SELVITA S.A. CONSOLIDATED SEMIANNUAL REPORT (SUMMARY)

H1 2016

August 30, 2016

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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
Website	www.selvita.com

Related Entities as of June 30, 2016

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
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
Shareholders	100% shares held by Selvita S.A.

Business name of the Company	Selvita Inc.
Registered office	Wilmington, Delaware, USA
Company File No.	5700516
Legal form	Corporation
Shareholders	100% shares held by Selvita S.A.

Business name of the Company	Selvita Ltd
Registered office	Cambridge, Great Britain
Company No.	9553918
Legal form	Limited Liability Company
Shareholders	100% shares held by Selvita S.A.

Business name of the Company	Ardigen Spółka Akcyjna
Registered office	ul. Bobrzyńskiego 14, 30-348 Kraków
Company ID (REGON)	362983380
Legal form	Joint-Stock Company
Shareholders	Selvita S.A. holds 60.01% of shares and 63.13% votes at the shareholder meeting

All entities within the Selvita Group are consolidated.

The Core Business of the Capital Group

The activities of the Capital Group cover three main business segments:

- **Innovative segment** – research and development activities implemented through in-house research projects on innovative drugs,
- **Service segment** – R&D services provided to external clients, in particular to pharmaceutical and biotechnology industry,
- **Bioinformatics segment (Ardigen S.A.)** – bio-data science and complementary advanced software services to support data-driven Life Science and Healthcare organizations.

FINANCIAL HIGHLIGHTS

Selvita S.A. Capital Group – consolidated data	in PLN thousand			in EUR thousand		
Item	From 01.01.2016 to 30.06.2016	From 01.01.2016 to 30.06.2016 (excl. incentive program)	From 01.01.2015 to 30.06.2015	From 01.01.2016 to 30.06.2016	From 01.01.2016 to 30.06.2016 (excl. incentive program)	From 01.01.2015 to 30.06.2015
Net revenues from sales	22 664	22 664	17 244	5 189	5 189	4 186
Revenues from grants	5 662	5 662	7 298	1 296	1 296	1 772
Total revenues from sales and grants	28 326	28 326	24 542	6 485	6 485	5 958
Operating expenses	-32 789	-28 747	21 699	-7 507	-6 581	5 268
Depreciation	-1 660	-1 660	-1 650	-380	-380	-400
Profit/loss on operating activities (EBIT)	-4 255	-212	3 000	-974	-49	728
Profit/loss before income tax	-3 634	409	3 332	-832	94	809
Net profit/loss	-3 722	321	3 332	-852	73	809
EBITDA	-2 594	1 448	4 650	-594	332	1 129
Net cash flow from operating activities	1 131	1 131	-5 429	259	259	-1 318
Net cash flows from investing activities	-8 262	-8 262	-1 122	-1 891	-1 891	-272
Net cash flows from financing activities	4 285	4 285	38 942	981	981	9 453
Total net cash flow	-2 845	-2 845	32 390	-651	-651	7 863
Number of shares	13 443 343	13 443 343	13 115 457	13 443 343	13 443 343	13 115 457
Profit (loss) per share (in PLN/EUR)	-0,26	0,04	0.25	-0,06	0,01	0.06
Diluted profit (loss) per share (in PLN/EUR)	-0,25	0,04	0.25	-0,06	0,01	0.06
Book value per share (PLN/EUR)	3,51	3,51	2.97	0,79	0,79	0.71
Diluted book value per share (PLN/EUR)	3,43	3,43	2.97	0,78	0,78	0.71
Declared or paid dividend per share (PLN/EUR)	-	-	-	-	-	-

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

Increase and dynamics of revenues and financial results

In H1 2016, Capital Group Selvita S.A. ("Selvita Group", "Group") generated an operating loss, which was mainly a result of incentive scheme costs which will be disclosed in the profit and loss account until the end of Q1 2017. The cost of the scheme is an accrual basis cost and does not result in any cash expenditures.

In order to ensure the comparability of financial data between the current period and previous periods, the following commentary is based on data excluding the amount of PLN 4,043 thousand, i.e. the costs of the incentive scheme in H1 2016.

Selvita Group's net profit for H1 2016 amounted to PLN 321 thousand compared to the net profit of PLN 3,332 thousand achieved in H1 2015. In the reported period, Selvita Group was consistently conducting research work

as part of programmes started in previous years, most of which, in accordance with the adopted accounting policy, are directly classified as costs.

In H1 2016 Capital Group Selvita S.A. had revenues from operating activities in the amount of PLN 28,535 thousand, representing a 15.5% increase compared to H1 2015, when revenues from operating activities amounted to PLN 24,699 thousand. Net revenues from sales (exclusive of grants) amounted to PLN 22,664 thousand, resulting in a 31.4% growth compared to H1 2015, when net revenues from sales (exclusive of grants) amounted to PLN 17,244 thousand.

H1 2016 is the first full half-year of the operations of Ardigen S.A., subsidiary to which an organised part of business in the form of Selvita Group's bioinformatics department was contributed. Consequently, starting from H1 2016, Bioinformatics was separated (for the purposes of presentation and external reporting) as the third operating segment which shall include the results of the subsidiary Ardigen S.A. The operations of Ardigen S.A. (and thus of the entire bioinformatics segment of the Group) are described further in the report.

In the services department, in 2016 Selvita Group is focusing mainly on an intensive growth by extending the area of its operations and penetrating new markets. Revenues from services to third party clients for H1 2016 amounted to PLN 14,925 thousand, representing a 68.5% growth compared to the analogous period last year, where the revenues amounted to PLN 8,858 thousand. Services segment's operating income (EBIT) for H1 2016 amounted to PLN 335 thousand.

In the second operating segment – the innovation segment – revenues from third party clients for H1 2016 amounted to PLN 6,490 thousand, representing a 9.1% decline in growth compared to H1 2015, where the revenues amounted to PLN 7,140 thousand. In H1 2016, the innovation segment had an operating loss of PLN 46 thousand compared to the operating profit of PLN 1,806 thousand in the analogous period last year. The main reason for the reduced operating result of the segment was incurring higher expenditure in H1 2016, than in H1 2015, on early stage R&D projects that have not yet been commercialised.

The bioinformatics segment in H1 2016 generated revenues from third party clients in the amount of PLN 1,250 thousand, representing a 0.4% growth compared to revenues of the bioinformatics department for H1 2015, which amounted to PLN 1,245 thousand. In H1 2016, this segment had an operating loss of PLN 495 thousand, which was mainly due to the investment in sales and marketing activities and in the development of new products and services undertaken in the current half year.

In H1 2016, revenues from grants decreased by 22.4% compared to the corresponding period last year – from PLN 7,298 thousand to PLN 5,662 thousand. The value of revenues from grants is exclusive of the amount activated in the balance sheet in parallel to the activated costs of R&D work, and amounted to, respectively: in H1 2015 – PLN 960 thousand, and in H1 2016 – PLN 3,781 thousand. The decrease in revenues from grants mainly results from the consumption of grants which the Group used in previous years and from starting to gradually incur costs of new innovation projects conducted as part of the new financial perspective 2014-2020.

The value of the contracted portfolio of orders for 2016, resulting from commercial business contracts signed as of the day of publication of the report and grant agreements ('Backlog'), amounts to PLN 55,890 thousand, of which:

- Services PLN 27,707 thousand,
- Innovation PLN 14,115 thousand,

- Bioinformatics PLN 2,523 thousand,
- Grants PLN 11,545 thousand.

and is 32% higher than the backlog published in May 2016. The backlog of grants is exclusive of the amount of PLN 861 thousand, representing revenues from grants, to be disclosed in the balance sheet in parallel to the activated costs of R&D work.

Group's assets and the structure of assets and liabilities

The value of the Group's assets as at the end of H1 2016 amounted to PLN 67,007 thousand, which is PLN 1,766 thousand more than as at the end of 2015 (PLN 65,242 thousand). As at the end of H1 2016, the most important items of non-current assets were tangible fixed assets in the amount of PLN 11,387 thousand, mostly including laboratory equipment, and deferred income tax assets in the amount of PLN 5,661 thousand. Compared to the numbers as at 31 December 2015, the value of non-current assets increased by PLN 4,932 thousand. This is predominantly the result of purchasing new fixed assets (partly balanced with the planned fixed assets depreciation) and of disclosing in the assets the subsequent expenditure on development work pursued as part of the KIND-P1 project.

From 1 January 2015, Selvita S.A. started to activate the costs of development work, further to meeting the criteria to disclose expenditure on the KIND-P1 project in balance sheet assets as costs of development work. The value of these assets stood at PLN 11,830 thousand in H1 2016 and is presented in 'unfinished development work' in the amount of PLN 3,926 thousand, less the amount of PLN 7,904 thousand i.e. the value of activated revenues from grants, allocated to activated costs.

The assets structure demonstrates the Group's high liquidity which is confirmed by the following ratios:

	30.06.2016	31.12.2015
Liquidity ratio current assets/short-term liabilities including short-term provisions and accrued expenses	4.58	5.43
Quick ratio (current assets – inventories)/current liabilities including short-term provisions and accrued expenses)	4.45	5.30

Cash surpluses not used in the operating activities are invested in safe financial instruments: bank time deposits.

The main item in the Selvita Group's equity and liabilities is equity which, as of 30 June 2016, amounted to PLN 47,488 thousand, having increased by PLN 608 thousand compared to 31 December 2015. The second largest source of finance are short-term liabilities which, together with provisions, stood at PLN 16,853 thousand as at the end of H1 2016. The highest liabilities items are trade payables, deferred income (most of which is grants obtained, to be accounted for in the future) and short-term provisions.

Current and foreseen financial situation

The Group's financial position as of the report date is very good. As at 30 June 2016, the value of the Group's cash and cash equivalents was PLN 25,961 thousand, and as at 24 August 2016, the value of the Group's cash and cash equivalents was PLN 30,665 thousand.

In H2 2016, revenues from both services provided and from commercialising subsequent research projects are expected to further increase, as is the profitability of both segments.

The Company is meeting its obligations on time and maintains a safe level of cash and cash equivalents to ensure liquidity. The funds from the share issue and cash generated from operating activities are helping to complete the planned investments, especially the investments in developing innovative projects, laboratory infrastructure and opening foreign subsidiaries aimed at supporting business development.

Major off-balance-sheet items

Major off-balance-sheet items are described in note 26 to the condensed consolidated financial statements.

Position of the Board regarding the feasibility of implementing previously announced forecasts

On 27 July 2016, in the current ESPI report 26/2016, the Company published estimates projecting a negative net profit for Q2 2016, which was confirmed in the consolidated financial statements for H1 2016.

INFORMATION ON THE GROUP'S ACTIVITY IN H1 2016

R&D Activities (Innovative Segment)

In H1 2016, Selvita Group successfully continued research projects, both these performed as part of internal pipeline, as well as projects performed in cooperation with external partners i.e. the Kinase Inhibitor Platform collaboration with H3 Biomedicine and the Cancer Metabolism Platform collaboration with Merck KGaA.

SEL24

The purpose of the SEL24 project is discovery and development of innovative anticancer drug capable to selectively destroy cancer cells. Within the SEL24 project Selvita discovered a specific, dual inhibitor of PIM/FLT3 kinases, shown to be key players in signaling pathways crucial for the development of different type of cancers – especially AML (Acute Myeloid Leukemia).

Work in H1 2016 was concentrated on the preparations to initiate the Phase I clinical trial. On 15 April 2016, Selvita applied to the FDA (Food and Drug Administration), filling an IND (Investigational New Drug) in order to obtain a permission for commencement of the clinical trial. In the course of this process Selvita received detailed comments from the FDA which were related to both nonclinical data and clinical study protocol, and were subsequently addressed by the Company. In the course of that process FDA requested clinical trial protocol adjustments and conduction of additional tests necessary for further analysis of SEL24 metabolism and its drug-drug interaction potential in relation to other treatments. Selvita completed the studies and submitted all the required documents. Further to that, on 17 August 2016, the Company received the information that FDA has accepted the IND application, and SEL24 will now progress to the Phase I/II clinical trial in AML patients. Selvita intends to initiate the first patient dosing in Q4 2016.

SEL120

The main goal of the SEL120 project is initiation of clinical trial for the first-in-class, specific CDK8 kinase inhibitor. SEL120-34A molecule has been already reported as a candidate for further preclinical and clinical development. It has been proved to be well tolerated at effective doses in the non-GLP mice and monkey toxicity studies, conducted by a specialized CRO. Preparations for commencement of formally required toxicology studies necessary for the IND filing are ongoing. Company's recent results confirmed high efficiency in in vivo leukemia models. We have been also able to identify potential molecular susceptibility indicators to the SEL120-34A compound in leukemia cells and confirm the mechanism of action based on the modification of oncogenic transcriptome. Currently conducted studies are directed at strengthening the hypothesis of sensitivity to CDK8 inhibition, which is the essential factor in personalized therapeutic approach and in clinical trial planning. In parallel, Selvita established collaborations with scientific institutions, the aim of which is investigation of clinical candidate's activity in additional therapeutic indications.

KINASE INHIBITORS PLATFORM

Kinase inhibitors platform is developed in a strategic partnership with H3 Biomedicine, with the aim to develop an innovative anticancer therapy. The novel small molecule compounds designed within the collaboration, modulate new kinase targets associated with the oncogenic kinase signaling.

In H1 2016, two alternative series of kinase-based oncogenic signaling inhibitors were optimized. Developed compounds show superior efficacy comparing to competitive reference compounds in the cellular models of aggressive hematologic malignancies.

These molecules, with a unique chemotype, are characterized by good physicochemical and in vitro ADME-Tox properties. Currently the project is focused on the efficacy assessment of the most promising compounds in mouse xenograft models and confirmation of the future patients' stratification strategy. Further details cannot be disclosed due to the confidentiality restrictions.

CANCER METABOLISM PLATFORM

The goal of that project (which is in part a continuation of Company's partnership with Merck KGaA) is development of new anticancer drugs targeting particular biological targets associated with aberrant metabolic pathways in cancer cells (cancer metabolism). Dependence on specific metabolic pathways (e.g. glutaminolysis or glycolysis) is a common feature for many types of cancer, therefore, such drugs have potentially very broad application spectrum. In collaboration with a Partner, several biological targets have been selected. The ongoing research works are at various stages of advancement (from molecular target validation to lead optimization). Besides the financial input, the project is substantially supported at scientific and infrastructural level by the R&D department of the Partner which is one of the top 25 global pharmaceutical companies. Further details cannot be disclosed due to the confidentiality restrictions.

IMMUNOONCOLOGY PLATFORM

Immunooncology Platform aims to develop immunotherapeutics, based on solutions that could overcome the limitations of currently available therapies and allow for a personalized, targeted treatment of patients with aggressive and resistant cancers. Immunotherapy can mobilize the immune system utilizing its potential to specifically kill tumor cells with a limited systemic toxicity.

Current research strategy is focused on two protein targets. In H1 2016, using high-throughput screening and rational drug design methods, Selvita successfully identified the first hit molecules binding to selected targets. Further intensive development of the chemical series and optimization of the relevant in vitro models are in

progress. The Company's strategy assumes gradual expansion of the platform to broaden project portfolio with new initiatives focused on targets with an immunotherapeutic potential.

SEL212

The aim of the SEL212 project is to develop small molecule inhibitors of NLRP3 inflammasome. This protein complex regulates the formation of active forms of the inflammatory cytokines such as interleukins 1β and 18. Excessive inflammasome activation plays a crucial role in the pathogenesis of a number of diseases, which are a significant burden for the current health care systems, such as type 2 diabetes, gout, rheumatoid arthritis, Alzheimer's disease or cancer. Two independent series of inflammasome inhibitors were identified within the project. These compounds exhibit high cellular activity and are able to inhibit the production of IL1β in human PBMC cells. The molecules are orally bioavailable and active in animal models. At the current stage, pharmacokinetic parameters for selected compounds are being characterized. Also, both chemical series are subject to extensive process of hit-to-lead transition.

On 27 July 2016, Selvita signed an agreement with Nodthera Limited, based on which Nodthera will utilize the world class research on NLRP3 inflammasome conducted so far by Selvita, and focus on the discovery and development of novel inhibitors of the NLRP3 inflammasome.

Nodthera Ltd., with its headquarters in Edinburgh, Scotland, was founded by Epidarex Capital, an investment fund which invests in early-stage, high growth life science and health technology companies in under-ventured markets within the UK and US. Eli Lilly, one of the most renown, global pharmaceutical companies, is a limited partner in the fund.

OTHER PROJECTS

The Company's pipeline includes more projects in addition to the abovementioned, however any details regarding them remain confidential.

Service Segment

BIOLOGY DIVISION

In H1 2016, the activities of Biology Department focused on services in the area of biological, biochemical and analytical research conducted for clients operating in the field of chemistry, pharmacy and biotechnology, as well as in the agrochemical industry. Contract Biology laboratories specialize in conducting certified GLP and GMP tests in the areas of: pharmacodynamic testing, cytotoxicity testing, test development and validation for: biochemical, bioanalytic and cell tests and for analytic methods. In addition, another well-developed branch of activity are the services of recombinant protein production, provided by the Biochemistry Laboratory.

In the first half of this year, the Molecular Cell Biology Lab carried out, on a large-scale, a number of projects related to analysing safety and efficacy of compounds used in both the pharmaceutical and agrochemical industries. These projects were conducted for innovative biotechnology and pharmaceutical companies from Poland, United Kingdom and United States. All these studies were conducted in compliance with Good Laboratory Practice. Moreover, the entity started conducting or completed a set of projects for other Clients from Poland and Europe, related to analysing low molecular weight compounds with a potential anti-cancer, anti-inflammatory or immunosuppressive effect. In addition, complex research work continued, in collaboration with a leading European pharmaceuticals company, aimed at developing bioanalytical methods to analyze contamination resulting from the manufacturing process of biological medicines.

In H1 2016, the Analytical Lab continued work in the area dedicated to pharmaceutical clients. This involved routine testing in accordance with the developed methods (stability testing, release testing) as well as the development and validation of new analytical methods. Work continued for regular Polish and international clients, including a Swiss pharmaceutical company, with the analytical lab works based both on fixed price and FTE model, as well as new international clients have been identified who are interested in a full package of analytical services. In H1 2016, the offer for the agrochemical industry continued to be extended very successfully, with secured contracts from two more international companies (including one of the world's largest chemicals companies) interested in method validation, 5Batch analyses and development of new methods. In connection with projects for the agrochemical business, the number of GLP tests conducted at the Analytical Lab increased. Taking into consideration the growing number of projects dedicated to GC technology in Q2, the lab space was extended to include another module of 100 sq. m. At present, this module houses GC and ICP equipment and is fully adapted to work on GMP projects. A fifth analytical lab module, dedicated to LC-MS equipment, was also acquired. This decision was due to the increase in the number of commercial projects (GMP, GLP, development projects) conducted using this equipment.

The Biochemistry Lab extended its existing collaboration with global pharmaceutical clients and with smaller biotechnology companies in the area of recombinant protein production services using bacterial expression systems and systems based on eukaryotic cell lines. Recombinant protein production using the aforementioned expression systems is the Lab's core activity, benefiting from high interest among international clients, which may greatly contribute to the acquisition of new clients and increase in the revenues. Moreover, the Lab offers genotoxicity tests of chemical compounds based on bacterial models, which complements the offer of the Biochemistry Lab. It should be also pointed out that in H1 2016, collaboration started and first projects were completed both in recombinant protein production and genotoxicity testing for clients from the North American market, which is opening up new opportunities for growth and increasing revenues from the world's largest biotechnology market.

The main goal of the Contract Biology Department will be to increase the penetration of Western European and US markets, taking special account of the offer targeting pharmaceutical/ biotechnological clients looking for integrated solutions for innovative drug development projects. Additional sales activities will target a new client group from the agrochemicals industry, which has been strengthening its position in the department's client portfolio quarter to quarter. A long-term goal of the Contract Biology Department will be to increase the number of projects conducted on the basis of the FTE model. This type of partnership with third-party clients is already successfully used by the Company within the Contract Chemistry Department projects and Innovation Segment projects. In recent months it was also used for the first time when completing third party orders of the Analytical Lab.

CHEMISTRY DIVISION

In H1 2016, the revenues of the Contract Chemistry Department came mostly from contracts signed with regular business partners operating globally in the pharmaceutical, biotechnological and chemical sectors. At the same time, we signed contracts with new clients from the European and US markets.

We continued the previous years' trend of ensuring that FTE projects and collaboration based on fixed-price project series from regular clients represent a high share of the Department's overall revenues. We were also constantly extending the scope of collaboration by getting fixed-price and FTE contracts from new clients.

The Department's contracts mainly include:

- synthetic support for R&D projects aimed at developing new therapies,
- feasibility and efficiency studies for synthetic processes to be used in chemical production,
- developing efficient and cost-efficient synthesis processes,
- scaling chemical processes for production purposes,
- synthesising new and known chemical compounds, and
- technical and business consulting.

Recently, the Group invested in specialized apparatus to support work on R&D projects as well as purification and analysis of organic compounds, thereby extending the scope of services offered.

In H1 2016, we also ran intensive sales activities in the United States, Europe and Israel, aimed at acquiring new clients in these markets. Apart from standard sales activities, client visits to Selvita and Selvita employees' visits to client's sites, we took part in several prestigious industry conferences:

- BIO Europe Spring, 4-6 May 2016, Stockholm, Sweden,
- Biotech Swiss, 12 April 2016, Basel, Switzerland,
- Drug Design & Medicinal Chemistry, 11-12 May 2016, Berlin, Germany,
- Biomed Israel Innovation Conference, 24-26 May 2016, Tel Aviv, Israel,
- BIO International Convention, 6-9 June 2016, San Francisco, USA
- Annual Drug Discovery Leaders' Summit, 13-14 June 2016, Berlin, Germany,
- Biotech Outsourcing Strategies cmc 2016, 26-28 June 2016, Basel, Switzerland.

This participation in conferences was not only an opportunity to meet current business partners, but also resulted in establishing new contacts who are interesting from the perspective of trade relations. We also expect similar activity and efficiency in getting new contracts in H2 2016, which enables us to anticipate a constant intensive development of the Chemistry Department.

ARDIGEN S.A. (BIOINFORMATICS AND PRECISION MEDICNE)

In H1 2016, Ardigen fully executed the operating plan adopted for this period, which aimed to build a strong bioinformatics team specialized in personalized medicine. Competences in genomics, transcriptomics, metabolomics, immunomics and metagenomics, in the context of microbiome, were greatly enhanced. The team was joined, among the others, by two scientists holding PhD in Bioinformatics. The offer was extended to include the development of bioinformatic analytical models based on machine learning technologies as the company's strategic competence area. Currently, Ardigen's interdisciplinary team is fully prepared to conduct projects that require an in-depth knowledge of molecular biology and practical experience in programming, including processing large amount of biological data.

The intensive sales activities focused on the US market and resulted in collaboration with Harvard Medical School and four California-based biotechnology companies, which operate globally-innovative personalized medicine projects. Also, the first half year saw the beginning of a fruitful collaboration with one of the largest global pharmaceutical company originating in Europe. The client and project portfolio, characterized by a great diversity, will allow the company to build world-class bioinformatics competence and, consequently, acquire further contracts in the US and EU.

In the last half year, Ardigen team took part in three international scientific conferences held in the United States, in the world's largest biotechnology centers. These were the Personalized Medicine Word Conference, which was

held in Mountain View, California, the Molecular Medicine Tri-Conference, held in San Francisco and Bio-IT in Boston. Participation in these prestigious events helped establish many valuable contacts and gain knowledge on global trends in personalized medicine. These activities have already resulted in acquiring new contracts and helped build a valuable portfolio of sales opportunities, which will translate into getting new contracts in the upcoming quarters.

In parallel, similarly to previous periods, sales and implementation continued for the solution which is at the core of each professionally managed lab: the STARLIMS system by Abbott Informatics. LIMS competence enables Ardigen to operate the entire process of bioinformatic analyses, which begins at the lab. Thanks to such a combination, the Integrated Bioinformatics service was included in Ardigen's offer.

Apart from activities in service areas, work was undertaken on R&D projects in the area of personalized medicine.

Employment details

Further to a dynamic development in the period discussed in the report, the Group significantly increased its staffing, especially in the R&D department and Contract Chemistry Department. The staffing level grew from 264 employees in August 2015 to 360 employees in August 2016 (357 full-time positions).

Information on Selvita S.A. Shareholding Structure

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

Shareholder	Shares	% of shares	Votes	% of votes
Paweł Przewięźlikowski	5 248 595	39,04%	8 748 595	50,01%
Bogusław Sieczkowski	963 984	7,17%	1 513 984	8,65%
Tadeusz Wesołowski (directly and indirectly)	1 282 713	9,54%	1 282 713	7,33%
Other members of the Management and Supervisory Board	1 049 550	7,81%	1 049 550	6,00%
Remaining shareholders	4 898 501	36,44%	4 898 501	28,00%
Total	**13 443 343**	**100,00%**	**17 493 343**	**100,00%**

Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016	01/01/2016 - 30/06/2016 PLN	01/01/2015 - 30/06/2015 PLN
Continued operations		
Revenues from sales	22 664 216	17 243 701
Revenues from grants	5 662 141	7 297 880
Other operating revenues	208 169	157 143
Revenues on operating activities	**28 534 526**	**24 698 724**
Change in stock of goods	-	(3 393)
Amortisation and depreciation	(1 660 292)	(1 649 559)
Consumption of materials and energy	(5 805 199)	(5 155 967)
External services	(4 631 686)	(3 534 026)
Payroll	(14 331 642)	(9 461 134)
Taxes and charges	(228 151)	(163 683)
Other costs by type	(1 922 442)	(1 429 692)
Value of goods and materials sold	(113 611)	(288 785)
Other	(53 614)	(12 802)
Operating expenses excluding impact of share-based incentive program	**(28 746 637)**	**(21 699 042)**
Profit (loss) on operating activities excluding impact of share-based incentive program	**(212 111)**	**2 999 682**
Share-based incentive program	(4 042 535)	-
Profit (loss) on operating activities	**(4 254 646)**	**2 999 682**
Financial revenues	1 033 487	406 831
Financial expenses	(412 456)	(39 552)
Other	-	-
Profit (loss) before income tax	**(3 633 615)**	**3 366 960**
Income tax expense	(88 052)	(34 982)
Net profit (loss) on continued operations	**(3 721 667)**	**3 331 978**
Discontinued operations		
Profit (loss) on discontinued operations	-	-
Net profit (loss)	**(3 721 667)**	**3 331 978**
Net profit loss attributed to:		
Majority shareholders	(3 466 217)	3 331 978
Non-controlling shareholders	(255 450)	-
Other comprehensive income:		
Foreign subsidiaries results translation differences	(42 900)	-
Total other comprehensive income (loss)	**(42 900)**	**-**
Total comprehensive income (loss)	**(3 764 567)**	**3 331 978**
Total comprehensive income (loss) attributed to:		
Majority shareholders	(3 509 117)	3 331 978
Non-controlling shareholders	(255 450)	-
Earnings per share (expressed in gr per share)		
With continued and discontinued operations:		
Basic	(25.8)	25.4
Diluted	(25.2)	25.4
With continued operations:		
Basic	(25.8)	25.4
Diluted	(25.2)	25.4

Consolidated Balance Sheet

AS OF 30 JUNE 2016	30/06/2016	31/12/2015
	PLN	PLN
ASSETS		
Fixed assets		
Tangible fixed assets	11 387 012	8 597 002
Investment in real-estate	-	-
Goodwill	280 740	280 740
Other intangible assets	198 609	153 638
Unfinished development works	3 925 724	1 839 834
Investments in related parties	-	-
Deferred tax assets	5 661 468	5 650 690
Other financial assets	-	-
Other assets	196 038	196 038
Total fixed assets	**21 649 591**	**16 717 942**
Current assets		
Inventory	1 323 379	1 174 090
Short-term receivables	16 494 531	17 411 959
Receivables on long-term contracts	642 532	549 455
Other financial assets	-	-
Current tax related assets	-	-
Other assets	936 341	581 815
Cash and other monetary assets	25 961 088	28 806 527
	45 357 871	**48 523 846**
Non-current assets held for sale and discontinued operations	-	-
Total current assets	**45 357 871**	**48 523 846**
Total assets	**67 007 462**	**65 241 788**

Consolidated Balance Sheet (cont.)

AS OF 30 JUNE 2016	30/06/2016	31/12/2015
	PLN	PLN
EQUITY AND LIABILITIES		
Equity		
Share capital	5 377 337	5 246 183
Surplus from sale of shares above par value	25 480 805	25 284 072
Own shares	-	-
Supplementary capital	14 890 224	5 829 400
Other reserve capitals	8 771 535	6 612 442
Foreign subsidiaries results translation differences	(42 900)	(2 619)
Previous years profit (loss)	(3 765 104)	(2 790 893)
Net profit (loss)	(3 466 217)	6 269 811
Provisions related to non-current assets held for sale and discontinued operations presented directly in equity	-	-
Equity attributed to majority shareholders	**47 245 680**	**46 448 396**
Equity attributed to minority shareholders	242 569	431 379
Total equity	**47 488 249**	**46 879 775**
Long-term liabilities		
Long-term credits and loans	-	-
Other financial liabilities	1 491 731	297 618
Liabilities for retirement	61 438	61 438
Provision for deferred income tax	268 974	170 144
Provisions for liabilities-long-term	-	-
Deferred income	843 880	1 513 384
Other liabilities	-	-
Total long-term liabilities	**2 666 023**	**2 042 583**
Short-term liabilities		
Trade liabilities	5 603 780	3 927 091
Construction contracts liabilities	22 881	1 374 860
Short-term credits and loans	53 068	33 469
Other financial liabilities	587 964	268 379
Current tax liabilities	-	4 481
Short-term provisions	3 629 863	3 327 277
Deferred income	6 955 634	7 383 873
Other liabilities	-	-
Total short-term liabilities	**16 853 190**	**16 319 430**
Total liabilities	**19 519 213**	**18 362 013**
Total equity and liabilities	**67 007 462**	**65 241 788**

Consolidated Cash Flow

	01/01/2016-30/06/2016	01/01/2015-30/06/2015
	PLN	PLN
Cash flows from operating activities		
Net profit (loss)	**(3 721 667)**	**3 331 978**
Adjustments		
Amortisation and depreciation	1 660 292	1 649 559
Exchange gains (losses)	-	-
Interest and profit-sharing (dividends)	12 261	(213 287)
Profit (loss) on investing activities	-	-
Change in receivables	4 684 534	1 097 303
Change in inventory	(149 290)	(240 563)
Change in short-term liabilities and provision excluding credits and loans	324 710	(1 236 735)
Change in grants	(5 678 348)	(5 649 809)
Change in deferred revenue	(59 951)	(4 091 471)
Change in provisions	302 586	(89 312)
Change in other assets	(241 474)	-
Income tax paid	(4 481)	-
Contribution in kind of non-controlling shareholders	-	-
Share-based incentive program	4 042 535	-
Other	(40 281)	13 207
Cash flows from operating activities	**1 131 425**	**(5 429 131)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	-
Purchase of tangible and intangible fixed assets	(8 262 022)	(1 287 089)
Purchase of tangible and intangible fixed assets partially financed with grant	-	(50 404)
Purchase of other financial assets	-	-
Interest received	-	215 007
Loans granted	-	-
Other inflows from financial assets	-	-
Other	-	-
Cash flows from investing activities	**(8 262 022)**	**(1 122 487)**
Cash flow from financing activities		
Proceeds from shares issue	327 887	27 314 477
Payment of liabilities from finance lease agreements	(586 589)	(312 970)
Proceeds from credits and loans	19 599	78 427
Grants	4 561 522	12 924 784
Repayment of credits and loans	-	(90 921)
Dividends	-	-
Interest paid	(12 261)	(1 719)
Payments connected with shares issue	(25 000)	(969 949)
Other	-	-
Net cash flows from financing activities	**4 285 158**	**38 942 129**
Increase of net cash	746 093	32 390 511
Cash opening balance	28 806 527	4 757 817
Cash and cash equivalents - end of the period	**29 552 620**	**37 148 328**

CONTACT DETAILS

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