308)		5,407		(3,207)		2,200
including Patents	1111	3,444	(1,329)	2,115				(231)		3,444		(1,560)		1,884
Trademark and service mark	1112	1,963	(1,570)	393				(77)		1,963		(1,647)		316

Movement of intangible assets for 2017

Narrative	Code	As at 31/12/2016			Changes for the period						As at 31/12/2017			
		Historical cost	Accumulated amortisation and impairment losses	Net book value	Added	Disposed		Impairment loss	Revaluation		Historical cost	Accumulated amortisation and impairment losses	Net book value	
						Historical cost	Accumulated amortisation		Historical cost	Accumulated amortisation				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Intangible assets - TOTAL	1110	5,393	(2,629)	2,764	79	(65)	65	(335)		5,407		(2,899)		2,508
including Patents	1111	3,444	(1,098)	2,346				(231)		3,444		(1,329)		2,115
Audiovisual work	1112	65	56	9		(65)	65	(9)						
Trademark and service mark	1113	1,884	(1,475)	409	79			(95)		1,963		(1,570)		393

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Information about certain types of intangible assets as at reporting dates (actual (historical) cost without amortisation):

Narrative	Code	As at 31 December 2018	As at 31 December 2017	As at 31 December 2016
1	2	3	4	5
Intangible assets created by the company, TOTAL	1110	5,407	5,407	5,393
including: Patents	1111	3,444	3,444	3,444
Audiovisual work	1112	0	0	65
Trademark and service mark	1113	1,963	1,963	1,884
Including: fully amortised intangible assets, TOTAL		1,234	1,206	1,206
including: Trademark and service mark	1113	1,234	1,206	1,206

Information about useful lives and amortisation methods:

Narrative	As at 31 December 2018		As at 31 December 2017		As at 31 December 2016	
	useful life (in months)	amortisation method	useful life (in months)	amortisation method	useful life (in months)	amortisation method
1	2	3	4	5	6	7
Patents	97-226	straight-line	97-22	straight-line	97-226	straight-line
Audiovisual work			36	straight-line	36	straight-line
Trademark and service mark	100-122	straight-line	100-122	straight-line	50-119	straight-line

4.2. Research and development results

Information about the availability and movement of scientific and research, design and experimental and technological expenses for 2017-2018 is presented in the below tables.

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Availability and movement of R&D expenses for 2018

Narrative	Code	At the beginning of the year			Changes for the period					At the end of the period			
		Historical cost	Part of the cost recognised in expenses	Net book value	Added		Disposed		Part of the cost recognised in expenses for ordinary activities	Part of the cost recognised in other expenses	Historical cost	Part of the cost recognised in expenses	Net book value
					Historical cost	Part of the cost recognised in expenses	Historical cost	Part of the cost recognised in expenses					
R&D - total	1120	14,677	(5,724)	8,953		(920)	920	(3,162)		13,757	(7,966)	5,791	
including:													
Manufacturing technologies for new pharmaceuticals	1121	14,677	(5,724)	8,953	(920)	920	(3,162)			13,757	(7,966)	5,791	

Availability and movement of R&D expenses for 2017

Narrative	Code	At the beginning of the year			Changes for the period					At the end of the period			
		Historical cost	Part of the cost recognised in expenses	Net book value	Added		Disposed		Part of the cost recognised in expenses for ordinary activities	Part of the cost recognised in other expenses	Historical cost	Part of the cost recognised in expenses	Net book value
					Historical cost	Part of the cost recognised in expenses	Historical cost	Part of the cost recognised in expenses					
R&D - total	1120	13,117	(3,813)	9,304	3,219	(1,659)	1,659	(3,570)		14,677	(5,724)	8,953	
including:													
Manufacturing technologies for new pharmaceuticals	1121	13,117	(3,813)	9,304	3,219	(1,659)	1,659	(3,570)		14,677	(5,724)	8,953	

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4.3. Fixed assets

Information about the net book value of fixed assets is shown in the Company's Balance Sheet in line 1150 "Fixed assets".

The replacement cost of fixed assets was formed based on several revaluations. Mandatory revaluation of fixed assets was carried out by the Company pursuant to the Resolutions of the Russian Government from 1992 to 1997.

Since 1997 the Company has not carried out other revaluations of fixed assets.

Information about the replacement cost of fixed assets, accumulated depreciation and movement of fixed assets by groups in 2017-2018 is presented below:

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Availability and movement of fixed assets for 2018

Narrative	Code	At the beginning of the year		Changes for the period						At the end of the period	
		Historical cost	Accumulated depreciation	Added	Disposed		Depreciation accrued	Revaluation		Historical	Accumulated depreciation
					Historical cost	Accumulated depreciation		Historical cost	Accumulated depreciation		
Fixed assets (excluding income-bearing investments in tangible assets) - total	1150	2,933,218	(1,156,820)	503,423	(5,547)	5,439	(133,254)			3,431,094	(1,284,635)
including:											
Buildings	1151	1,319,475	(365,025)	310,076			(32,358)			1,629,551	(397,383)
Structures and transfer devices	1152	72,619	(63,574)		(1,353)	1,353	(1,204)			71,266	(63,425)
Machinery and equipment	1153	1,482,150	(692,994)	191,345	(4,151)	4,043	(97,554)			1,669,344	(786,505)
Transport vehicles	1154	28,742	(23,972)				(1,912)			28,742	(25,884)
Production and maintenance tools	1155	11,802	(11,255)	2,002	(43)	43	(226)			13,761	(11,438)
Land plots	1156	18,430								18,430	

Availability and movement of fixed assets for 2017

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Narrative	Code	At the beginning of the year		Changes for the period						At the end of the period	
		Historical cost	Accumulated depreciation	Added	Disposed		Depreciation accrued	Revaluation		Historical cost	Accumulated depreciation
					Historical cost	Accumulated depreciation		Historical cost	Accumulated depreciation		
Fixed assets (excluding income-bearing investments in tangible assets) - total	1150	2,944,880	(1,054,374)	26,890	(38,552)	24,810	(127,256)			2,933,218	(1,156,820)
including:											
Buildings	1151	1,337,840	(339,237)	1,634	(19,999)	6,496	(32,284)			1,319,475	(365,025)
Structures and transfer devices	1152	72,018	(62,706)	934	(333)	333	(1,201)			72,619	(63,574)
Machinery and equipment	1153	1,475,825	(619,853)	24,322	(17,997)	17,758	(90,899)			1,482,150	(692,994)
Transport vehicles	1154	28,751	(21,463)		(9)	9	(2,518)			28,742	(23,972)
Production and maintenance tools	1155	12,016	(11,115)		(214)	214	(354)			11,802	(11,255)
Land plots	1156	18,430								18,430	

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Useful life and depreciation methods for 2017-2018 by groups of fixed assets:

Narrative	As at 31 December 2018		As at 31 December 2017		As at 31 December 2016	
	Useful life (in months)	Depreciation methods	Useful life (in months)	Depreciation methods	Useful life (in months)	Depreciation methods
1	2	3	4	5	6	7
Buildings	120-1500	straight-line	120-1500	straight-line	120-1500	straight-line
Structures and transfer devices	60-600	straight-line	60-600	straight-line	60-600	straight-line
Machinery and equipment	12-364	straight-line	12-364	straight-line	12-364	straight-line
Production lines	84	Proportional to time in service	84	Proportional to time in service	84	Proportional to time in service
Transport vehicles	48-180	straight-line	48-180	straight-line	48-180	straight-line
Production and maintenance tools	36-364	straight-line	36-364	straight-line	36-364	straight-line

Change in the value of fixed assets as a result of completion, additional equipment, reconstruction and partial liquidation in 2017-2018 is shown below:

Narrative	For 2018	For 2017
1	2	3
Increase in the cost of fixed assets as a result of completion, additional equipment, reconstruction - TOTAL	315,440	934
Buildings	310,076	
Structures and transfer devices		934
Machinery and equipment	5,364	
Decrease in the cost of fixed assets as a result of partial liquidation - TOTAL:	333	333
Structures and transfer devices	333	333

The Company owns land plots intended for industrial facilities. The book value of these land plots is RUB 18,430 thousand. Depreciation on the land plots is not accrued.

Information about real estate (from 1958 to 2008) without state registration:

Narrative	As at 31 December 2018	As at 31 December 2017	As at 31 December 2016
1	2	3	4
Buildings	9,728	9,779	23,503
including			
Refrigerating station, building 284	3,889	3,889	3,889
Building 205			13,503
Structures and transfer devices	4,979	7,639	8,067
TOTAL	14,707	17,418	31,372

Information about temporarily shut down fixed assets, leased fixed assets, and other use of fixed assets, is set forth below:

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Narrative	As at 31 December 2018	As at 31 December 2017	As at 31 December 2016
1	2	3	4
Leased-out fixed assets (on-balance sheet)	11,402	107	62
Real estate items commissioned and actually used, however, in the process of state registration			
Fixed assets that have been temporarily shut down	115,839	107,111	120,783
Other use of fixed assets (real estate was pledged to Sun Pharma (Netherlands) B.V.) to secure a loan until 20/12/2023) (book value)	1,918,945	1,614,057	1,717,616
Fixed assets under reconstruction		7,065	7,065

The Company transferred premises, equipment and transport vehicles under lease contracts. The majority of these fixed assets were transferred under a lease contract with Individual Entrepreneur Oreshkin A.V. (RUB 11,298 thousand).

4.4. Capital investments in progress

In-progress capital investments presented in the Balance Sheet within line 11851 "In-progress and unregistered R&D and in-progress acquisition of intangible assets":

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Availability and movement of R&D in progress expenses for 2018

Narrative	Code	At the beginning of the year	Changes for the period		At the end of the period
			costs for the period	written off to expenses (without positive results) (impairment provision)	
Expenses for R&D in progress - total	11851	40,769	5,617	(11,137)	35,249
Expenses for development work (development stage)	118511	40,749	5,637	(11,137)	35,249
Short-term accounts receivable on R&D (advances paid)	118512	20	(20)		0

Availability and movement of R&D in progress expenses for 2017

Narrative	Code	At the beginning of the year	Changes for the period		At the end of the period
			costs for the period	written off to expenses (without positive results) (impairment provision)	
Expenses for R&D in progress - total	11851	87,876	14,774	(58,583)	40,769
Expenses for development work (development stage)	118511	85,879	16,672	(58,583)	40,749
Short-term accounts receivable on R&D (advances paid)	118512	1,952	(1,932)		20
In-progress acquisition of intangible assets - total	118513	45	34	(79)	

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Accounts receivable (advances) on R&D presented in the Balance Sheet within line 11851 "Research and development results" is presented below:

Narrative	As at 31/12/2018		As at 31/12/2017		As at 31/12/2016	
	under a contract	bad debt provision	under a contract	bad debt provision	under a contract	bad debt provision
1	3	4	5	6	5	6
Short-term accounts receivable on R&D	0	0	20	0	1,952	0
Including						
LABMGMU LLC			20			
MFPDK Biotek CJSC					1,952	

In-progress capital investments presented in the Balance Sheet within line 11852 "In-progress capital investments in fixed assets" is presented below:

Narrative	Code	As at 31 December 2018	As at 31 December 2017	As at 31 December 2016
In-progress capital investments in fixed assets - total	11852	105,351	310,317	224,238
including:				
equipment to be installed and materials in stock	118521	33,308	76,611	90,015
reconstruction and modernisation of fixed assets	118522	54,958	158,947	124,505
in-progress acquisition of other fixed assets	118523	1,680	3,670	149
short-term accounts receivable on capital investments	118524	15,405	71,089	9,569

Accounts receivable (advances) on capital investments presented in the Balance Sheet within line 11852 "In-progress capital investments in fixed assets" is presented below:

Narrative	As at 31/12/2018		As at 31/12/2017		As at 31/12/2016	
	under a contract	bad debt provision	under a contract	bad debt provision	under a contract	bad debt provision
1	3	4	5	6	5	6
Short-term accounts receivable on capital investments	23,000	(7,595)	72,407	(1,318)	9,569	
Including						
Tekhno Fasad LLC	6,074	(5,069)				
PVS LLC	6,608					
Kord LLC	2,919					
NPO Eko-Intekh LLC	1,555					
Pharmcontract LLC	1,568	(1,568)				
Unica Engineering LLC			47,436			
STS LLC			4,250			
United Pharmaceutical Technologies Co., Ltd					4,935	
Individual Entrepreneur Kiselev V.A.					1,146	
Stroyindustria LLC					524	
Analit Products LLC					865	
Other	4,276	(958)	20,721	(1,318)	2,099	

4.5. Long-term financial investments

Information about the availability and movement of long-term financial investments is presented below:

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For 2018

Narrative	Code	At the beginning of the year			Changes for the period				At the end of the period			
		Historical cost	Accumulated adjustment	Cost with accumulated adjustment	Added	Disposed (repaid)		Accrual of interest (including to adjust cost to par value)	In current market value (impairment losses)	Historical cost	Accumulated adjustment	Cost with accumulated adjustment
						Historical cost	Accumulated adjustment					
Long-term - total	1170	2,000	(0)	2,000						2,000	(0)	2,000
including:												
Contributions to the charter (share) capitals of other companies	1171	2,000	(0)	2,000						2,000	(0)	2,000

For 2017

Narrative	Code	At the beginning of the year			Changes for the period				At the end of the period			
		Historical cost	Accumulated adjustment	Cost with accumulated adjustment	Added	Disposed (repaid)		Accrual of interest (including to adjust cost to par value)	In current market value (impairment losses)	Historical cost	Accumulated adjustment	Cost with accumulated adjustment
						Historical cost	Accumulated adjustment					
Long-term - total	1170	2,000	(931)	1,069				931	2,000	(0)	2,000	
including:												
Contributions to the charter (share) capitals of other companies	1171	2,000	(931)	1,069				931	2,000	(0)	2,000	

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All financial investments of the Company are not quoted, therefore, it is not possible to determine their current market value.

Information about provision for impairment of long-term financial investments:

For 2017

No.	Financial investment	At the beginning of the year	Provision established in the reporting period	Provision charged to other income of the reporting period	Provision used in the reporting period	At the end of the period
1.	Contributions to the charter (share) capitals of other companies	931	0	(931)	0	0
	TOTAL	931	0	(931)	0	0

4.6. Deferred tax assets

Deferred tax assets presented in line 1180 "Deferred tax assets" of the Balance Sheet are as follows:

No.	Type	Amount as at 31/12/2018	Amount as at 31/12/2017	Amount as at 31/12/2016
1	Tax loss carried forward	171,129	115,961	149,668
2	Other deferred tax assets	10,026	10,139	7,791
	TOTAL	181,155	126,100	157,459

4.7. Other non-current assets

Line 1190 "Other non-current assets" of the Balance Sheet presents investments in non-current assets failing to meet the requirements to the generation of indicators of the following Balance Sheet lines:

1. Line 1110 "Intangible assets";
2. Line 1120 "Research and development results";
3. Line 1150 "Fixed assets";
4. Line 1160 "Income-bearing investments in tangible assets";
5. Line 1170 "Financial investments".

Information about other non-current assets:

No.	Type	Amount		
		31/12/2018	31/12/2017	31/12/2016
1	Prepaid expenses for the registration of pharmaceuticals	15,595	14,366	12,621
2	Certification and licensing	214	318	9
3	Other		20	436
	TOTAL	15,809	14,704	13,066

4.8. Inventories

Line 1210 "Inventories" of the Balance Sheet accounts for the following:

No.	Type	Code	Amount
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			31/12/2018	31/12/2017	31/12/2016
1	Raw materials, consumables and other similar assets	1211	372,357	360,374	249,440
2	Work in progress costs	1212	71,993	63,948	30,904
3	Finished products and goods for resale	1213	92,226	211,430	195,381
4	Prepaid expenses	1214	1,768	1,367	4,306
	TOTAL	1210	538,344	637,119	480,031

The above inventory types are shown in the Balance Sheet net of inventory provision.

Information about the movement in inventory provision is presented below:

For 2018

No.	Description of inventories (by groups)	At the beginning of the year	Provision established in the reporting period	Provision charged to other income of the reporting period	At the end of the period
1.	Raw materials, consumables and other similar assets	20,015	94,567	(67,325)	47,257
2.	Work in progress costs	2,161	5,630	(2,626)	5,165
3.	Finished products and goods for resale	3,582	17,500	(2,877)	18,205
	TOTAL	25,758	117,697	(72,828)	70,627

For 2017

No.	Description of inventories (by groups)	At the beginning of the year	Provision established in the reporting period	Provision charged to other income of the reporting period	At the end of the period
1.	Raw materials, consumables and other similar assets	6,107	20,370	(6,462)	20,015
2.	Work in progress costs	10	2,965	(814)	2,161
3.	Finished products and goods for resale	2,486	6,057	(4,961)	3,582
	TOTAL	8,603	29,392	(12,237)	25,758

4.9. Accounts receivable

Accounts receivable are presented in the Balance Sheet less bad debt provision. Information about accounts receivable is presented below:

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Breakdown of accounts receivable

Narrative	Code	As at 31/12/2018			As at 31/12/2017			As at 31/12/2016		
		Under a contract	Bad debt provision	Amount less bad debt provision	Under a contract	Bad debt provision	Amount less bad debt provision	Under a contract	Bad debt provision	Amount less bad debt provision
Long-term accounts receivable - total	12301	5,570	(0)	5,570	76,806	(0)	76,806	6,516	(0)	6,516
including buyers and customers	12303	0	0	0	69,007	(0)	69,007	0	0	0
advances paid to other suppliers and contractors	12304	455	(0)	455	2,797	(0)	2,797	1,403	(0)	1,403
other debtors	12306	5,115	(0)	5,115	5,002	(0)	5,002	5,113	(0)	5,113
Short-term accounts receivable - total	12302	873,722	(74,550)	799,172	1,048,576	(33,287)	1,015,289	596,596	(18,677)	577,919
including buyers and customers	12303	760,700	(59,354)	701,346	757,138	(20,461)	736,677	543,157	(18,677)	524,480
advances paid	12304	74,631	(4,729)	69,902	65,703	(2,184)	63,519	38,344	(0)	38,344
taxes and levies receivable from the budget	12305	25,274	(0)	25,274	6,509	(0)	6,509	13	(0)	13
other debtors	12306	13,117	(10,467)	2,650	219,226	(10,642)	208,584	15,082	(0)	15,082
Total		879,292	(74,550)	804,742	1,125,382	(33,287)	1,092,095	603,112	(18,677)	584,435

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Information about overdue accounts receivable is presented below:

Type	Code	As at 31/12/2018	As at 31/12/2017	As at 31/12/2016
Short-term accounts receivable - total	12302	28,360	20,341	138,529
including buyers and customers	12303	25,432	18,877	129,353
advances paid	12304	2,880	1,451	4,867
other debtors	12306	48	13	4,309
Total		28,360	20,341	138,529

Information about the movement of bad debt provision is given below.

For 2018

Type of asset	Code	At the beginning of the year	Provision established in the reporting period	Provision charged to other income of the reporting period	Provision used in the reporting period	At the end of the period
Short-term accounts receivable - total	12302	33,287	70,216	(28,461)	(492)	74,550
including buyers and customers	12303	20,461	67,189	(28,295)	(1)	59,354
advances paid	12304	2,184	3,027		(482)	4,729
other debtors	12306	10,642		(166)	(9)	10,467
TOTAL		33,287	70,216	(28,461)	(492)	74,550

For 2017

Type of accounts receivable	Code	At the beginning of the year	Provision established in the reporting period	Provision charged to other income of the reporting period	Provision used in the reporting period	At the end of the period
Short-term accounts receivable - total	12302	18,677	56,544	(41,767)	(167)	33,287
including buyers and customers	12303	18,677	43,561	(41,767)	(10)	20,461
advances paid	12304		2,332		(148)	2,184
other debtors	12306		10,651		(9)	10,642
TOTAL		18,677	56,544	(41,767)	(167)	33,287

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4.10. Cash and cash equivalents

Cash and cash equivalents in line 1250 "Cash and cash equivalents" of the Company's Balance Sheet include:

No.	Type	Amount as at 31/12/2018	Amount as at 31/12/2017	Amount as at 31/12/2016
1	Cash on hand	3	12	31
2	Cash on bank accounts in rubles	22,649	118,896	172,710
3	Cash on bank accounts in foreign currency	508	4,414	
4	Short-term deposits	100,000		
	TOTAL B/S line 1250	123,160	123,322	172,741
	Balance of cash and cash equivalents in the Statement of Cash Flows (lines 4450, 4500)	123,160	123,322	172,741

Information about cash flows is disclosed in the Statement of Cash Flows.

The Statement of Cash Flows presents cash flows from operating, investing and financing activities.

Information about advances received/paid is presented in the Statement of Cash Flows as advance account balance/turnover.

Foreign currency purchases/sales are presented in the Statement of Cash Flows on a gross/net basis and separately within other receipts / other payments from operating activities.

Breakdown of other receipts and other payments in the Statement of Cash Flows:

Type	Code	For 2018	For 2017
Cash flows from operating activities			
Other receipts	4119	217,760	8,645
Received fines and damages	41192	2,648	4,832
Received interest under bank account contracts	41193	4,742	2,560
Proceeds from related companies (Sun Pharma (Netherlands) B.V.) under a debt assignment contract	41191	203,971	
Received subsidies from the federal budget	41194		838
Income tax (refund of advance payments for 2017)	41195	6,394	
Other	41196	5	415
Other payments	4129	(78,278)	(92,737)
Internal receivables from employees (funds provided for current needs)	41291	(4,324)	(6,369)
Paid fines and damages	41292	(642)	(4,621)
State duties	41293	(7,672)	(3,853)
Losses on foreign currency exchange transactions	41294	(508)	(1,101)

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Type	Code	For 2018	For 2017
Bank services	41295	(1,200)	(1,340)
Social payments	41296	(105)	(637)
Taxes (except for individual income tax, income tax) and tax-related fines	41297	(63,827)	(74,816)

The Statement of Cash Flows shows net cash flows characterizing operations of the company's counterparts, rather than its own operations, and (or) when receipts from one person provide for payments to other persons.

The following items are presented on a net basis:

1. foreign exchange operations;
2. value added tax within receipts from buyers and customers, payments to suppliers and contractors and payments to the RF budgetary system and recovery therefrom;
3. receipt of reimbursable expenses and their transfer to service providers.

Presentation of value added tax in the Statement of Cash Flows.

To present VAT in the Statement of Cash Flows on a net basis, the direct method of VAT calculation is used.

Line 4122 "Payments for wages and salaries" of the Statement of Cash Flows reflects amounts paid for wages and salaries, individual income tax and social charges to non-budgetary funds:

Type	Code	For 2018	For 2017
Payments for wages and salaries, including:	4122	(530,649)	(561,956)
Labour costs	41221	(367,300)	(380,495)
Amount withheld from salary and paid to third parties (alimony, writs of execution etc.)	41222	(8,435)	(4,216)
Individual income tax	41223	(53,085)	(54,272)
insurance contributions to non-budgetary funds	41224	(101,829)	(122,973)

4.11. Other current assets

Line 1260 "Other current assets" of the Balance Sheet shows the following:

No.	Type	Amount		
		As at 31/12/2018	As at 31/12/2017	As at 31/12/2016
1	Monetary documents (postage stamps, envelopes, employee catering cards)	44	37	23

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No.	Type	Amount		
		As at 31/12/2018	As at 31/12/2017	As at 31/12/2016
2	Other			1
	TOTAL	44	37	24

4.12. Share capital

The share capital of the Company, according to the Articles of Association, makes up RUB 286,283 as at 31 December 2018.

The Company's share capital is divided into 214,712 ordinary personal uncertificated shares, each with the nominal value of RUB 1, and 71,571 preferred personal uncertificated shares, each with the nominal value of RUB 1.

The share capital has been paid in full. No share capital changes were made in 2017 and 2018.

The Company has not announced additional issue of shares, placement of bonds or other securities.

4.13. Revaluation of non-current assets

The revaluation of non-current assets for 2017-2018 is presented in the Statement of Changes in Equity.

The revaluation of non-current assets by types of non-current assets:

Type	Code	As at 31/12/2018	As at 31/12/2017	As at 31/12/2016
Revaluation of non-current assets, TOTAL	1340	297,120	298,605	311,397
including:				
Revaluation of fixed assets	1341	297,120	298,605	311,397

4.14. Reserve capital

As at the reporting date, the Company established a reserve fund from net profit totalling RUB 14 thousand in accordance with the law. The reserve fund is intended to cover the Company's losses and to settle its bonds and buy out shares if the Company has no other funds.

The reserve fund had the following structure in 2017-2018:

Narrative	Code	As at 31/12/2018	As at 31/12/2017	As at 31/12/2016
Reserves in accordance with the legislation	1360	14	14	14
TOTAL	1361	14	14	14

4.15. Retained earnings (uncovered loss)

Movement of retained earnings (uncovered loss) is disclosed in the Statement of Changes in Equity.

Line 1370 "Retained earnings (uncovered loss)" includes not only retained earnings, but also the accumulation fund established pursuant to the decision of the Company's shareholders.

The General Meeting of Shareholders (minutes dated 22 June 2018) decided to retain the 2017 earnings:

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Item	Amount for 2017
Net profit	7,251
Payment of dividends on shares	0
Payment to members of the Board of Directors and the Management Board and related mandatory accruals	0
Retained earnings	7,251

The Statement of Changes in Equity and Section 3 of these notes contain restatements after which the 2017 retained earnings amounted to RUB 15,838 thousand.

The General Meeting which is supposed to consider the issue of distribution of the 2018 profit has not been convened as at the reporting date.

Retained earnings (uncovered loss) shown in line 1370 "Retained earnings (uncovered loss)" has the following structure:

Narrative	As at 31/12/2018	As at 31/12/2017	As at 31/12/2016
Retained earnings (uncovered loss), TOTAL	(132,826)	320,284	291,654
including:			
Retained earnings of prior years	112,084	96,246	231,066
Retained earnings (loss) for the reporting year	(454,595)	15,838	(134,820)
Accumulation fund	209,685	208,200	195,408

4.16. Deferred tax liabilities

Deferred tax liabilities presented in line 1420 "Deferred tax liabilities" of the Balance Sheet are as follows:

No.	Type	Amount as at 31/12/2018	Amount as at 31/12/2017	Amount as at 31/12/2016
1	Fixed assets	109,398	102,450	101,411
2	Intangible assets and R&D	4,575	2,618	2,685
3	Other	0	0	2
	TOTAL	113,973	105,068	104,098

4.17. Loans and borrowings

Information about the Company's outstanding loans and borrowings and their movement is as follows:

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For 2018

Narrative	Code	At the beginning of the year	Changes for the period					Exchange difference	At the end of the period
			Received	Interest accrued	Principal repayment	Interest repayment	Reclassification from short-term to long-term indebtedness		
Long-term borrowings - total	1410	1,960,491	120,000				1,215,465	3,295,956	
Loans	1411	1,960,491	120,000				1,081,898	3,162,389	
Interest on loans	1412						133,567	133,567	
Short-term borrowings - total	1510	1,192,461		232,023		(133,957)	(1,215,465)	75,062	
Loans	1511	1,081,898					(1,081,898)		
Interest on loans	1512	110,563		232,023		(133,957)	(133,567)	75,062	

For 2017

Narrative	Code	At the beginning of the year	Changes for the period					Exchange difference	At the end of the period
			Received	Interest accrued	Principal repayment	Interest repayment	Reclassification from long-term to short-term indebtedness		
Long-term borrowings - total	1410	1,582,467	624,000				(245,976)	1,960,491	
Loans	1411	1,582,467	624,000				(245,976)	1,960,491	
Interest on loans	1412								
Short-term borrowings - total	1510	988,645		213,871	(137,333)	(118,698)	245,976	1,192,461	
Loans	1511	973,255			(137,333)		245,976	1,081,898	
Interest on loans	1512	15,390		213,871		(118,698)		110,563	

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Main loans and borrowings

Lessor Ranbaxy (Netherlands) B.V. has changed its name to Sun Pharma (Netherlands) B.V.

Narrative	Code	Annual interest rate	Maturity	As at 31/12/2018			As at 31/12/2017			As at 31/12/2016		
				Principal amount	Interest	Total	Principal amount	Interest	Total	Principal amount	Interest	Total
Long-term borrowings - total	1410			3,162,389	133,567	3,295,956	1,960,491	0	1,960,491	1,582,467	0	1,582,467
Loans (lessor – Sun Pharma (Netherlands) B.V.):	A											
Unnumbered dated 14/12/2016/16-БИО-1067		7.5	19/12/2021	263,784		263,784						
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	27/12/2021	300,000		300,000						
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	13/02/2022	120,000		120,000						
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	19/03/2022	260,000		260,000						
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	27/07/2022	94,000		94,000						
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	21/09/2022	50,000		50,000						
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	06/11/2022	100,000		100,000						
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	15/05/2023	50,000		50,000						
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	19/09/2023	70,000		70,000						
Unnumbered dated 07/06/2017/17-БИО-225		7.5	20/12/2021	532,032		532,032						
Unnumbered dated 07/06/2017/17-БИО-225		7.5	20/12/2022	532,032		532,032						
Unnumbered dated 07/06/2017/17-БИО-225		7.5	20/12/2023	538,443		538,443						
Unnumbered dated 07/06/2017/17-БИО-225		7.5	30/12/2022		124,139	124,139						
Unnumbered dated 07/06/2017/17-БИО-226		7.5	31/12/2021	252,098	9,428	261,526						
Unnumbered dated 07/06/2017/17-БИО-225		7.5	31/01/2024				1,336,491		1,336,491			
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	13/02/2019				120,000		120,000			
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	19/03/2019				260,000		260,000			
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	27/07/2019				94,000		94,000			
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	21/09/2019				50,000		50,000			
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	06/11/2019				100,000		100,000			
1142 dated 05/09/2012		15.5	25/12/2019							181,118		181,118

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Narrative	Code	Annual interest rate	Maturity	As at 31/12/2018			As at 31/12/2017			As at 31/12/2016			
				Principal amount	Interest	Total	Principal amount	Interest	Total	Principal amount	Interest	Total	
1144 dated 05/09/2012		15.5	25/08/2022							300,000		300,000	
Short-term borrowings - total	1510				75,063	75,062		1,081,898	110,563	1,192,461	973,255	15,390	988,645
Loans (lessor – Sun Pharma (Netherlands) B.V.)	A												
Unnumbered dated 14/12/2016/16-БИО-1067		7.5	30/01/2019		9,919	9,919							
Unnumbered dated 14/12/2016/16-БИО-1067		7.5	30/07/2019		9,865	9,865							
Unnumbered dated 14/12/2016/16-БИО-1067		7.5	30/07/2019		650	650							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	09/01/2019		3,781	3,781							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	09/01/2019		1,890	1,890							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	28/02/2019		3,032	3,032							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/03/2019		11,219	11,219							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/03/2019		3,452	3,452							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/08/2019		11,281	11,281							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/04/2019		5,503	5,503							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/04/2019		1,482	1,482							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/04/2019		1,038	1,038							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/06/2019		1,130	1,130							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/06/2019		473	473							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/09/2019		247	246							
Unnumbered dated 07/06/2017/17-БИО-226		7.5	30/01/2019		9,479	9,479							
Unnumbered dated 07/06/2017/17-БИО-226		7.5	30/11/2019		622	622							
Unnumbered dated 07/06/2017/17-БИО-225		7.5	20/12/2018				266,016			266,016			
Unnumbered dated 07/06/2017/17-БИО-225		7.5	30/01/2018					60,259		60,259			
Unnumbered dated 07/06/2017/17-БИО-225		7.5	30/07/2018					3,951		3,951			
Unnumbered dated 07/06/2017/17-БИО-226		7.5	30/01/2018					9,480		9,480			
Unnumbered dated 07/06/2017/17-БИО-226		7.5	30/07/2018					622		622			

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Narrative	Code	Annual interest rate	Maturity	As at 31/12/2018			As at 31/12/2017			As at 31/12/2016		
				Principal amount	Interest	Total	Principal amount	Interest	Total	Principal amount	Interest	Total
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/01/2018				0	11,281	11,281			
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	28/02/2018				0	3,032	3,032			
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/03/2018				0	3,452	3,452			
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/04/2018				0	5,503	5,503			
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/04/2018				0	1,037	1,037			
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/06/2018				0	1,130	1,130			
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/07/2018				0	247	247			
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	27/12/2018				300,000	0	300,000			
Unnumbered dated 14/12/2016/16-БИО-1067		7.5	30/01/2018				0	9,919	9,919			
Unnumbered dated 14/12/2016/16-БИО-1067		7.5	30/07/2018				0	650	650			
Unnumbered dated 14/12/2016/16-БИО-1067		7.5	19/12/2018				263,784	0	263,784			
15-БИО-509 dated 29/07/2015		0	31/12/2016							252,098		252,098
1142 dated 05/09/2012		15.5	25/01/2017								843	843
1143 dated 05/09/2012		15.5	25/01/2017								5,131	5,131
1144 dated 05/09/2012		15.5	25/01/2017								1,398	1,398
52 dated 30/05/2014		13.4	15/03/2017							20,040		20,040
52 dated 30/05/2014		13.4	15/01/2017								80	80
Unnumbered dated 14/12/2016/16-БИО-1067		14	19/12/2017							263,784		263,784
Unnumbered dated 14/12/2016/16-БИО-1067		14	19/06/2017								1,211	1,211
Unnumbered dated 14/12/2016/16-БИО-1068		14	27/12/2017							300,000		300,000
Unnumbered dated 14/12/2016/16-БИО-1068		14	27/06/2017								459	459
Loans (lessor – JSC Ranbaxy, Moscow)	B											
16-БИО-324 dated 04/03/2016		12.5	31/01/2017							137,333	6,268	143,601

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Information on the amount of cost of borrowings included in other expenses and in the value of investment assets is as follows:

No.	Type	For 2018		For 2017	
		Amount	%	Amount	%
1	Interest amount included in other expenses	231,466	99.8	213,871	100
2	Amount of capitalised interest	557	0.2		
2.1.	Amount of interest on loans received for the purposes not related to the acquisition, erection and (or) production of an investment asset that was included in the cost of the investment asset	557	0.2		

Unreceived amounts of loans (credits) as compared to the terms of loan contracts as at 31 December 2018:

Creditor:	Contract number and date	Period of loan under the contract	Amount of loan under the contract	Actually received cash	Unreceived cash
Sun Pharma (Netherlands) B.V.	Unnumbered dated 14/12/2016/16-БИО-1067	60 months after the date of loan (tranche) use	1,989,500	1,044,000	945,500

4.18. Accounts payable

Information about the structure of accounts payable is presented below.

Narrative	Code	As at 31/12/2018	As at 31/12/2017	As at 31/12/2016
Short-term accounts payable - total	1520	160,670	100,162	297,953
including:				
suppliers and contractors	15201	80,606	29,963	199,384
advances received	15205	1,098	2,652	9,579
payables to company employees	15202	15,176	15,329	20,168
payables to state non-budgetary funds	15203	8,980	1,237	10,318
charge and tax payables	15204	12,324	13,978	18,116
including value-added tax	152041	0	2,950	6,563
other creditors	15206	42,486	37,003	40,388
including Sun Pharma (Netherlands) B.V.	152061	41,209	36,035	37,367
Total		160,670	100,162	297,953

Information about overdue accounts payable is presented below:

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Narrative	Code	As at 31/12/2018	As at 31/12/2017	As at 31/12/2016
Short-term accounts payable - total	1520	10,219	17,593	31,712
including:				
suppliers and contractors	15201	9,736	17,308	31,231
advances received	15205	0	0	29
other creditors	15206	483	285	452
Total		10,219	17,593	31,712

4.19. Government assistance

Information about government assistance is as follows:

Narrative	For 2018	For 2017
Public funds received – total	0	838
including for current expenses	0	0
for investments in non-current assets	0	838

4.20. Estimated liabilities, contingent liabilities and contingent assets

Information about estimated liabilities is as follows:

For 2018

Narrative	At the beginning of the year	Recognised		Repaid	Written off as surplus amount	At the end of the year
		amount recognised in the reporting period	increase in the present value for the reporting period (interest)			
Total	167,053	446,812		(422,754)	(29,025)	162,086
including:						
Provisions for vacation payments to employees	46,880	49,595	not applicable	(50,859)	(0)	45,616
Estimated liabilities for annual bonuses to employees	20,500	23,159	not applicable	(0)	(20,500)	23,159
Provision for settlements with contractors	6,171	85,270	not applicable	(82,224)	(1,566)	7,651
Provision for bonuses to customers	93,502	288,788	not applicable	(289,671)	(6,959)	85,660

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For 2017

Narrative	At the beginning of the year	Recognised		Repaid	Written off as surplus amount	At the end of the year
		amount recognised in the reporting period	increase in the present value for the reporting period (interest)			
Total	67,452	332,419		(187,014)	(45,804)	167,053
including:						
Provisions for vacation payments to employees	47,975	55,776	not applicable	(56,871)	(0)	46,880
Estimated liabilities for annual bonuses to employees	19,477	20,500	not applicable	(0)	(19,477)	20,500
Provision for settlements with contractors	0	54,297	not applicable	(25,401)	(22,725)	6,171
Provision for bonuses to customers	0	201,846	not applicable	(104,742)	(3,602)	93,502

Information about the Company's contingent liabilities and contingent assets occurred in the reporting period is given below: As at 31 December 2018 there is a contingent liability, i.e. a claim of LuxunProject LLC for an amount of RUB 5,300 thousand, that may cause the decrease in economic benefits in the future (50% likelihood).

4.21. Accounting for hedge transactions

Hedge contracts were not concluded in 2017 and 2018.

4.22. Leased fixed assets

Information about the structure of leased fixed assets is presented below:

Narrative	As at 31/12/2018	As at 31/12/2017	As at 31/12/2016
Leased fixed assets - TOTAL	59,510	59,510	105,362
Land	59,510	59,510	105,362

List of land plots leased by the Company:

No.	Location of the land plot	Area	Cadastral value	Lessor	Remained term of lease, months
1	41 Makarenko St., Penza, Penza Region	1,962	2,663	Municipal Property Management Committee of the Administration of Penza	477
2	11 Podlesny, Penza, Penza Region	900	1,221	Municipal Property Management Committee of the Administration of Penza	446
3	9 Podlesny, Penza, Penza Region	900	1,221	Municipal Property Management Committee of the Administration of Penza	446
4	10 Podlesny, Penza, Penza Region	900	1,221	Municipal Property Management Committee of the Administration of Penza	446

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No.	Location of the land plot	Area	Cadastral value	Lessor	Remained term of lease, months
5	3 Podlesny, Penza, Penza Region	900	1,221	Municipal Property Management Committee of the Administration of Penza	446
6	4 Podlesny, Penza, Penza Region	900	1,221	Municipal Property Management Committee of the Administration of Penza	446
7	5 Podlesny, Penza, Penza Region	900	1,221	Municipal Property Management Committee of the Administration of Penza	446
8	6 Podlesny, Penza, Penza Region	900	1,221	Municipal Property Management Committee of the Administration of Penza	446
9	7 Podlesny, Penza, Penza Region	900	1,221	Municipal Property Management Committee of the Administration of Penza	446
10	8 Podlesny, Penza, Penza Region	900	1,221	Municipal Property Management Committee of the Administration of Penza	446
11	12 Podlesny, Penza, Penza Region	900	1,221	Municipal Property Management Committee of the Administration of Penza	446
12	13 Podlesny, Penza, Penza Region	900	1,221	Municipal Property Management Committee of the Administration of Penza	446
13	2 Podlesny, Penza, Penza Region	16,897	22,927	Municipal Property Management Committee of the Administration of Penza	446
14	4 Druzhby St., Penza, Penza Region	2,179	3,058	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	462
15	4 Druzhby St., Penza, Penza Region	4,416	6,196	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	432
16	4 Druzhby St., Penza, Penza Region	2,293	3,217	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	432
17	4 Druzhby St., Penza, Penza Region	2,710	3,802	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	432

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No.	Location of the land plot	Area	Cadastral value	Lessor	Remained term of lease, months
18	4 Druzhby St., Penza, Penza Region	1,603	2,249	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	432
19	4 Druzhby St., Penza, Penza Region	1,402	1,967	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	432
	TOTAL	43,362	59,510		

Leased land plots are presented in the financial statements at cadastral value.

The movement of leased fixed assets for 2018:

Narrative	At the beginning of the year	Changes for the period		At the end of the period
		Added	Disposed	
Leased fixed assets, TOTAL including:	59,510			59,510
Land	59,510			59,510

Movement of leased fixed assets for 2017:

Narrative	At the beginning of the year	Changes for the period		At the end of the period
		Added	Disposed	
Leased fixed assets, TOTAL including:	105,362		(45,852)	59,510
Land	105,362		(45,852)	59,510

4.23. Off-balance sheet inventories

Information about off-balance sheet inventories is as follows.

Narrative	As at 31/12/2018	As at 31/12/2017	As at 31/12/2016
Inventories accepted for custody	17,299	4,811	2,198
Inventories accepted for processing	1,128	1,773	2,264
TOTAL	18,427	6,584	4,462

4.24. Collateral and surety issued and received

Collateral and surety in security for liabilities and payments, received and issued, is presented below:

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Narrative	As at 31/12/2018	As at 31/12/2017	As at 31/12/2016
Collateral and surety received, total:	2	34	479
including surety	2	34	479
Collateral and surety issued, total:	1,984,981	2,014,847	2,030,084
including pledge of property and property rights	1,984,981	2,014,847	2,030,084
including the cost of pledged fixed assets (pledge value)	1,967,299	1,997,165	2,007,402

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5. Notes to the Statement of Financial Results

5.1. Income from ordinary activities

The income from the sale of goods, products, works, services (net of VAT and other similar payments) shown in line 2110 of the Statement of Financial Results, is as follows:

Narrative	Code	For 2018	For 2017
Sale of pharmaceuticals for export	2111	464,092	619,202
Sale of pharmaceuticals on the domestic market	2111	1,589,424	1,804,018
Other sales	2112	31,778	43,812
Total revenue	2110	2,085,294	2,467,032

5.2. Expenses for ordinary activities

The cost of sales presented in line 2120 of the Statement of Financial Results is as follows:

Narrative	Code	For 2018	For 2017
Sale of pharmaceuticals for export	2121	407,570	517,317
Sale of pharmaceuticals on the domestic market	2121	1,253,565	1,107,643
Other sales	2122	17,062	20,360
Total cost of sales	2120	1,678,197	1,645,320

The selling expenses in line 2210 of the Statement of Financial Results are as follows:

Narrative	For 2018	For 2017
Maintenance of the executive office	13,010	7,599
Transportation of products to destination	31,901	22,925
Expenses of warehouses of finished products	26,475	23,294
Non-capital expenses related to the improvement of technology and organization of work	45,113	7,967
Expenses for the use of intellectual property (royalty)	2,027	1,103
Advertising	5,571	1,196
Distribution costs in public catering	3,965	8,033
Other selling expenses	9,389	1,017
Total selling expenses	137,451	73,134

The administrative expenses in line 2220 of the Statement of Financial Results are as follows:

Narrative	For 2018	For 2017
Material costs	37,370	29,123

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Payroll costs	138,305	117,418
Social charges	33,079	29,096
Depreciation	8,183	7,931
Other	70,729	89,000
Total administrative expenses	287,666	272,568

Expenses for ordinary activities by cost item are as follows:

Narrative	For 2018	For 2017
Material costs	1,230,394	1,299,364
Payroll costs	415,193	419,800
Insurance contributions to non-budgetary funds	124,096	127,186
Depreciation	136,144	130,629
Other expenses	86,328	63,136
including Repair of fixed assets	10,350	24,447
representation expenses	89	486
Total by cost items	1,992,155	2,040,115
Changes in inventories and expenses (+ increase, - decrease)	111,159	(49,093)
Total expenses for ordinary activities	2,103,314	1,991,022

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5.3. Other income and expenses

The other income and expenses for 2017–2018 shown in lines 2340 and 2350 of the Statement of Financial Results, respectively, are as follows:

No.	Narrative	For 2018	For 2017
1	Other income	45,572	84,150
1.1.	Property sale		
1.1.1.	Sale of raw materials and consumables	2,858	3,250
1.2.	Accrual (reversal) of provisions	29,133	20,408
1.3.	Exchange differences	0	6,877
1.4.	Donated property	82	55
1.5.	Surpluses identified during stocktaking	71	41,810
1.6.	Overdue accounts payable	6,665	1,266
1.7.	Other income	6,763	10,484
2	Other expenses	300,774	266,981
2.1.	Foreign currency sale and purchase	508	1,101
2.2.	Accrual (reversal) of provisions	116,607	192,020
2.3.	Exchange differences	7,020	0
2.4.	Donated property, services	5,462	1,503
2.5.	Services of credit institutions	2,547	4,104
2.6.	Other expenses	168,630	68,253
2.6.1.	including expenses related to the disposal (write-off) of fixed assets and other tangible assets	13,256	25,365
2.6.2.	social expenses	6,122	7,720
2.6.3.	property tax	26,426	22,871
2.6.4.	bonuses and discounts to customers	114,552	5,106
2.6.5.	other expenses	8,274	7,191

The other income and expenses shown in lines 2340 and 2350 of the Statement of Financial Results on a net basis are as follows:

For 2018

Narrative	Income	Expenses	Total
Currency sale	127,146	(127,654)	(508)
Sale of raw materials and consumables	7,076	(4,218)	2,858
Result of fixed asset write-off	726	(108)	618
Tare income and expenses	1,105	(37)	1,068
Exchange differences	10,286	(17,306)	(7,020)
Accrual (reversal) of inventory impairment provisions	72,828	(117,698)	(44,870)
Accrual (reversal) of bad debt provisions	28,295	(84,887)	(56,592)
Accrual (reversal) of provision for bonuses to customers	296,630	(288,788)	7,842
Special-purpose expenses	241	(6,363)	(6,122)

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For 2017

Narrative	Income	Expenses	Total
Currency sale	242,081	(243,182)	(1,101)
Sale of raw materials and consumables	10,856	(7,606)	3,250
Result of fixed asset write-off	511	(20,020)	(19,509)
Tare income and expenses	902	(943)	(41)
Exchange differences	14,203	(7,326)	(6,877)
Accrual (reversal) of inventory impairment provisions	12,237	(29,391)	(17,154)
Accrual (reversal) of bad debt provisions	41,768	(58,026)	(16,258)
Accrual (reversal) of provision for bonuses to customers	108,344	(201,846)	(93,502)
Special-purpose expenses	75	(7,795)	(7,720)

5.4. Income tax

Income tax for tax purposes (current income tax – line 2410 of the Statement of Financial Results) is determined on the basis of provisional income tax expense/benefit adjusted for permanent tax liabilities, deferred tax assets and deferred tax liabilities pertaining to the reporting period.

The data used to calculate the current income tax are presented below:

No.	Narrative	For 2018	for 2017
1.	Provisional income tax expense/benefit	(100,003)	16,461
2.	Permanent tax liability	49,723	49,640
3.	Deferred tax asset (DTA)	59,021	(31,359)
4.	Deferred tax liability (DTL)	(8,858)	(947)
	Current income tax (current tax loss)	(116)*	33,796

Income tax refundable from the budget as per the amended tax return for 2017 is presented in line 2460 of the Statement of Financial Results together with tax penalties.

Permanent and temporary differences that arose in the reporting period and entailed adjustment of provisional income tax expense/benefit are:

No.	Narrative	For 2018	For 2017
1.	Permanent differences, including:	248,616	248,202
1.1.	Accrual (reversal) of provision for bonuses to customers	(7,842)	93,502
1.2.	Accrual (reversal) of inventory impairment provisions	44,870	17,154
1.3.	Accrual (reversal) of R&D impairment provision	11,137	58,584
1.4.	loan interest in excess of norms	174,538	61,117
1.5.	social expenses	5,304	6,423
1.6.	inventory write-off	12,051	4,400
1.7.	donated property, services	5,462	5,455
1.8.	other	3,096	1,567
2.	Temporary (taxable) differences, including:	(44,289)	(4,735)
2.1.	fixed assets	(34,462)	(4,982)
2.2.	Intangible assets, R&D	(9,780)	335

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2.3.	other	(47)	(88)
3.	Temporary (deductible) differences, including:	295,104	(156,795)
3.1.	Tax loss carried forward (recognised to decrease the tax base)	295,082	(167,798)
3.2.	accrual (reversal) of provision for settlements with contractors	1,480	6,171
3.3.	accrual (reversal) of bad debt provision	8,646	14,145
3.4.	additional loan expenses	(10,604)	(10,734)
3.5.	other	500	1,421

5.5. Disclosure of information about earnings per share.

Basic earnings per share

The weighted average number of ordinary shares outstanding during the reporting period:

For 2018	For 2017
214,712	214,712

The basic earnings (loss) of the reporting period are calculated by decreasing (increasing) earnings (loss) of the reporting period left after tax and other mandatory payments to the state budget and non-budgetary funds by the amount of dividends on preferred shares accrued to their holders for the reporting period.

Basic earnings (loss) per share is calculated as the ratio of the basic earnings (loss) of the reporting period to the weighted average number of ordinary shares outstanding during the reporting period:

Narrative	2018	2017
Earnings (loss) of the reporting period left after tax and other mandatory payments to the state budget and non-budgetary funds	(454,595,059.58)	15,838,029.00
Dividends on preferred shares accrued to their holders for the reporting period	0	0
Basic earnings (loss) of the reporting period	(454,595,059.58)	15,838,029.00
Weighted average number of ordinary shares	214,712	214,712
Basic earnings (loss) per one share, RUB	(2,117.23)	73.76

Diluted earnings (loss) per share

Diluted earnings (loss) per share shows the greatest possible decrease in earnings (increase of loss) per one ordinary share of the joint-stock company.

Narrative	2018	2017
Weighted average number of ordinary shares outstanding	214,712	214,712
Maximum weighted average number of ordinary after conversion	286,283	286,283
Adjusted basic earnings (loss)	(454,595,059.58)	15,838,029.00
Diluted earnings (loss) per one share	(1,587.92)	55.32

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6. Other notes

6.1. Information about discontinued operations

In 2018 the Company decided to discontinue its catering operations starting from 9 June 2018 (the Company's employee catering) and printing operations of production facility No. 18 starting from 1 September 2018 (printing for packaging of finished products of the Company). Information about assets and liabilities intended for disposal or settlement during the discontinuance of operations:

Narrative	Book value, RUB thousand	Asset selling price	Receipt of cash
Production facility No. 18 - printing			
Fixed assets	8,873	-	Assets have been temporarily shut down, no decision on their further use
Inventories	2,978	To be sold as secondary raw materials	
Canteen*			
Fixed assets	11,297	Transferred on lease, lease payment - RUB 114 thousand, including VAT	on a monthly basis
Inventories (low value inventories)	1,312		

* Financial result of the canteen for the period from 1 January 2018 to 9 June 2018 - loss of RUB 2,242 thousand.

6.2. Related parties

The list of related parties for 2017-2018 and relevant information are given below:

Nature of relationship with related parties

Group Name of related party	Nature of relationship*		Changes in related parties
	for 2018	for 2017	
Predominant (participating) companies			
Sun Pharma (Netherlands) B.V.	B	B	
Key management: Members of the Board of Directors			
Arun Kumar Rajput - chairman	B	B	
Arvind Kumar	B	B	
Vivek Mittal	B	B	
Arvind Abrol	B	B	
Alexander Voloshinov	B	B	
General Director Dmitry Boldov	B	B	
Other related parties			
JSC Ranbaxy	C	C	

A* - a legal entity (individual) is under control or significant influence of the Company

B* - a legal entity (individual) has control or significant influence over the Company

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C* - a legal entity (individual) and the Company are under control or significant influence (direct or indirect) of one and the same legal and (or) individual (group of individuals)

The Company belongs to SUN PHARMACEUTICAL INDUSTRIES LIMITED.

The full list of related parties as at 31 March 2018 is presented in the consolidated financial statements of the group at the company's website

<http://www.sunpharma.com/sites/default/files/annual/Consolidated%20Financial%20Statements%20-AR%20FY18.pdf>

There were no material changes in the group structure as at 31 December 2018.

Dilip Shantilal Shanghvi, who heads the parent company of SUN PHARMACEUTICAL INDUSTRIES LIMITED and owns over 25% of this company, is the Company's ultimate beneficiary:

Related party transactions for 2017-2018:

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Related party transactions for 2018

Item (name of related party)	Type of transaction	Outstanding as at 31 December 2017 (Debit +, Credit -)	Receipt of goods, acceptance of works and services	Repayment of indebtedness	Outstanding as at 31 December 2018 (Debit +, Credit -)		Bad debt provision as at the end of the reporting period	Amount of written off accounts receivable with expired limitation period, other bad debts, including against bad debt provision	Type of settlement
					within 12 months	over 12 months			
Predominant (participating) companies									
Sun Pharma (Netherlands) B.V.	Loan receipt	(3,152,952)	(352,023)	133,957	(75,062)	(3,295,956)			non-cash
	Assignment of rights (claims) (receivables from Biotek LLC, Moscow)	203,971		(203,971)					non-cash
	Assignment of rights (claims) (payables to PJSC, Sberbank)	(36,035)	(5,174)			(41,209)			no payment
Other related parties									
JSC Ranbaxy, Moscow	Purchase of goods, works, services		(126)	115	(11)				non-cash
Total		(2,985,016)	(357,323)	(69,899)	(75,073)	(3,337,165)			

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Related party transactions for 2017

Item (name of related party)	Type of transaction	Outstanding as at 31 December 2016 (Debit +, Credit -)	Receipt of goods, acceptance of works and services	Repayment of indebtedness	Outstanding as at 31 December 2017 (Debit +, Credit -)		Bad debt provision as at the end of the reporting period	Amount of written off accounts receivable with expired limitation period, other bad debts, including against bad debt provision	Type of settlement
					within 12 months	over 12 months			
Predominant (participating) companies									
Sun Pharma (Netherlands) B.V.	Loan receipt	(2,438,442)	(833,827)	119,317	(1,192,461)	(1,960,491)			non-cash
	Assignment of rights (claims) (receivables from Biotek LLC, Moscow)		203,971		203,971				no payment
	Assignment of rights (claims) (payables to PJSC Sberbank)	(26,436)	(10,931)	1,332	(36,035)				no payment
Other related parties									
JSC Ranbaxy, Moscow	Loan receipt	(143,601)	(4,044)	147,645					non-cash
Total		(2,608,479)	(644,831)	268,294	(1,024,525)	(1,960,491)			

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6.3. Remuneration to key management personnel

Information about remuneration accrued for key management of the Company*:

No.	Narrative	For 2018	For 2017
1	Short-term remunerations – the amounts to be paid during the reporting period, and 12 months after the reporting date (payroll for the reporting period, taxes and other mandatory payments to the corresponding budgets and non-budgetary funds accrued thereon, annual paid leave for work in the reporting period, payment for medical treatment, health services, utilities and other payments to the benefit of the key management personnel)	27,867	21,693
	TOTAL	27,867	21,693

* In accordance with cl. 11 of RAR 11/2008 "Information about Related Parties", key management personnel shall be understood to mean managers (General Director, other persons acting as a sole executive body of the entity), their deputies, members of the collegiate executive body, members of the Board of Directors (Supervisory Council) or other collegiate management bodies and other officials vested with authorities and responsibilities related to planning, management and control over the entity.

The list of members of the Board of Directors is provided in the General information section of the notes.

No loans were granted to members of the Board of Directors by the Company.

Payment to the internal auditor for 2018 was RUB 90 thousand. Payment to members of the internal audit commission for 2017 was RUB 513 thousand (payment nature - salary for the reporting period, related taxes and other mandatory payments to the respective budgets and non-budgetary funds, annual paid leave for work in the reporting period).

6.4. Subsequent events

A subsequent event is recognised as an economic event which might impact the Company's financial position and performance and which occurs between the reporting date and the date of the financial statements for the reporting year.

On 14 March 2019, the Company signed an agreement to extend the maturity of loans (Sun Pharma (Netherlands) B.V.) until 2021-2023. As at 31 December 2018, agreements were valid. The loan repayment schedule is provided in section 4.17 of the notes.

It is a material subsequent event that adjusts the items of the financial statements.

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6.5. Tax legislation

Russian tax, foreign exchange and customs laws allow for different interpretation and are subject to frequent changes. Interpretation of this legislation by the management of the Company with regard to operations and activity of the Company can be contested by the corresponding regional or federal authorities. Recent events that occurred in the Russian Federation indicate that the tax authorities can take a tougher line towards interpretation of legislation and review of tax calculations, and there is a certain probability that operations that have arisen no doubt in the past can be contested at present. Tax audits may cover three calendar years preceding the year when the particular audit is held. Earlier periods may also be subject to audit, if required.

The Company's management believes that as of 31 December 2018 their interpretation of the relevant legislation was appropriate, and the Company's financial position given the applicable tax, foreign exchange and customs legislative environment is highly likely to be sustained.

General Director of Biosintez PJSC

D.V. Boldov

Chief Accountant at Biosintez PJSC

T.Y. Tefanova

_____ 2019

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Information relevant for the financial statements

1. Environment-related activity

Current expenses for the environmental protection in 2018:

- quality control of waste and natural waters – RUB 1,354 thousand
- sewage collection and disposal – RUB 6,120 thousand
- control of emissions of pollutants into the atmosphere – RUB 547 thousand
- environmental service employees – RUB 1,097 thousand
- removal and transfer of waste to destruction and disposal – RUB 1,274 thousand
- payment for negative impact on the environment – RUB 0.1 thousand

TOTAL: RUB 20,784.1 thousand

Measures for 2018:

- destruction of medical wastes class "B" and "D";
- development of the draft maximum permissible emissions of Biosintez PJSC.

General Director of Biosintez PJSC

D.V. Boldov

Chief Accountant at Biosintez PJSC

T.Y. Tefanova

_____ 2019

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