CONSOLIDATED QUARTERLY REPORT

SELVITA S.A. | Q4 2013

February 2014

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BASIC INFORMATION ON THE CAPITAL GROUP

Parent Entity

Business name of the company	Selvita Spółka Akcyjna
Registered office	ul. Bobrzyńskiego 14, 30-348 Kraków
Company ID (REGON)	120515330
Tax ID (NIP)	679-29-42-955
Legal form	Joint-Stock Company
KRS number	0000367359
Website	www.selvita.com

Related Entities as of 30 September 2013

Business name of the company	BioCentrum spółka z ograniczoną odpowiedzialnością
Registered office	ul. Bobrzyńskiego 14, 30-348 Kraków
Company ID (REGON)	356815670
Tax ID (NIP)	676-226-47-81
Legal form	Limited Liability Company
KRS number	0000206301
Website	www.biocentrum.com.pl
Shareholders	100% shares held by Selvita S.A.

Business name of the company	Selvita Services spółka z ograniczoną odpowiedzialnością
Registered office	ul. Bobrzyńskiego 14, 30-348 Kraków
Company ID (REGON)	122456205
Tax ID (NIP)	676-245-16-49
Legal form	Limited Liability Company
KRS number	0000403763
Shareholders	100% shares held by Selvita S.A.

All entities within the Selvita Group are consolidated.

The Core Business of the Capital Group

The activities of the Capital Group cover three main areas:

- Research and development activities implemented through in-house research projects on innovative drugs,
- R&D services provided to external clients, in particular to pharmaceutical and biotechnology industry,
- Implementation of bioinformatics systems.

FINANCIAL HIGHLIGHTS

Capital Group Selvita S.A.	Consolidated data in PLN			
Item	From 01.10.2012 to 31.12.2012	From 01.10.2013 to 31.12.2013	Year to date (YTD) From 01.01.2012 to 31.12.2012	Year to date (YTD) From 01.01.2013 to 31.12.2013
Equity	5 532 747.33	3 234 452.71	5 532 747.33	3 234 452.71
Long-term receivables	162.043.23	162.043.23	162.043.23	162.043.23
Short-term receivables	1 657 980.33	4 730 958.32	1 657 980.33	4 730 958.32
Cash and cash equivalents	5 127 888.38	5 356 806.66	5 127 888.38	5 356 806.66
Long-term liabilities	273 541.06	109 354.97	273 541.06	109 354.97
Short-term liabilities	2 540 885.06	3 748 492.03	2 540 885.06	3 748 492.03
Amortization and depreciation	416 569.06	643 523.42	1 656 646.28	2 082 463.39
Net revenues from sales	2 150 659.60	5 019 833.38	9 419 843.62	13 170 824.00
Revenues from subsidies	1 704 454.82	3 127 747.63	6 505 457.58	8 690 835.39
Total revenues from sales and subsidies	3 855 114.42	8 147 581.01	15 925 301.20	21 861 659.39
Operating expenses	5 741 548.38	7 738 466.95	22 274 653.93	24 119 719.85
Profit/loss on sales	-3 590 888.78	-2 718 633.57	-12 854 810.31	- 10 948 895.85
Operating profit/loss	-1 920 047.52	441 463.11	-6 263 966.03	- 2 118 044.23
Gross profit/loss	-1 992 502.18	333 233.38	-6 428 411.52	- 2 356 601.91
Net profit/loss	-1 992 502.18	335 195.38	-6 428 411.52	- 2 373 644.91
EBITDA	-1 503 478.46	1 084 986.53	-4 607 319.75	- 35 580.84

Capital Group Selvita S.A.	Consolidated data in EUR			
Item	From 01.10.2012 to 31.12.2012	From 01.10.2013 to 31.12.2013	Year to date (YTD) From 01.01.2012 to 31.12.2012	Year to date (YTD) From 01.01.2013 to 31.12.2013
Equity	1 353 345.56	779 912.40	1 353 345.56	779 912.40
Long-term receivables	39 636.82	39 072.92	39 636.82	39 072.92
Short-term receivables	405 552.65	1 140 759.63	405 552.65	1 140 759.63
Cash and cash equivalents	1 254 314.46	1 291 668.27	1 254 314.46	1 291 668.27
Long-term liabilities	66 909.90	26 368.39	66 909.90	26 368.39
Short-term liabilities	621 516.82	903 860.93	621 516.82	903 860.93
Amortization and depreciation	101 266.30	153 721.29	395 834.44	496 108.11
Net revenues from sales	522 816.90	1 199 109.81	2 250 751.13	3 137 703.45
Revenues from subsidies	414 346.27	747 138.91	1 554 395.87	2 070 429.62
Total revenues from sales and subsidies	937 163.17	1 946 248.72	3 805 146.99	5 208 133.07
Operating expenses	1 395 747.86	1 848 521.83	5 322 243.60	5 746 073.91
Profit/loss on sales	- 872 930.96	- 649 412.03	- 3 071 492.48	- 2 608 370.46
Operating profit/loss	- 466 756.01	105 454.25	- 1 496 694.55	- 504 584.58
Gross profit/loss	- 484 369.45	79 600.93	- 1 535 986.70	- 561 416.50
Net profit/loss	- 484 369.45	80 069.60	- 1 535 986.70	- 565 476.68
EBITDA	- 365 489.71	259 175.53	- 1 100 860.11	- 8 476.47

The financial highlights presented in this interim report were converted into EUR according to the following criteria:

1. Items concerning the profit and loss account, statement of changes in equity and statement of cash flows were converted according to the exchange rate constituting the arithmetic mean of the daily average exchange rates published by the National Bank of Poland (NBP);
   - for the period from 01.10.2012 to 31.12.2012: PLN 4.1136,
   - for the period from 01.10.2013 to 31. 12.2013: PLN 4.1863,
   - for the period from 01.01.2012 to 31. 12.2012: PLN 4.1852,
   - for the period from 01.01.2013 to 31. 12.2013: PLN 4.1976,
2. Balance sheet items were converted at the average exchange rate published by the National Bank of Poland as at the balance sheet date, the exchange rate being:
   - as at 31 December 2012: PLN 4.0882,
   - as at 31 December 2013: PLN 4.1472.

MANAGEMENT BOARD'S COMMENTS ON FACTORS AND EVENTS AFFECTING THE FINANCIAL RESULTS

Increase and Dynamics of Revenues and Financial Results

The fourth quarter of 2013 is the first reporting period in which the Capital Group Selvita S.A. recorded an operating profit (excluding one-offs). This positive result is associated with achieving profitability in innovation activity and further improving the profitability of services. The Group's net profit for the fourth quarter amounted to PLN 335.2k (which translates into a net margin of 6.7%), while in the corresponding period of the previous year the Group recorded a net loss of PLN 1,992.5k. The improvement in the EBITDA is even more evident – in Q4 2013 the Group's EBITDA was positive and amounted to PLN 1084.9k compared to PLN -1503.4k in Q4 2012. In the reporting period, the Group consistently conducted intensive research and development activities as part of the projects commenced in the previous years, which, according to the Group's accounting policy, are recognized as costs.

In Q4 2013, Selvita Group generated PLN 8,147.5k in revenues – a growth of 111.3% compared to Q4 2012 which saw revenues of PLN 3,855.1k. Net revenues from sales (excluding subsidies) amounted to PLN 5,019.8k, up 133.4% compared to Q4 2012 when the net sales totaled PLN 2,150.6k.

Of particular note are revenues generated by Selvita's in-house R&D projects which showed an almost four-fold increase from PLN 617.0 k in Q4 2012 to PLN 2287.1k in the corresponding period of 2013. This was possible owing to continuation of research work under a contract with H3 Biomedicine signed in September 2013 which is bound to bring Selvita PLN 5,783k of guaranteed revenue over the two years of the project as well as commencement of a two-year R&D contract with Merck Serono (signed October 2013) with guaranteed revenues amounting to PLN 10,001k.

In the area of services, Selvita has been consistently implementing its strategy which is to focus on service projects with high added-value and thus greater profitability. As a result, the Group's order portfolio shows a positive trend that has already translated into higher dynamics of commercial revenues in Q1-Q4 2013 and which should continue in the coming quarters. The cost-effective and rapidly growing service segment is a stable foundation for growth. The total revenues for the four quarters of 2013 amounted to PLN 9,937.4k, a

46.1% increase compared to the corresponding period of 2012. In recent months, Selvita has signed new contracts with large multinational pharmaceutical corporations from Europe and North America under which the Group companies continued their advanced research work, i.e. services with high added value and profit margin.

Revenues from subsidies in Q4 were up by 83.5% from PLN 1,704.4 k to PLN 3,127.7 k compared to the corresponding period of 2012. The increase results from consistent implementation of research projects commenced before 2013 (including increased expenditure on SEL300 and SEL128 projects) as well as successive writing-off into revenues the received infrastructural subsidies included in the settlements of accrued revenues.

The fourth quarter summarizes the whole year which proved very successful for the Group. Revenues in 2013 amounted to PLN 21,861.7 k, a 37% increase compared to PLN 15,925.3 k reported in 2012. The dynamics of sales revenue in 2013 is even more promising – a 40% increase compared with 2012 (from PLN 9,419.8k to PLN 13,170.8k). Revenues from subsidies were up 33% (from PLN 6,505.4k in 2012 to PLN 8,690.8k in 2013). The Group was able to significantly decrease its loss from PLN -6,428.4 k in 2012 to PLN -2,373.6 k in 2013.

As of the publication date of this quarterly report, revenues from the concluded commercial contracts and grant agreements (backlog) for 2014 amount to PLN 24,870.5 k.

It is also important to note that the Group has systematically increased its employment figures. From February 2013 to February 2014, the number of employees was up from 136 to 183 (179.88 FTEs).

The Group’s cash balance as at 31 December 2013 was PLN 5,356.8k which is lover by PLN 387.6k than the cash balance reported on 30 September 2013. The cash balance on the publication date of this report was PLN 8,102.5k.

Economic and Financial Situation

FIXED ASSETS

As at 31 December 2013, the value of fixed assets was PLN 6,786.6k which represents 37.2% of the Group's total assets. They consist primarily of property, plant and equipment with a value of PLN 4,931.5k, including expenditure on adaptation of laboratory premises, equipment costs and long-term prepayments covering mainly deferred income tax assets.

LONG- AND SHORT-TERM RECEIVABLES

Long-term receivables amounting to PLN 162.0 k cover security deposits paid by the Group based on the lease agreement for research space. As at 31 December 2013, short-term receivables amounted to PLN 4,730.9 k which represents 25.9% of the Group's total assets. This asset position consists of mainly trade receivables of PLN 4,090.5k and VAT receivables arising from the submitted VAT refund applications for a total of PLN 443.4k. The reported significant increase of receivables compared to the previous year results from expansion of the Company's operations.

LONG- AND SHORT-TERM LIABILITIES

The value of the Group's financial obligations as at 31 December 2013 was PLN 3,857.8k, which represents 21% of total liabilities and equity, of which long-term liabilities arising from lease contracts totaled PLN 109.3 k. Trade payables in the amount of PLN 3,748.4 k. constitute the main share of the Group’s short-term liabilities.

Financial Forecasts

Selvita Group has not published its financial forecasts.

The Management Board of Selvita S.A. expects strong revenue growth in 2014 compared to 2013. As at the publication date, the revenues from sales and subsidies contracted for 2014 (backlog) amounted to PLN 24,870.5 k – a 13% increase compared to PLN 21,861.7 k reported in 2013. The Group has been negotiating new contracts to be signed in the coming months which should contribute to further significant increase in the revenue growth compared to 2013.

The value and specifics of the new contracts (both in the area of innovation and services) allow to assume that Selvita Group will report operating and net profit in 2014.

INFORMATION OF THE MANAGEMENT BOARD ON BUSINESS DEVELOPMENT ACTIVITIES

R&D Activities

In Q4 2013 Selvita Group successfully continued all research projects in which it invests its own funds. In addition to the contract signed in September 2013 for implementation of Kinase Discovery Platform project, a new two-year collaboration agreement was signed with H3 Biomedicine in October 2013 under which Selvita expects to receive EUR 2.4 million (about 10 million PLN) for research and development work as well as additional funds to cover external costs. The two projects are also expected to generate further significant revenue for the Group following achievement of respective milestones as the research progresses. Selvita may also receive royalties as part of the project implemented with H3 following approval of the drugs.

SEL24

In the fourth quarter of 2013, the SEL24 project focused on further characterization of B489 clinical candidate. The research conducted so far has demonstrated, i.a., high selectivity of B489 PIM/FLT3 kinase inhibitor towards other protein classes (e.g. GPCRs and BRD). The results minimize the risk of serious adverse effects related to its activity against secondary targets. The Company continues research to confirm the safety and efficacy of B489 inhibitor. In Q4, the patent application covering B489 compound and a group of derivatives entered PCT which ensures continuous patent protection for the clinical candidate.

SEL120

The Sel120 project is aimed at identification of selective CDK8 inhibitors for cancer treatment. It is currently in the phase of pre-clinical development. The selected compound with preferred efficacy, ADME and safety parameters is tested in advanced *in-vivo* efficacy models characterized by high predictive value for further clinical development. These studies run parallel to experiments enabling determination of optimal therapeutic indications and clinical strategy for the target population. Research also continues to develop the second series of selective CDK8 inhibitors.

SEL201

The SEL201 project which is aimed at development of MNK1 and MNK2 inhibitors for cancer therapies is currently focused on optimization of leading molecules. As the identified leading molecules demonstrate favorable pharmacokinetic profile (e.g. oral bioavailability), the project efforts are channeled on studying their efficacy in *in-vivo* models and mechanism of action as well as increasing their activity against the selected therapeutic targets.

SEL103

Having received from Orion Pharma the rights for further development and use of the developed molecules, Selvita continued partnering discussions with prospective pharmaceutical partners which were launched in Q3 2013. The discussions concern further development of SEL103 compounds which, compared to other competitive advanced compounds, have been shown to demonstrate a promising mechanism of action in clinical studies on the symptomatic treatment of Alzheimer's disease. The discussions revolve around the rights to several independent chemotypes demonstrating modulatory activity on 5HT6 receptors and the right to advanced clinical candidates for which, in addition to extensive *in-vivo* activity studies, advanced toxicity research is available with respect to both chronic toxicity and cardiotoxicity in two animal models.

KINASE DISCOVERY PLATFORM

In Q4 2013, research conducted within the strategic collaboration with H3 Biomedicine Inc. mainly concerned two separate protein kinase targets. Most of the efforts were focused on exploring the role and therapeutic options resulting from modifications in the activity of selected kinase targets in the cancer cell-lines depending on the genetic context, and on developing chemical compounds capable of inhibiting their enzymatic activity. All project works are proceeding according to the schedule. The details are a trade secret.

CANCER METABOLISM PLATFORM

In Q4 2013 Selvita commenced work on a Cancer Metabolism Platform – a novel R&D project aimed at specific modulation of cancer cells. The unique set of research methods developed within the project enables conduct of intensive basic research on identification of new molecular targets and validation of the key cancer metabolic enzymes. According to the chemical development strategies, the development will continue within several chemical series up to the stage of leading molecules with proven mechanism of action, and then selection for further preclinical development. The project is implemented in partnership with Merck Serono. All details of the project and the progress of work are covered by a trade secret.

OTHER PROJECTS

In addition to the abovementioned projects, Selvita S.A. conducts other in-house research and development programs the details of which are a trade secret.

Research and Development Commercialization

Selvita Group is engaged in intensive talks with prospective collaboration partners, mainly from abroad, interested in SEL24, SEL120, SEL141, SEL201, SEL203 and SEL212 projects. Business negotiations are under way and individual projects undergo a multifaceted evaluation based on publicly available or confidential documents as well as chemical material provided by Selvita. The most advanced negotiations concern SEL24 and SEL120 projects. According to the Management Board of Selvita S.A., there is a good chance to bring the talks to a successful conclusion in the coming months for at least one of the negotiated projects.

Service Activities

The last year's strong upward trend in the profit margin of the new contracts continued through 2013. The structure of the contracts has also changed.

The increase in the value of the contracts derives from continuous development of cooperation with the long-standing clients and continuous expansion of the client portfolio. According to the established policy of Selvita S.A., the service activities have gradually shifted towards contracts for integrated services and developing strategic cooperation in the target areas.

Several major service contracts were completed in Q4 2014. With positive research outcomes and client feedback, Selvita was able to extend the contracts for 2014 and expand collaboration with most of the clients. Information on major contracts is provided in the Group’s respective announcements.

Favorable market conditions and the strengthening of Selvita's position as a service provider in the broadly understood "life science" industry should result in continued growth in revenues and increased service profitability in the following periods.

Participation in Major Fairs and Marketing Events

In Q4 2013, Selvita continued its active sales and marketing strategy by participating in major conferences and trade fairs, consistently building its brand in the global biotech industry, establishing new business contacts and maintaining the existing good relations with clients.

In Q4 2013, Selvita Group participated i.a. in:

- Clinical Trial Innovation Programme, 8-9 October 2013, Berlin;
- 2013 AACR-NCI-EORTC Molecular Targets and Cancer Therapeutics, 19-23 October 2013, Boston;
- CPhI (Convention on Pharmaceutical Ingredients), 22-24 October 2013, Frankfurt;
- BioEurope, 4-6 November 2013, Vienna;
- Capital Market Summit – Doing Business organized by the Warsaw Stock Exchange, 6 December 2013, Warsaw.

Other Important Events in Q4 2013

SELVITA S.A. CONCLUDED A MAJOR CONTRACT FOR CHEMICAL SERVICES

On 10 October 2013 Selvita signed a framework agreement with one of Europe's largest pharmaceutical companies for provision of chemical (drug discovery) services amounting to EUR 385,935 (PLN 1,617,762.33 at the exchange rate of 1 EUR = 4.1918 PLN). The contracted services will be provided from October 2013 to December 2014.

The framework agreement was concluded after nearly two years of cooperation based on smaller, individual orders. The Management Board expects to sign further service contracts as the collaboration develops.

SELVITA RELEASED THE MOST RECENT DATA FROM THE SEL24 ONCOLOGY PROGRAM AT THE 2013 AACR-NCI-EORTC MOLECULAR TARGETS AND CANCER THERAPEUTICS CONFERENCE

The Company presented the most recent results of its in-house small-molecule discovery program targeting PIM and FLT3 kinases at the 2013 AACR-NCI-EORTC Molecular Targets and Cancer Therapeutics Conference which took place on 19-23 October 2013 at the Hynes Convention Center in Boston.

Within the SEL24 project Selvita is exploring the potential of targeting two critical kinases shown to be crucial for development of acute myeloid leukemia. Competitive research in this field is focuses on studying inhibitors acting selectively on each of the therapeutic targets. Selvita has developed first-in-class molecule targeting mutated forms of FLT3 and the family of PIM kinases directly controlled by it. The clinical candidate molecule - SEL24-B489 - has excellent bioavailability, a promising initial toxicology profile and synergic action with cytarabine which further increases the chance of the drug's success in clinical trials.

CONCLUSION OF A MAJOR CONTRACT WITH MERCK SERONO

On 22 October 2013 Selvita and Merck Serono, the biopharmaceutical division of Merck, entered into a collaboration to jointly discover small-molecule inhibitors specifically targeting enzymes involved in cancer cell metabolism. The collaboration involves targeting key metabolic pathways involved in proliferation of cancer cells.

As part of the research collaboration Selvita will receive from Merck Serono over 2013-2015 planned research funding of EUR 2.4 million (about PLN 10 million) and additional funding for external costs. Merck Serono will also perform additional research at its own cost within the jointly defined research plan. After the end of the collaboration the parties aim to continue the development of jointly discovered molecules.

The company will also receive additional payments for achievement of development milestones in the course of pre-clinical and clinical development of the new molecules.

The aim of the collaboration is to deliver first-in-class inhibitors of enzymes regulating cancer cell metabolism with a broad therapeutic potential. Both companies will contribute to the collaboration's research goals and bring their expertise in target validation, bioinformatics, medicinal chemistry, *in vitro* and *in vivo* biology and toxicology.

About Merck Serono

Merck Serono is the biopharmaceutical division of Merck KGaA with headquarters in Darmstadt, Germany. Merck Serono offers leading pharmaceutical brands in 150 countries globally. Merck has an extensive portfolio of products helping patients with cancer, multiple sclerosis, infertility, endocrine and metabolic disorders as well as cardiovascular diseases. In the United States and Canada, EMD Serono operates as a separately incorporated subsidiary of Merck Serono.

Merck Serono discovers, develops, manufactures and markets prescription medicines of both chemical and biological origin in specialist indications. In 2012, Merck Serono allocated EUR 1.19 billion to research and development activities, i.e. 19.8% of its total revenues. Merck Serono's drug discovery activities are focused on all kinds of innovations aimed at bringing about a significant improvement in the lives of the patients.

Rebif® (interferon beta-1a) is one of Merck Serono's flagship products marketed worldwide. It is used to treat relapsing forms of multiple sclerosis. Erbitux®, a monoclonal antibody targeting the epidermal growth factor receptor (EGFR), is the second best selling product approved for treatment of metastatic colorectal cancer (mCRC) and squamous cell carcinoma of the head and neck (SCCHN). Merck licensed the right to market Erbitux outside the US and Canada from ImClone LLC, a wholly-owned subsidiary of Eli Lilly and Company, in 1998.

TERMINATION OF A MAJOR CONTRACT

On 31 October 2013, the Company received a statement from one of its contractors confirming withdrawal from an agreement for implementation and maintenance of the Laboratory Information Management System (LIMS) as reported in the current report no. 25/2012 dated 7 September 2012.

CHANGES IN THE MANAGEMENT BOARD

On 5 November 2013, the Supervisory Board appointed Ms. Mirosława Zydroń as a member of the Company Management Board and Mr. Krzysztof Brzózka as the Vice-President of the Management Board.

Mr. Krzysztof Brzózka was appointed the Vice-President of the Management Board in recognition of his successful development of the Company's in-house innovative projects division.

The appointment of Ms. Mirosława Zydroń as a member of the Management Board is associated with the dynamic extension of the Company operations in the field of chemical services.

Both appointments are intended to facilitate contacts with Selvita's current and future business partners and to strengthen the new members' responsibility for results of the departments that they supervise, i.e. the in-house R&D pipeline and the Chemistry Services Division.

Ms. Mirosława Zydroń joined Selvita in December 2009 and has been responsible for the formation and organization of the Chemistry Services Division, strategic development of the chemistry research services, presentation of the company's offer, and building relationships with international clients from the pharmaceutical, biotechnology, chemical and agrochemical environments. She is also responsible for overseeing ongoing projects to ensure the highest quality of services.

Ms. Mirosława Zydroń graduated from the Silesian Technical University (Poland), with an MSc degree in chemistry, specializing in polymer chemistry, and a PhD degree in chemistry. The Committee of Analytical Chemistry of the Polish Academy of Sciences (PAN) found her PhD thesis the best doctoral thesis in analytical chemistry in Poland in 2004-2005. In 2009, she completed a two-year MBA program at the Rotterdam School of Management at Erasmus University in Rotterdam.

Ms. Zydroń gained her experience in project management, formation of research and development structures and management of R&D teams in international organizations, both in the scientific environment and in the Pliva company (formerly Barr Pharmaceuticals, TEVA) as Head of the R&D Laboratory, overseeing analytical and preformulation activities at the stage of formulation development and packaging processes in pilot production in GMP environment. Afterwards, as the company entered a transformation phase, she worked as a Optimization Project Manager, overseeing implementation of efficiency projects aimed at reducing the operating costs of the company.

Mr. Krzysztof Brzózka holds a PhD degree from the Ludwig Maximilian University in Munich (Germany) and an MSc degree in Biotechnology, specializing in Molecular Biology, from the Jagiellonian University in Krakow (Poland). He also completed a two-year Executive MBA at the Stockholm University School of Business and the Economics Business School of the Cracow University. Between 2003 and 2007, he conducted research at the Ludwig Maximilian University in the field of intracellular signaling, pathogen defense mechanisms leading to the immune system inhibition and the innate immune response. Mr. Brzózka joined Selvita in 2007 as a specialist responsible for evaluation and in-licensing of research projects. In 2009 he became a Project Manager of the first anticancer project initiated at Selvita and in subsequent years initiated further research projects, also in additional therapeutic indications. In January 2012 he was appointed the Chief Scientific Officer and a Member of the Management Board and is currently responsible for development of internal pipeline of novel, small molecule therapies in the areas of cancer treatment, central nervous system diseases (inducing Alzheimer's disease) as well as autoimmune and inflammatory diseases. Dr. Brzózka has unique interdisciplinary expertise in development of projects in the preclinical phase, ranging from *in silico* studies, medical chemistry, *in vitro* and *in vivo* molecular biology studies and toxicology.

SELECTION OF AUDITOR RESPONSIBLE FOR EXAMINATION OF 2013 FINANCIAL STATEMENTS

On 5 November 2013, by the Resolution of the Company Supervisory Board – the authorized body under §22 (2)(b) of the Company Articles of Association – Deloitte Polska Spółka z ograniczoną odpowiedzialnością spółka komandytowa (formerly Deloitte Audyt Sp. z o.o.) with its registered office in Warsaw was selected as the auditor to examine:

- the financial statements of Selvita Spółka Akcyjna with its registered office in Kraków;
- the consolidated financial statements of the Capital Group Selvita Spółka Akcyjna with its registered office in Kraków;

for the financial years 2013 and 2014.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością spółka komandytowa (al. Jana Pawła II 19, 00-854 Warszawa) is entered in the list of entities authorized to examine financial statements maintained by the Polish Chamber of Auditors (KIBR) under number 73.

Relevant events in the period between the end of Q4 2013 and the publication of the Report

RELEVANT CONTRACT IN THE SERVICES SECTOR WITH A GLOBAL PHARMACEUTICAL CONCERN

On 13 January 2014, the Company was contracted by one of the biggest global pharmaceutical concerns to provide its chemical services in the scope of discovery of new drugs. The value of the contract is USD 965 466 (PLN 2 939 843.97, 1 USD = PLN 3.0450). The contracted services will be provided from January to December 2014.

The above-mentioned contract will be the Company's largest contract for services since its inception. It is both an extension and a significant expansion of the cooperation commenced in April 2013. The Company Management Board expects further contracts as part of the development of cooperation.

RESOLUTION OF THE SUPERVISORY BOARD CONCERNING TRANSFER OF COMPANY LISTINGS TO THE REGULATED MARKET

In its Resolution of 20 January 2014 the Supervisory Board of Selvita Spółka Akcyjna seated in Kraków (the "Company") authorized the Company Management Board to take all necessary action to transfer the Company listings from the New Connect market to the regulated market of the Warsaw Stock Exchange.

RELEVANT CONTRACT BETWEEN THE SELVITA S.A. – JAGIELLONIAN UNIVERSITY CONSORTIUM AND THE NATIONAL CENTRE FOR RESEARCH AND DEVELOPMENT

On 10 February 2014 the Management Board of Selvita S.A. received information about a contract signed between the National Centre for Research and Development (NCBIR) and the scientific consortium consisting of Selvita S.A., as the consortium leader, and the Jagiellonian University, as the partner. The contract is for execution and financing of the research project "New Inhibitors of Heme Oxygenase-1 as Potential Anticancer Drugs" under the Applied Research Programme (the "Project"). Key Project data:

- total net value of the Project: PLN 4 173 096;
- total value of the subsidy for the consortium: PLN 3 697 302;
- Company share: PLN 1 903 176 costs, of which PLN 1 427 382 subsidies;
- implementation time: 2014-2016.

The Project goal is to develop and study new inhibitors of heme oxygenase-1 (HO-1) for the purpose of their commercialization and use in anticancer therapy. Project assumptions are based on earlier research, including numerous studies of the staff of the Medical Biotechnology Department of the Faculty of Biochemistry, Biophysics and Biotechnology of the Jagiellonian University, which demonstrated that in cancers there is an increased presence of HO-1, leading to an increased rate of division of cancer cells, intensification of metastasis, and formation of new blood vessels within the tumor. Simultaneously, the antioxidant properties of this enzyme cause a limitation of the efficacy of anticancer therapies. Among currently available HO-1 inhibitors there are no compounds that would demonstrate sufficient specificity of action and appropriate bioavailability, therefore research leading to the discovery of new inhibitors provide an opportunity for their commercialization and clinical application.

PRESENTATION OF SELVITA S.A. AT "THE 16TH ANNUAL BIO CEO & INVESTOR CONFERENCE" IN NEW YORK

On 10–11 February 2014 the Company met in New York with investors and customers from the USA during "The 16th Annual BIO CEO & Investor Conference" – one of the largest industry events.

The participants of the conference, which covered among others lectures, presentations of companies, and bilateral meetings, included mainly investment funds engaged in biotechnological companies in the USA and in Europe through a sectioned out life-science portfolio or concentrating entirely on this sector, as well as biotechnological companies. The goal of Selvita S.A. was to interest foreign investors with strong industry exposure to biotechnology in Company shares and to establish and continue partnering talks concerning Selvita's innovative projects.

Information on Selvita S.A. Shareholding Structure

As at the date of publication of the Report, the structure of Selvita S.A. shareholding, including shareholders holding at least 5% of votes during the General Meeting, is as follows:

Shareholder	Shares	% of shares	Votes	% of votes
Paweł Przewięźlikowski	5 473 664	52.31%	8 987 202	61.83%
Bogusław Sieczkowski	909 419	8.69%	1 458 419	10.05%
Privatech Holdings Limited	820 921	7.85%	820 921	5.66%
Other shareholders	3 259 562	31.15%	3 247 024	22.47%
Shareholders	**10 463 566**	**100.00%**	**14 513 566**	**100.00%**

Consolidated Summarized Balance Sheet

	PLN	PLN	EUR	EUR
Balance Sheet	**Status as at 31/12/2012**	**Status as at 31/12/2013**	**Status as at 31/12/2012**	**Status as at 31/12/2013**
A. Fixed assets	**7 254 293.97**	**6 786 619.52**	**1 774 446.94**	**1 636 434.10**
I. **Intangible assets**	2 438.49	1 054.27	596.47	254.21
II. Goodwill of subsidiaries	40 105.66	0.00	9 810.10	0.00
III. Tangible fixed assets	5 083 254.59	4 931 570.02	1 243 396.75	1 189 132.43
IV. Long-term receivables	162 043.23	162 043.23	39 636.82	39 072.92
V. Long-term investments	274 500.00	0.00	67 144.46	0.00
VI. Long-term prepayments and deferred costs	1 691 952.00	1 691 952.00	413 862.34	407 974.54
B. Current assets	**8 093 864.75**	**11 477 209.04**	**1 979 811.35**	**2 767 459.74**
I. Inventory	418 393.34	391 211.28	102 341.70	94 331.42
II. Short term receivables	1 657 980.33	4 730 958.32	405 552.65	1 140 759.63
III. Short term investments	5 127 888.38	5 356 806.66	1 254 314.46	1 291 668.27
IV. Short term prepayments and deferred costs	889 602.70	998 232.78	217 602.54	240 700.42
Total assets	**15 348 158.72**	**18 263 828.56**	**3 754 258.28**	**4 403 893.85**
A. Shareholders' equity	**5 532 747.33**	**3 234 452.71**	**1 353 345.56**	**779 912.40**
I. Share capital	**4 185 426.40**	**4 185 426.40**	**1 023 782.20**	**1 009 217.40**
II. Unpaid share capital (negative value)	0.00	0.00	0.00	0.00
III. Treasury shares (negative value)	0.00	0.00	0.00	0.00
IV. Reserve capital	14 429 101.36	2 521 789.11	3 529 450.95	608 070.29
V. Revaluation reserve	0.00	0.00	0.00	0.00
VI. Other reserves	0.00	1 883 442.00	0.00	454 147.86
VII. Currency translation profit/loss	0.00	0.00	0.00	0.00
VIII. Retained profit/loss	(6 653 368.91)	(2 982 559.89)	(1 627 456.81)	(719 174.36)
IX. Net profit/loss	(6 428 411.52)	(2 373 644.91)	(1 572 430.78)	(572 348.79)
X. Deductions from net profit during the financial year (negative value)	0.00	0.00	0.00	0.00
B. Minority interest	**0.00**	**0.00**	0.00	0.00
C. Negative goodwill of subsidiaries	**0.00**	**0.00**	0.00	0.00
I. Negative goodwill – subsidiaries	0.00	0.00	0.00	0.00
II. Negative goodwill - jointly controlled entities	0.00	0.00	0.00	0.00
II. Negative goodwill – associated entities	0.00	0.00	0.00	0.00
D. Liabilities and provisions for liabilities	**9 815 411.39**	**15 029 375.85**	**2 400 912.72**	**3 623 981.45**
I. Provisions for liabilities	1 061 573.47	2 587 556.20	259 667.69	623 928.48
II. Long-term liabilities	273 541.06	109 354.97	66 909.90	26 368.39
III. Short-term liabilities	2 540 885.06	3 748 492.03	621 516.82	903 860.93
IV. Accruals and deferred income	5 939 411.80	8 583 972.65	1 452 818.31	2 069 823.65
Total Liabilities and Equity	**15 348 158,72**	**18 263 828,56**	**3 754 258,28**	**4 403 893,85**

Consolidated Summarized Profit and Loss Account

	PLN	PLN	PLN	PLN	EUR	EUR	EUR	EUR
Profit and Loss Account (classification of expenses by type)	**01/10/2012 -31/12/2012**	**01/10/2013 -31/12/2013**	**01/01/2012 - 31/12/2012**	**01/01/2013 - 31/12/2013**	**01/10/2012 -31/12/2012**	**01/10/2013 -31/12/2013**	**01/01/2012 - 31/12/2012**	**01/01/2013 - 31/12/2013**
A. Net sales and sale equivalents	2 226 676.35	5 124 582.33	9 353 956.38	13 253 274.78	541 296.27	1 224 131.65	2 235 008.21	3 157 345.81
I. Net sales of goods	1 745 699.60	4 918 158.38	8 874 633.62	12 774 505.28	424 372.71	1 174 822.25	2 120 480.17	3 043 287.90
II. Change in stock of goods	76 016.75	104 748.95	(65 887.24)	82 450.78	18 479.37	25 021.85	(15 742.91)	19 642.36
III. Cost of goods produced for the Company's own use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV. Net sales of goods for resale and raw materials	404 960.00	101 675.00	545 210.00	396 318.72	98 444.19	24 287.56	130 270.95	94 415.55
B. Operating expenses	5 817 565.13	7 843 215.90	22 208 766.69	24 202 170.63	1 414 227.23	1 873 543.68	5 306 500.69	5 765 716.27
I. Depreciation	416 569.06	643 523.42	1 656 646.28	2 082 463.39	101 266.30	153 721.29	395 834.44	496 108.11
II. Materials and energy	1 165 500.08	1 729 706.68	4 174 780.46	4 986 824.46	283 328.49	413 182.69	997 510.38	1 188 018.02
III. External services	790 287.75	1 370 738.06	3 657 615.39	3 833 784.60	192 115.85	327 434.26	873 940.41	913 327.76
IV. Taxes and charges	46 402.16	53 316.71	178 939.37	186 273.70	11 280.18	12 736.00	42 755.27	44 376.24
V. Payroll	2 308 233.68	3 187 965.25	9 022 761.46	10 034 708.40	561 122.54	761 523.36	2 155 873.43	2 390 582.33
VI. Social insurance and other benefits	567 900.18	555 159.56	2 029 913.28	1 952 201.76	138 054.30	132 613.42	485 021.81	465 075.70
VII. Other	223 005.42	236 414.45	1 111 123.75	843 072.90	54 211.74	56 473.37	265 488.81	200 846.41
VIII. Value of goods and materials sold	299 666.80	66 391.77	376 986.70	282 841.42	72 847.82	15 859.30	90 076.15	67 381.70
C. Profit/on sales (A-B)	(3 590 888.78)	(2 718 633.57)	(12 854 810.31)	(10 948 895.85)	(872 930.96)	(649 412.03)	(3 071 492.48)	(2 608 370.46)
D. Other operating revenue	1 754 314.03	3 187 094.65	6 687 994.72	8 939 583.01	426 466.85	761 315.40	1 598 010.78	2 129 689.11
I. Gain on disposal of non-financial fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Subsidies	1 704 454.82	3 127 747.63	6 505 457.58	8 690 835.39	414 346.27	747 138.91	1 554 395.87	2 070 429.62
III. Other operating revenue	49 859.21	59 347.02	182 537.14	248 747.62	12 120.58	14 176.49	43 614.91	59 259.49
E. Other operating expenses	83 472.77	26 997.97	97 150.44	108 731.39	20 291.90	6 449.12	23 212.85	25 903.23
I. Loss on disposal of non-financial fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Impairment of non-financial assets	20 000.00	0.00	20 000.00	0.00	4 861.92	0.00	4 778.74	0.00
III. Other operating expenses	63 472.77	26 997.97	77 150.44	108 731.39	15 429.98	6 449.12	18 434.11	25 903.23
F. Operating profit/loss (C + D-E)	(1 920 047.52)	441 463.11	(6 263 966.03)	(2 118 044.23)	(466 756.01)	105 454.25	(1 496 694.55)	(504 584.58)
G. Financial income	52 928.86	4 523.72	240 182.28	35 820.69	12 866.80	1 080.60	57 388.48	8 533.61
I. Dividends and share in profit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Interest	40 710.29	3 581.10	202 692.10	17 236.22	9 896.51	855.43	48 430.68	4 106.21
III. Gain on sale of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV. Impairment of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
V. Other	12 218.57	942.62	37 490.18	18 584.47	2 970.29	225.17	8 957.80	4 427.40
H. Financial expenses	65 224.04	112 753.45	163 993.84	234 272.71	15 855.71	26 933.92	39 184.23	55 811.11
I. Interest	34 826.49	10 486.08	13 809.01	54 735.90	8 466.18	2 504.86	3 299.48	13 039.81
II. Loss on disposal of investments	0.00	0.00	0.00	20 168.43	0.00	0.00	0.00	4 804.75
III. Impairment of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV. Other	30 397.55	102 267.37	150 184.83	159 368.38	7 389.52	24 429.06	35 884.74	37 966.55
I. Profit/loss on disposal of all or part of shares of	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

subsidiaries								
J. Profit/loss on operating activities (F + G-H+/-I)	(1 932 342.70)	333 233.38	(6 187 777.59)	(2 316 496.25)	(469 744.92)	79 600.93	(1 478 490.30)	(551 862.08)
K. Result on extraordinary items (K.I-K.II)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I. Extraordinary gains	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Extraordinary losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
L. Write-off of goodwill	60 159.48	0.00	240 633.93	40 105.66	14 624.53	0.00	57 496.40	9 554.43
I. Write-off of goodwill – subsidiaries	60 159.48	0.00	240 633.93	40 105.66	14 624.53	0.00	57 496.40	9 554.43
II. Write-off of goodwill - jointly controlled entities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
III. Write-off of goodwill – associated entities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
M. Write-off of negative goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I. Write-off of negative goodwill – subsidiaries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Write-off of negative goodwill – entities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
III. Write-off of negative goodwill – associated entities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N. Profit/loss on shares in subsidiaries measured under equity method	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
O. Gross profit/loss (J+/-K-L+M+/-N)	**(1 992 502.18)**	**333 233.38**	**(6 428 411.52)**	**(2 356 601.91)**	**(484 369.45)**	**79 600.93**	**(1 535 986.70)**	**(561 416.50)**
P. Income tax	0.00	(1 962.00)	0.00	17 043.00	0.00	(468.67)	0.00	4 060.18
Q. Other obligatory profit decrease (loss increase)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R. Profits/losses of minority shareholders	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
S. Net profit/loss (O-P-Q+/-R)	**(1 992 502.18)**	**335 195.38**	**(6 428 411.52)**	**(2 373 644.91)**	**(484 369.45)**	**80 069.60**	**(1 535 986.70)**	**(565 476.68)**

Consolidated Summarized Statement of Cash Flows

	PLN	PLN	PLN	PLN	EUR	EUR	EUR	EUR
Statement of Cash Flows (indirect method)	**01/10/2012 -31/12/2012**	**01/10/2013 -31/12/2013**	**01/01/2012 - 31/12/2012**	**01/01/2013 - 31/12/2013**	**01/10/2012 -31/12/2012**	**01/10/2013 -31/12/2013**	**01/01/2012 - 31/12/2012**	**01/01/2013 - 31/12/2013**
A. Cash flow from operations								
I. Net profit/loss	**-1 992 502.18**	335 195.38	-6 428 411.52	-2 373 644.91	**-484 369.45**	80 069.60	-1 535 986.70	-565 476.68
II. Total adjustments	-459 466.41	-1 162 735.83	-2 473 516.22	-4 455 755.49	-111 694.48	-277 747.85	-591 015.06	-1 061 500.74
III. Net cash flow from operations (I+/-II)	-2 451 968.59	-827 540.45	-8 901 927.74	-6 829 400.40	-596 063.93	-197 678.25	-2 127 001.75	-1 626 977.42
B. Cash flows from investing activities								
I. Inflow	0.00	3 581.10	508 184.46	17 236.22	0.00	855.43	121 424.18	4 106.21
II. Outflow	611 495.66	1 085 946.44	2 566 080.18	2 471 828.48	148 652.19	259 404.83	613 132.03	588 867.09
III. Net cash flows from investing activities (I-II)	-611 495.66	-1 082 365.34	-2 057 895.72	-2 454 592.26	-148 652.19	-258 549.40	-491 707.86	-584 760.88
C. Cash flow from financing activities								
I. Inflow	4 866 276.07	1 802 795.55	9 128 379.25	9 971 896.64	1 152 972.60	430 641.75	2 181 109.45	2 375 618.60
II. Outflow	0.00	280 574.74	-	458 985.70	0.00	67 022.13	-	109 344.79
III. Net cash flow from financing activities (I-II)	4 866 276.07	1 522 220.81	9 128 379.25	9 512 910.94	1 152 972.60	363 619.62	2 181 109.45	2 266 273.81
D. Total net cash flow (A.III+/-B.III+/-C.III)	**1 802 811.82**	-387 684.98	-1 831 444.21	228 918.28	**438 256.47**	-92 608.03	-437 600.16	54 535.52
E. Change in balance sheet cash and cash equivalents	**1 802 811.82**	-387 684.98	-1 831 444.21	228 918.28	**438 256.47**	-92 608.03	-437 600.16	54 535.52
F. Cash and cash equivalents - beginning of the period	**3 325 076.56**	5 744 491.64	6 959 332.59	5 127 888.38	**808 313.05**	1 372 212.13	1 662 843.49	1 221 623.88
G. Cash and cash equivalents - end of the period (F+/-D)	5 127 888.38	5 356 806.66	5 127 888.38	5 356 806.66	1 246 569.62	1 279 604.10	1 225 243.33	1 276 159.39

Summarized Statement of Changes in Consolidated Shareholders' Equity

	PLN	PLN	PLN	PLN	EUR	EUR	EUR	EUR
Statement of Changes in Shareholders' Equity	**01/10/2012 -31/12/2012**	**01/10/2013 -31/12/2013**	**01/01/2012 - 31/12/2012**	**01/01/2013 - 31/12/2013**	**01/10/2012 -31/12/2012**	**01/10/2013 -31/12/2013**	**01/01/2012 - 31/12/2012**	**01/01/2013 - 31/12/2013**
I. Shareholders' equity – beginning of the period (opening balance)	7 615 659.77	2 899 257.33	11 961 158.85	5 532 747.33	1 851 336.97	692 558.42	2 857 965.89	1 318 073.98
II. Shareholders' equity – end of the period (closing balance)	5 532 747.33	3 234 452.71	5 532 747.33	3 234 452.71	1 321 979.20	770 548.10	1 321 979.20	770 548.10
III. Shareholders' equity after adjustment for proposed profit distribution (coverage of losses)	1 321 979.20	770 548.10	5 532 747.33	3 234 452.71	1 321 979.20	770 548.10	1 321 979.20	770 548.10

SUMMARIZED FINANCIAL STATEMENTS OF SELVITA S.A.

Summarized Balance Sheet

	PLN	PLN	EUR	EUR
Assets	**Status as at 31/12/2012**	**Status as at 31/12/2013**	**Status as at 31/12/2012**	**Status as at 31/12/2013**
A. Fixed assets	**9 175 579.23**	**8 728 571.81**	**2 244 405.66**	**2 104 690.35**
I. Intangible assets	2 198.15	1 054.27	537.68	254.21
II. Tangible fixed assets	0.00	0.00	1 020 779.85	931 372.65
III. Long-term receivables	4 173 152.19	3 862 588.65	23 990.60	23 649.30
IV. Long-term investments	98 078.39	98 078.39	785 235.19	741 439.65
V. Long-term prepayments and deferred costs	3 210 198.50	3 074 898.50	398 360.65	407 974.54
B. Current assets	**1 691 952.00**	**1 691 952.00**	**1 866 666.02**	**2 675 118.02**
I. Inventory	8 057 449.44	11 094 249.46	150 222.35	88 025.27
II. Short-term receivables	413 071.75	365 058.42	363 863.22	1 065 980.77
III. Short-term investments	1 487 545.60	4 420 835.45	1 304 319.65	1 284 989.31
IV. Short term prepayments and deferred costs	5 332 319.60	5 329 107.67	201 681.06	236 122.67
Total assets	**824 512.49**	**979 247.92**	**4 215 309.59**	**4 779 808.37**

Liabilities and Equity	PLN Status as at 31/12/2012	PLN Status as at 31/12/2013	EUR Status as at 31/12/2012	EUR Status as at 31/12/2013
A. Shareholders' equity	**8 590 657.51**	**6 478 106.03**	**2 101 330.05**	**1 562 043.31**
I. Share capital	4 185 426.40	4 185 426.40	1 023 782.20	1 009 217.40
II. Unpaid share capital (negative value)	0.00	0.00	0.00	0.00
III. Treasury shares (negative value)	0.00	0.00	0.00	0.00
IV. Reserve capital	14 429 101.36	2 521 789.11	3 529 450.95	608 070.29
V. Revaluation reserve	0.00	0.00	0.00	0.00
VI. Other reserves	0.00	1 883 442.00	0.00	454 147.86
VII. Retained profit/loss	(4 195 721.80)	0.00	(1 026 300.52)	0.00
VIII. Net profit/loss	(5 828 148.45)	(2 112 551.48)	(1 425 602.58)	(509 392.24)
IX. Deductions from net profit during the financial year (negative value)	0.00	0.00	-	-
B. Liabilities and provisions for liabilities	**8 642 371.16**	**13 344 715.24**	**2 113 979.5**	**3 217 765.1**
I. Provisions for liabilities	885 059.81	1 902 722.44	216 491.3	458 796.9
II. Long-term liabilities	273 541.06	109 354.97	66 909.9	26 368.4
III. Short-term liabilities	2 385 349.19	3 377 370.22	583 471.7	814 373.6
IV. Accruals and deferred income	5 098 421.10	7 955 267.61	1 247 106.6	1 918 226.2
Total Liabilities and Equity	**17 233 028.67**	**19 822 821.27**	**4 215 309.6**	**4 779 808.4**

Summarized Profit and Loss Account

Profit and Loss Account (classification of expenses by type)	PLN 01/10/2012 -31/12/2012	PLN 01/10/2013 -31/12/2013	PLN 01/01/2012 - 31/12/2012	PLN 01/01/2013 - 31/12/2013	EUR 01/10/2012 -31/12/2012	EUR 01/10/2013 -31/12/2013	EUR 01/01/2012 - 31/12/2012	EUR 01/01/2013 - 31/12/2013
A. Net sales and sale equivalents	**2 309 621.64**	**4 362 963.98**	**8 663 882.26**	**11 131 739.47**	**561 459.95**	**1 042 200.51**	**2 070 123.83**	**2 651 929.55**
I. Net sales of goods	1 829 470.44	4 162 933.44	8 183 698.28	10 670 786.68	444 737.08	994 418.33	1 955 390.01	2 542 116.13
II. Change in stock of goods	75 191.20	98 355.54	(65 026.02)	82 389.61	18 278.69	23 494.62	(15 537.14)	19 627.79
III. Cost of goods produced for the Company's own use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV. Net sales of goods for resale and raw materials	404 960.00	101 675.00	545 210.00	378 563.18	98 444.19	24 287.56	130 270.95	90 185.63
B. Operating expenses	**5 289 762.92**	**6 677 092.83**	**20 343 340.76**	**20 959 208.44**	**1 285 920.59**	**1 594 986.70**	**4 860 781.03**	**4 993 140.95**
I. Depreciation	302 860.42	516 702.36	1 207 103.95	1 538 380.20	73 624.18	123 426.98	288 422.05	366 490.42
II. Materials and energy	1 023 266.43	1 539 350.09	3 594 992.32	4 255 101.56	248 752.05	367 711.37	858 977.43	1 013 698.68
III. External services	989 973.52	1 523 803.79	4 422 738.62	4 304 443.93	240 658.67	363 997.75	1 056 756.81	1 025 453.58
IV. Taxes and charges	46 081.47	50 578.10	169 599.81	180 302.14	11 202.22	12 081.81	40 523.70	42 953.63
V. Payroll	1 980 682.53	2 287 077.76	7 814 314.96	7 950 117.05	481 496.14	546 324.38	1 867 130.59	1 893 967.28
VI. Social insurance and other benefits	444 680.70	477 038.82	1 721 421.04	1 665 045.14	108 100.13	113 952.37	411 311.54	396 665.99
VII. Other	202 551.05	216 150.14	1 036 183.36	799 699.40	49 239.36	51 632.74	247 582.76	190 513.48
VIII. Value of goods and materials sold	299 666.80	66 391.77	376 986.70	266 119.02	72 847.82	15 859.30	90 076.15	63 397.90
C. Profit/loss on sales (A-B)	**(2 980 141.28)**	**(2 314 128.85)**	**(11 679 458.50)**	**(9 827 468.97)**	**(724 460.64)**	**(552 786.20)**	**(2 790 657.20)**	**(2 341 211.40)**

D. Other operating revenue	**1 516 423.04**	**2 919 998.97**	**5 795 161.77**	**7 912 525.41**	**368 636.48**	**697 513.07**	**1 384 679.77**	**1 885 011.77**
I. Gain on disposal of non-financial fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Subsidies	1 471 443.27	2 877 290.96	5 635 003.65	7 760 301.10	357 702.08	687 311.22	1 346 412.04	1 848 747.17
III. Other operating revenue	44 979.77	42 708.01	160 158.12	152 224.31	10 934.41	10 201.85	38 267.73	36 264.61
E. Other operating expenses	**82 812.94**	**17 981.88**	**95 274.15**	**37 131.14**	**20 131.50**	**4 295.41**	**22 764.54**	**8 845.80**
I. Loss on disposal of non-financial fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Impairment of non-financial assets	20 000.00	0.00	20 000.00	0.00	4 861.92	0.00	4 778.74	0.00
III. Other operating expenses	62 812.94	17 981.88	75 274.15	37 131.14	15 269.58	4 295.41	17 985.80	8 845.80
F. Operating profit/loss (C + D-E)	**(1 546 531.18)**	**587 888.24**	**(5 979 570.88)**	**(1 952 074.70)**	**(375 955.65)**	**140 431.46**	**(1 428 741.97)**	**(465 045.43)**
G. Financial income	**52 699.44**	**7 350.66**	**311 346.83**	**45 972.91**	**12 811.03**	**1 755.88**	**74 392.34**	**10 952.19**
I. Dividends and share in profit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Interest	40 448.56	6 408.04	273 856.65	27 388.44	9 832.89	1 530.72	65 434.54	6 524.79
III. Gain on sale of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV. Impairment of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
V. Other	**12 250.88**	**942.62**	**37 490.18**	**18 584.47**	**2 978.14**	**225.17**	**8 957.80**	**4 427.40**
H. Financial expenses	**36 841.23**	**102 283.51**	**159 924.40**	**206 449.69**	**8 955.96**	**24 432.91**	**38 211.89**	**49 182.79**
I. Interest	3 419.15	10 325.79	12 978.09	52 921.61	831.18	2 466.57	3 100.95	12 607.59
II. Loss on disposal of investments	0.00	0.00	0.00	12 381.10	0.00	0.00	0.00	2 949.57
III. Impairment of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV. Other	33 422.08	91 957.72	146 946.31	141 146.98	8 124.78	21 966.35	35 110.94	33 625.64
I. Profit/loss on operating activities (F + G-H)	**(1 530 672.97)**	**492 955.39**	**(5 828 148.45)**	**(2 112 551.48)**	**(372 100.59)**	**117 754.43**	**(1 392 561.51)**	**(503 276.03)**
J. Result on extraordinary items (J.I-J.II)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
I. Extraordinary gains	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Extraordinary losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
K. Gross profit/loss (I+/-J)	**(1 530 672.97)**	**492 955.39**	**(5 828 148.45)**	**(2 112 551.48)**	**(372 100.59)**	**117 754.43**	**(1 392 561.51)**	**(503 276.03)**
L. Income tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
M. Other obligatory profit decrease (loss increase)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N. Net profit/loss (K-L-M)	**(1 530 672.97)**	**492 955.39**	**(5 828 148.45)**	**(2 112 551.48)**	**(372 100.59)**	**117 754.43**	**(1 392 561.51)**	**(503 276.03)**

Summarized Statement of Cash Flows

	PLN	PLN	PLN	PLN	EUR	EUR	EUR	EUR
Statement of Cash Flows (indirect method)	**01/10/2012 -31/12/2012**	**01/10/2013 -31/12/2013**	**01/01/2012 - 31/12/2012**	**01/01/2013 - 31/12/2013**	**01/10/2012 -31/12/2012**	**01/10/2013 -31/12/2013**	**01/01/2012 - 31/12/2012**	**01/01/2013 - 31/12/2013**
A. Cash flow from operations								
I. Net profit/loss	**-1 530 672.97**	492 955.39	-5 828 148.45	-2 112 551.48	-372 100.59	117 754.43	-1 392 561.51	-503 276.03
II. Total adjustments	-1 742 116.29	-1 248 399.76	-3 487 419.48	-4 651 818.23	-423 501.63	-298 210.77	-833 274.27	-1 108 209.03
III. Net cash flow from operations (I+/-II)	-3 272 789.26	-755 444.37	-9 315 567.93	-6 764 369.71	-795 602.21	-180 456.34	-2 225 835.79	-1 611 485.07
B. Cash flows from investing activities								
I. Inflow	641 945.20	3 502.56	1 179 349.01	348 812.01	156 054.36	836.67	281 790.36	83 097.96
II. Outflow	203 882.23	1 140 710.27	2 646 508.41	2 081 226.33	49 562.97	272 486.51	632 349.33	495 813.40
III. Net cash flows from investing activities (I-II)	438 062.97	-1 137 207.71	-1 467 159.40	-1 732 414.32	106 491.39	-271 649.84	-350 558.97	-412 715.44
C. Cash flow from financing activities								
I. Inflow	4 866 276.07	1 710 858.92	8 796 973.09	9 009 517.27	1 182 972.60	408 680.44	2 101 924.18	2 146 349.65
II. Outflow	0.00	280 410.38	-	456 902.70	-	66 982.87	-	108 848.56
III. Net cash flow from financing activities (I-II)	4 866 276.07	1 430 448.54	8 796 973.09	8 552 614.57	1 182 972.60	341 697.57	2 101 924.18	2 037 501.09
D. Total net cash flow (A.III+/-B.III+/-C.III)	2 031 549.78	-462 203.54	-1 985 754.24	55 830.54	493 861.77	-110 408.60	-474 470.57	13 300.59
E. Change in balance sheet cash and cash equivalents	2 031 549.78	-462 203.54	-1 985 754.24	55 830.54	493 861.77	-110 408.60	-474 470.57	13 300.59
F. Cash and cash equivalents - beginning of the period	2 979 167.07	5 528 750.93	6 996 471.09	5 010 716.85	724 223.81	1 320 677.19	1 671 717.26	1 193 709.94
G. Cash and cash equivalents - end of the period (F+/-D)	5 010 716.85	5 066 547.39	5 010 716.85	5 066 547.39	1 218 085.58	1 210 268.59	1 197 246.69	1 207 010.53

Summarized Statement of Changes in Shareholders’ Equity

	PLN	PLN	PLN	PLN	EUR	EUR	EUR	EUR
Statement of Changes in Shareholders’ Equity	**01/10/2012 -31/12/2012**	**01/10/2013 -31/12/2013**	**01/01/2012 - 31/12/2012**	**01/01/2013 -31/12/2013**	**01/10/2012 -31/12/2012**	**01/10/2013 -31/12/2013**	**01/01/2012 - 31/12/2012**	**01/01/2013 -31/12/2013**
I. Shareholders’ equity – beginning of the period (opening balance)	10 121 330.48	5 985 150.64	11 961 158.85	8 590 657.51	2 475 742.50	1 429 699.41	2 857 965.89	2 046 564.11
II. Shareholders’ equity – end of the period (closing balance)	8 590 657.51	6 478 106.03	8 590 657.51	6 478 106.03	2 088 355.09	1 547 453.84	2 052 627.71	1 543 288.08
III. Shareholders’ equity after adjustment for proposed profit distribution (coverage of losses)	8 590 657.51	6 478 106.03	8 590 657.51	6 478 106.03	2 088 355.09	1 547 453.84	2 052 627.71	1 543 288.08

PRINCIPLES APPLIED IN PREPARING THE REPORT

The Financial Statements, elements of which are contained in the Report, have been prepared in accordance with the Accounting Act of 29 September 1994, with the assumption that the company will continue its operations in the foreseeable future, covering the period of not less than one year from the balance sheet date, in a substantially unreduced scope.

Methods for valuation of assets and liabilities and for determination of financial result:

INTANGIBLE ASSETS

Intangible assets are recognised if it is likely that in the future they will cause an inflow of economic benefits to the company which may be directly related to such assets. The intangible assets are initially reported at purchase prices or manufacturing cost. After initial reporting, intangible assets are valued at purchase prices or manufacturing cost reduced by amortization and impairment write-downs. Intangible assets are amortized based on the linear method in their estimated useful economic life (it is 2 years for software and other intangible assets).

FIXED ASSETS

Fixed assets are valued at the purchase price, manufacturing cost or revalued value reduced by depreciation and impairment write-downs. Costs incurred after placing a fixed asset for use, such as costs of repairs, inspections, maintenance fees, affect the financial result of the reporting period in which they were incurred. If it is however possible to demonstrate that these costs caused an increase in the expected future economic benefits from holding a respective fixed asset over the benefits assumed initially, then they increase the initial value of such a fixed asset.

Fixed assets, except for lands and perpetual usufruct, are depreciated on a straight line basis in the period corresponding to their estimated useful economic life, or for the shorter of the two periods: the useful economic life or the right to use, which is as follows:

Buildings, premises and constructions:	10 years
Machinery and equipment:	from 3 to 10 years
Motor vehicles:	5 years
Other fixed assets:	from 3 to 5 years

Fixed assets with a low unit initial value, i.e. below PLN 3.5 k, are recognised under expenses on a one-off basis.

Construction in progress is valued at the amount of total costs directly related to its purchase or creation, including financial costs, reduced by impairment write-downs.

LEASING

The Group's companies are not parties to leasing agreements under which they give fixed assets or intangible assets for use against remuneration or to derive benefits. The Group's companies are parties to leasing agreements under which they take external fixed assets or intangible assets for use against remuneration or to derive benefits for a definite time.

In case of leasing agreements under which fundamentally all risk and benefits from holding the assets covered by the agreement are transferred, the object of the leasing is reported in assets as a fixed asset at the amount of the current value of minimal leasing fees fixed as at the date of commencement of the leasing. Leasing fees are divided between financial costs and reduction of liability balance in a manner that allows to achieve a fixed interest rate from the outstanding balance of the liability. Financial costs are reported directly in the Profit and Loss Account.

Fixed assets which are the object of a financial leasing agreement are depreciated for the period corresponding to their estimated useful economic life.

INVENTORY

Inventory is valued at the lower of the two values: the purchase price or the manufacturing cost and the net sale price. Individual inventory groups are valued as follows:

- materials and goods – at the purchase price;
- finished goods and work in progress – at the cost of direct materials and labor and the justified part of indirect production costs, determined at normal use of production capacities.

Inventory releases are valued using the “first in, first out” method”. Net sale price is the sale price possible to achieve as at the balance sheet day without the goods and services tax and the excise tax, decreased by discounts, reductions etc. and the costs related to adapting an asset for sale and making such sale.

SHORT-TERM AND LONG-TERM RECEIVABLES

Receivables are reported at the amount of the payment due reduced by write-downs. The value of receivables is revaluated, taking into account the degree of likelihood of their payment, by making a write-down. For receivables overdue more than 180 days, the write-down is 50% of their value and for receivables overdue more than 360 days it is 100% of their value. Receivable write-downs are included respectively into other operating costs or financial costs – depending on the nature of the receivable to which the write-down relates. Redeemed, overdue or non-collectible receivables reduce their previous write-downs. Redeemed, overdue or non-collectible receivables from which no write-downs were made or for which write-downs were not made in full amount are included respectively into other operating costs or to financial costs.

CASH AND CASH EQUIVALENTS

Cash at bank and in hand is valued at face value. The item cash shown in the Consolidated Statement of Cash Flows consists of cash in hand and at bank and of bank deposits with maturity not longer than 3 months which were not treated as deposit activity.

PREPAYMENTS AND DEFERRED COSTS

The Group makes prepayments if they concern future reporting periods. Prepayments and deferred costs are recognised on a pro rata basis. The timing and method of recognition should correspond to the nature and costs recognised, taking into account the prudence principle.

PROVISIONS

Provisions are reported if the Group’s company has an existing duty (legal or customary) arising out of past events and when it is certain or highly probable that fulfilling this duty will cause a necessary outflow of resources representing economic benefits, and when the amount of this liability can be credibly assessed. Provisions for employee benefits, i.e. the retirement severance pay and the years of service award, are determined as at each balance sheet day using the actuarial valuation method.

ACCRUALS
Accruals are made at the amounts of likely liabilities in the current reporting period, resulting mainly from:

- goods and services provided to the company by its contractors, if the amount of a liability can be estimated in a reliable manner;
- the obligation to provide, in the future, goods and services, relating to current operations, to unknown persons, the amount of which can be estimated even though the origination date of a liability is not yet known.

Accruals are recognised on a pro rata basis or in proportion to the goods or services provided. The timing and method of recognition should correspond to the nature and costs recognised, taking into account the prudence principle. Accruals resulting from unbilled supplies and services accepted by the company are presented in the Financial Statements as trade liabilities. Accruals in respect of unused holiday are presented in the Financial Statements as provisions for employee benefits.

DEFERRED INCOME
Deferred income recognised under the prudence principle includes in particular the following:

- amounts received or receivable from contractors in respect of goods or services to be provided in future reporting periods;
- cash received to finance the purchase or manufacture of property, plant and equipment, including items of property plant and equipment under construction and development costs, if, in accordance with other acts, it is not credited to equity. Amounts recognised as deferred income are gradually recognised as other operating income, in parallel to the depreciation or amortization of property, plant and equipment or development costs financed from such sources;
- negative goodwill created in the Financial Statements;
- received free of charge, also in the form of donations, property plant and equipment under construction, property, plant and equipment and intangible assets.

HEDGE ACCOUNTING
The Group companies do not apply hedge accounting.

FOREIGN CURRENCY TRANSACTIONS
Transactions in currencies other than the Polish zloty are converted to Polish zlotys using the exchange rate applicable on the day of the transaction. As at the balance sheet day, assets and liabilities in currencies other than the Polish zloty are converted to Polish zlotys using the National Bank of Poland's daily average exchange rate for the respective currency. Foreign exchange differences from conversion are reported respectively as receivables or financial costs, or in cases provided by law capitalized at the value of assets.

REVENUE RECOGNITION
Revenues are recognised at the amount at which it is likely that the Group will achieve economic benefits that may be credibly valued. Revenues are reported upon transfer of all material risks and benefits related to the goods ownership to the buyer. Revenues include due or obtained sale amounts, reduced by the goods and services tax (VAT). Revenues from provided services are recognised proportionally to the degree of service completion.

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