SCIGEN LTD AND ITS SUBSIDIARIES
(Registration No. 199805796R)

INDEPENDENT AUDITOR'S REVIEW REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

SCIGEN LTD AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REVIEW REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

C O N T E N T S

GRP4-SM/3019054-4064611-FS/SGP/JLLP/FWWY/WSI

RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the Period Ended June 30, 2017
(Previous corresponding period: Six months ended June 30, 2016)

Revenue and Net Profit

		Percentage change		Amount
		%		**US$'000**
Revenue from ordinary activities	Up	49	To	19,951
Profit from ordinary activities after tax attributable to members	Up	6	To	1,667
Net profit for the period attributable to members	Up	6	To	1,667

Revenue

The Group posted revenue growth of 49% compared to corresponding period of preceding year, mainly attributable to sales of insulin bulk, drug for treatment of Parkinson's disease and Thymosin alpha 1. Among the three products, insulin bulk and drug for treatment of Parkinson's disease were not sold in the first semester of 2016 and accounted for 20% of total revenue.

Revenue growth for Thymosin alpha 1 was 40%, making it the top product in the Group, in terms of both revenue and gross margin contribution. The two core products of human growth hormones and insulin posted modest growth in revenue of 1% and 13% respectively and cumulatively accounted for 37% of Group revenue.

Results

Gross margin ratio declined from 56% in corresponding period last year to 46% this year as the two new products aforementioned generated margins below 10%. On the back of increased revenue, gross margin rose by 21% to US$9,170,000.

Profit before finance expenses and income tax rose by 8% to US$2,569,000. Profit after finance expenses and before income tax amounted to US$2,073,000 for the period ended 30 June 2017 as compared to US$1,890,000 in the corresponding period last year.

For the period ended June 30, 2017, basic earnings per share of the Group amounted to US$0.30 cents, an improvement from preceding year of US$0.28 cents.

Dividend

The directors do not propose to pay dividends for the six-month period ended June 30, 2017. No dividends have been paid, declared or proposed since the end of the Company's preceding financial year.

SCIGEN LTD AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

The directors present their statement together with the condensed consolidated interim financial statements for the six-month period ended June 30, 2017.

In the opinion of the directors, the condensed consolidated interim financial statements of the Group set out on pages 6 to 23 are drawn up so as to give a true and fair view of the financial position of the Group as at June 30, 2017 and of the financial performance, changes in equity and cash flows of the Group for the six-month period then ended and at the date of this statement, with the continued financial support from its ultimate holding company, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Mr. Marek Dziki	
Mr. Ashley Ivor Simon Morris	(Appointed on February 14, 2017)
Mr. Adam Tomasz Polonek	
Mr. Ju Bo Liu	(Appointed on February 9, 2017)
Mr. Vaidyanathan Viswanath	(Appointed on February 9, 2017)
Mr. Kenneth Gross	
Mr. Mateusz Patryk Kosecki	
Mr. Marcin Dukaczewski	

REVIEW OF OPERATIONS

A summary of consolidated revenues and results for the six months by significant geographical segments is set out below:

	Segment Revenue		**Segment Results**	
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
	US$'000	US$'000	US$'000	US$'000
Continuing operations				
Singapore	53	93	11	19
Australia	5,703	2,739	88	197
Korea	8,993	7,003	2,629	2,315
Thailand	2,292	1,970	150	119
Bangladesh	1,101	-	99	-
Philippines	600	619	(80)	7
Others	1,209	995	603	571
Total for all segments	19,951	13,419	3,500	3,228
Unallocated revenue less unallocated expenses			(931)	(858)
Profit before finance expense and income tax			**2,569**	**2,370**
Finance income			11	89
Finance expense			(507)	(569)
Profit before income tax			**2,073**	**1,890**
Income tax expense			(406)	(322)
Profit for the period			**1,667**	**1,568**

Likely developments in the operations of the Group at the date of this statement are as follows:

(a) The Group remains committed in enhancing its product portfolio in areas of endocrinology, paediatrics, neurology and oncology care through in-licensing and partnerships with reputable pharmaceutical companies.

(b) The Group continues to explore opportunities in expansion of distribution network within Asia Pacific whilst reinforcing its market position in existing territories.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this statement as the directors are of the opinion that such information is commercially sensitive.

ON BEHALF OF BOARD OF DIRECTORS

....
Ashley Ivor Simon Morris
Chief Executive Officer & Director

....
Adam Tomasz Polonek
Chief Financial Officer & Director

Singapore
August 24, 2017

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SCIGEN LTD AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Board of Directors
SciGen Ltd
152 Beach Road
#26-07/08 Gateway East
Singapore 189721

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of SciGen Ltd (the "Company") and its subsidiaries (the "Group") which comprise the condensed consolidated interim statement of financial position of the Group as at June 30, 2017, and the related condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period ended June 30, 2017 and a summary of significant accounting policies and other explanatory information as set out on pages 6 to 23.

Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial statements in accordance with Singapore Financial Reporting Standard ("FRS") 34 *Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

SCIGEN LTD AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, in accordance with FRS 34.

Limitation of Use

This report has been prepared for the purpose of filing the condensed consolidated interim financial statements to the Australian Securities Exchange ("ASX"). This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

August 24, 2017

SCIGEN LTD AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at June 30, 2017

	Note	June 30, 2017	December 31, 2016
		US$'000	US$'000
		(Unaudited)	**(Audited)**
ASSETS			
Current assets			
Cash and cash equivalents		6,250	4,581
Trade and other receivables		6,897	6,063
Income tax receivable		-	-
Inventories		3,032	2,588
Total current assets		16,179	13,232
Non-current assets			
Property, plant and equipment	7	107	96
Intangible assets	8	3,725	3,823
Deferred tax assets		6,234	6,147
Total non-current assets		10,066	10,066
Total assets		26,245	23,298
LIABILITIES AND CAPITAL DEFICIENCY			
Current liabilities			
Trade and other payables		3,781	3,106
Income tax payable		430	632
Total current liabilities		4,211	3,738
Non-current liabilities			
Other payables	9	11,210	10,749
Loans and borrowings	10	64,580	64,580
Total non-current liabilities		75,790	75,329
Capital, reserves and accumulated losses			
Share capital		42,530	42,530
Translation reserves		(1,509)	(1,855)
Accumulated losses		(94,777)	(96,444)
Net capital deficiency		(53,756)	(55,769)
Total liabilities, net of capital deficiency		26,245	23,298

See accompanying notes to condensed consolidated interim financial statements.

SCIGEN LTD AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six-month period ended June 30, 2017

	Note	Six months ended June 30, 2017 US$'000 (Unaudited)	Six months ended June 30, 2016 US$'000 (Unaudited)
Revenue	11	19,951	13,419
Other income		12	22
Changes in inventories of finished goods		(217)	644
Purchases		(10,564)	(6,485)
Employees' benefits expense	13	(2,208)	(1,814)
Depreciation of property, plant and equipment		(22)	(21)
Amortisation of intangible assets		(174)	(168)
Other operating expenses	12	(4,209)	(3,227)
Profit before finance expense and income tax		2,569	2,370
Finance income	14	11	89
Finance expense	14	(507)	(569)
Profit before income tax	13	2,073	1,890
Income tax expense		(406)	(322)
Profit for the period		1,667	1,568
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, representing other comprehensive income (loss) for the period		346	(182)
Total comprehensive income for the period		2,013	1,386
Profit for the period attributable to:			
Owners of the Company		1,667	1,568
Total comprehensive income attributable to:			
Owners of the Company		2,013	1,386
Earnings per share			
Basic and diluted earnings per share (cents)	15	0.30	0.28

See accompanying notes to condensed consolidated interim financial statements.

SCIGEN LTD AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six-month period ended June 30, 2017

	Share capital	Translation reserves	Accumulated losses	Attributable to owners of the Company
	US$'000	US$'000	US$'000	US$'000
(Unaudited)				
At January 1, 2016	42,530	(1,417)	(98,500)	(57,387)
Total comprehensive income for the period	-	(182)	1,568	1,386
At June 30, 2016	42,530	(1,599)	(96,932)	(56,001)
At January 1, 2017	42,530	(1,855)	(96,444)	(55,769)
Total comprehensive income for the period	-	346	1,667	2,013
At June 30, 2017	42,530	(1,509)	(94,777)	(53,756)

See accompanying notes to condensed consolidated interim financial statements.

SCIGEN LTD AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six-month period ended June 30, 2017

	June 30, 2017	June 30, 2016
	US$'000 **(Unaudited)**	US$'000 **(Unaudited)**
Operating activities		
Profit before income tax	2,073	1,890
Adjustments for:		
Depreciation of property, plant and equipment	22	21
Amortisation of intangible assets	174	168
Inventories written-off	3	3
Interest income	(11)	(4)
Interest expense	461	569
Net foreign exchange (gain) loss	46	(85)
Operating cash flow before movement in working capital	2,768	2,562
Inventories	(447)	(484)
Trade and other receivables	(834)	(1,163)
Trade and other payables	780	(400)
Income taxes paid	(725)	(356)
Net cash flows from operating activities	1,542	159
Investing activities		
Interest received	11	4
Purchase of property, plant and equipment	(29)	(5)
Purchase of intangible assets (Note A)	(73)	(12)
Net cash flows used in investing activities	(91)	(13)
Financing activities		
Interest paid	-	(25)
Net cash flows used in financing activities	-	(25)
Net increase in cash and cash equivalents	1,451	121
Cash and cash equivalents at beginning of the period	4,581	3,579
Effect of exchange rate fluctuations on cash held	218	(64)
Cash and cash equivalents at end of the period	6,250	3,636

<u>Note A</u>:

In the corresponding prior period, the Group acquired intangible assets with a cost of US$13,000 of which US$1,000 remained unpaid at the end of the reporting period.

See accompanying notes to condensed consolidated interim financial statements.

1 GENERAL

SciGen Ltd (the “Company”) with Registration Number 199805796R is incorporated in the Republic of Singapore and is a public limited company listed on Australian Stock Exchange.

The principal place of business and registered office is located at 152 Beach Road, #26-07/08 Gateway East, Singapore 189721. The condensed consolidated interim financial statements are presented in United States dollars, which is the Company’s functional currency and rounded to the nearest thousand, unless stated otherwise.

The principal activities of the Group and of the Company consisted of sales, marketing and business development of pharmaceutical and recombinant technology derived products.

For the period ended June 30, 2017, the Group had a net profit of US$1,667,000 (June 30, 2016 : US$1,568,000). As at June 30, 2017, the Group’s current assets exceeded current liabilities by US$11,968,000 (December 31, 2016 : US$9,494,000) and had net capital deficiency of US$53,756,000 (December 31, 2016 : US$55,769,000).

Management of the Company consider that it is appropriate for the Group to prepare its condensed consolidated interim financial statements on a going concern basis as the Group has received an undertaking from the ultimate holding company to continue to provide the Group with financial and other support as necessary for the next twelve months to enable the Group to continue as a going concern and to support their operating and investing activities for at least another twelve months from the date of the condensed consolidated interim financial statements for the six-month period ended June 30, 2017.

Loans granted to the Company of US$64,580,000 by the ultimate holding company together with the interest payable of US$11,210,000 are due for repayment on December 31, 2020.

The condensed consolidated interim financial statements of the Group for the six-month period ended June 30, 2017 were authorised for issue by the Board of Directors on August 24, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements has been prepared in accordance with the same accounting policies and methods of computation that were applied in the audited financial statements of the Group for the year ended December 31, 2016.

On January 1, 2017, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations.

The adoption of these new/revised FRSs and INT FRSs does not result in any substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

At the date of authorisation of the condensed consolidated interim financial statements, the following FRSs that are relevant to the Group were issued but not effective:

- FRS 109 *Financial Instruments* [1]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [1]
- FRS 116 Leases [2]

[1] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
[2] Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted.

Consequential amendments were also made to various standards as a result of these new or revised standards.

The management anticipates that the adoption of the above FRSs in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except for the following:

<u>FRS 109 *Financial Instruments*</u>

FRS 109 was issued in December 2014 to replace FRS 39 Financial Instruments: Recognition and Measurement and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial assets. Management will consider whether a lifetime or 12-month expected credit losses on financial assets should be recognized, which is dependent on whether there has been a significant increase in the credit risk of the assets from initial recognition to the date of initial application of FRS 109. Additional disclosures will also be made in respect of financial instruments including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the initial application of the new FRS 115 will result in changes to the accounting policies relating to revenue recognition. Additional disclosures will also be made with respect of trade receivables and revenue recognition, including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to all obligations for non-cancellable leases (other than the exceptions above) will be recognised as liabilities with corresponding recognition of right-of-use assets. Note 17 provides information on the existing lease obligations as at June 30, 2017. Additional disclosures will also be made with respect of obligations for non-cancellable leases and right-of-use assets, including any significant judgement and estimation made.

3 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Bioton S.A., incorporated in Poland. Related companies refer to members of the ultimate holding company's Group of companies.

Transactions between subsidiaries have been eliminated on consolidation.

The following transactions took place between the Group and related companies during the period:

	June 30, 2017	June 30, 2016
	US$'000 **(Unaudited)**	US$'000 **(Unaudited)**
<u>Ultimate holding company</u>		
Purchases of goods	3,173	1,914
Profit sharing on sales of insulin (Note 11)	(500)	(522)
Interest accrued for loan from ultimate holding company (Note 14)	461	544

4 OTHER RELATED PARTY TRANSACTIONS

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these condensed consolidated interim financial statements.

Compensation of directors and key management personnel

Remuneration and retirement benefits paid/payable to directors are as follows:

	June 30, 2017	June 30, 2016
	US$'000 **(Unaudited)**	US$'000 **(Unaudited)**
Remuneration paid or payable, or otherwise made available, to directors of the entities in the Group and the Company (Note 13)	347	218

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In application of the Group's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 2 of the financial statements, management believes that there are no areas of judgements that have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

(a) Impairment of intangible assets - licences

The Group has substantial investments in intangible assets, which mainly comprise of licences and the related development costs.

An impairment loss is recognised when events and circumstances indicate that the Group's intangible assets may be impaired and the carrying amounts of the intangible assets exceed their recoverable amounts.

The recoverable amounts of the licences and development costs were estimated based on its value in use for all products. Value in use was determined by discounting the future cash flows generated from the continuing use of the intangible assets.

The management has estimated the recoverable amount of the licences for insulin with a carrying amount of US$3,238,000 (December 31, 2016 : US$3,346,000). The recoverable amount was estimated based on its value in use which includes discounting future cash flows generated from the continuing use of the licences through sales of insulin and generation of profit sharing income. The Company has signed two (2016 : two) profit sharing agreements with its ultimate holding company, whereby the Company will receive a share of the revenues from the use of insulin licence in the countries wherein the Group has the licence and rights to distribute the product. The Company expects profit from its ultimate holding company for contracts with annual sale for the next nine years (2016 : nine years) with projected fee based on estimated volume for the use of insulin licence and development cost which confirms the non-impairment of the licences and related development costs for insulin.

The details of the Group's intangible assets are disclosed in Note 8 to the financial statements.

(b) Deferred tax assets valuation

The carrying amount of deferred tax assets amounts to US$6,234,000 (December 31, 2016 : US$6,147,000). The deferred tax assets are recognised for unused tax losses and some temporary tax differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6 SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

7 PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended June 30, 2017, the Group acquired property, plant and equipment at cost of approximately US$29,000 (June 30, 2016 : US$5,000).

There was no write-off of property, plant and equipment during the six month period ended June 30, 2017 (June 30, 2016 : Carrying value of property, plant and equipment written-off was U$143).

8 INTANGIBLE ASSETS

During the six-month period ended June 30, 2017, additions to intangible assets amounted to US$73,000 (June 30, 2016 : US$13,000).

9 OTHER PAYABLES

The non-current other payables comprises the loan interest payable to ultimate holding company which is due for repayment on December 31, 2020. The effective interest rate is 2.09% per annum (December 31, 2016 : 1.71% per annum). Interests on the loan shall be paid by reference to the outstanding principal sum being repaid, on the repayment date.

10 LOANS AND BORROWINGS

The loans from ultimate holding company were made on normal commercial terms and conditions and bear interest of London Interbank Offered Rate ("LIBOR") 3 months + 1% (December 31, 2016 : LIBOR 3 months + 1%) per annum. The loans and interest payable are due for repayment on December 31, 2020.

11 REVENUE

	June 30, 2017	June 30, 2016
	US$'000	US$'000
	(Unaudited)	**(Unaudited)**
Sales of goods	19,451	12,897
Profit sharing income on sales of insulin (Note 3)	500	522
	19,951	13,419

12 OTHER OPERATING EXPENSES

	June 30, 2017	June 30, 2016
	US$'000	US$'000
	(Unaudited)	**(Unaudited)**
Advertising and promotional expenses	2,912	2,102
Professional and consultancy fees	188	198
Travel and entertainment expenses	198	152
Insurance premium	88	75
Rental expenses	160	131
Regulatory and clinical research expenses	48	23
Administrative and communication expenses	231	210
Storage and distribution expenses	381	333
Others	3	3
	4,209	3,227

13 PROFIT BEFORE INCOME TAX

	June 30, 2017	June 30, 2016
	US$'000 **(Unaudited)**	US$'000 **(Unaudited)**
Profit before income tax is stated after (charging)/crediting the following:		
Operating lease expenses (Note 17)	(161)	(136)
Auditors' remuneration	(30)	(27)
Cost of inventories recognised as expense	(10,781)	(5,841)
Employees' benefits expense :		
contributions to defined contribution plans, included in staff costs	(135)	(96)
salaries and other benefits	(1,726)	(1,500)
	(1,861)	(1,596)
Directors' remuneration (Note 4):		
of the Company	(194)	(141)
of the subsidiaries	(153)	(77)
	(347)	(218)
Total employees' benefits expense	(2,208)	(1,814)

14 FINANCE INCOME AND EXPENSE

	June 30, 2017	June 30, 2016
	US$'000 **(Unaudited)**	US$'000 **(Unaudited)**
<u>Finance income</u>:		
Interest received from banks	11	4
Unrealised exchange gain	-	85
Finance income	11	89
<u>Finance expense</u>:		
Interest expense paid to banks/others	-	(25)
Interest expense payable to ultimate holding company (Note 3)	(461)	(544)
	(461)	(569)
Unrealised exchange loss	(46)	-
Finance expense	(507)	(569)

15 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	June 30, 2017	June 30, 2016
	US$'000	US$'000
	(Unaudited)	**(Unaudited)**
(i) Profit for the purposes of basic and diluted earnings per share	1,667	1,568

	June 30, 2017	June 30, 2016
	'000	'000
	Number of ordinary shares	
(ii) Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	552,270	552,270

16 SEGMENT INFORMATION

Segment information is presented in respect of the Group's reportable segments. The reportable segment presentation is based on the Group's management and internal reporting structure, used for its strategic decision-making purposes. Intersegment pricing is determined on mutually agreed terms.

The Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly assets of corporate head office in Singapore and its related liabilities, loan due to ultimate holding company, head office expenses and finance costs.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The Group's reportable segments are as follows:

Singapore
The home country of the parent entity which is also the main operating entity. The areas of operation are principally corporate office functions and sales and marketing.

Australia
Includes sales and marketing activities.

Korea
Includes sales and marketing activities.

Thailand
Includes sales and marketing activities.

Bangladesh
Includes sales and marketing activities.

Philippines
Includes sales and marketing activities.

Others
Comprises operations carried on in Indonesia, Pakistan, Vietnam, Hong Kong, Myanmar and profit sharing income on sale of insulin. None of these segments meets any of the quantitative thresholds for determining reportable segments for the six-month periods ended June 30, 2017 or June 30, 2016.

Major customers
Revenue from one distributor in Thailand and one wholesaler in Australia represent approximately US$3,846,000 (June 30, 2016 : US$2,589,000 from Thailand and Philippines) of the Group's total revenue.

	Singapore	Australia	Korea	Thailand	Bangladesh	Philippines	Others	Unallocated	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
For the six-month period ended June 30, 2017									
Revenue									
Sales to external customers	2,138	4,931	7,680	2,292	1,101	600	1,209	-	**19,951**
Inter-segment sales	(2,085)	772	1,313	-	-	-	-	-	-
Total sales revenue	53	5,703	8,993	2,292	1,101	600	1,209	-	**19,951**
Results									
Profit (loss) before interest and tax	11	88	2,629	150	99	(80)	603	(931)	**2,569**
Finance income	-	1	10	-	-	-	-	-	**11**
Finance expense	-	38	19	-	-	-	(1)	(563)	**(507)**
Income tax expense	-	-	(435)	-	-	-	-	29	**(406)**
Profit (loss) for the period	11	127	2,223	150	99	(80)	602	(1,465)	**1,667**
Other segment information									
Depreciation and amortisation	-	16	3	-	-	2	-	175	**196**
Additions to intangible assets and property, plant and equipment	86	8	8	-	-	-	-	-	**102**

	Singapore	Australia	Korea	Thailand	Bangladesh	Philippines	Others	Unallocated	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
As at June 30, 2017									
Segment Assets									
Total non-current assets (excluding deferred tax assets)	-	56	56	-	-	2	-	3,718	**3,832**
Deferred tax assets	-	-	-	-	-	-	-	6,234	**6,234**
Total current assets	24	3,672	8,349	832	-	549	693	2,060	**16,179**
Segment assets	24	3,728	8,405	832	-	551	693	12,012	**26,245**
Segment liabilities	-	(1,329)	(1,352)	-	-	(139)	(5)	(77,176)	**(80,001)**

SCIGEN LTD AND ITS SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
June 30, 2017

	Singapore	Australia	Korea	Thailand	Bangladesh	Philippines	Others	Unallocated	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
For the six-month period ended June 30, 2016									
Revenue									
Sales to external customers	3,757	1,116	4,962	1,970	-	619	995	-	**13,419**
Inter-segment sales	(3,664)	1,623	2,041	-	-	-	-	-	**-**
Total sales revenue	93	2,739	7,003	1,970	-	619	995	-	**13,419**
Results									
Profit (loss) before interest and tax	19	197	2,315	119	-	7	571	(858)	**2,370**
Finance income	-	31	150	-	-	-	2	(94)	**89**
Finance expense	-	-	-	-	-	-	-	(569)	**(569)**
Income tax expense	-	(56)	(196)	-	-	-	-	(70)	**(322)**
Profit (loss) for the period	19	172	2,269	119	-	7	573	(1,591)	**1,568**
Other segment information									
Depreciation and amortisation	-	18	-	-	-	2	-	169	**189**
Additions to intangible assets and property, plant and equipment	-	-	3	-	-	2	-	13	**18**

	Singapore	Australia	Korea	Thailand	Bangladesh	Philippines	Others	Unallocated	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
	(Audited)	**(Audited)**	**(Audited)**	**(Audited)**	**(Audited)**	**(Audited)**	**(Audited)**	**(Audited)**	**(Audited)**
As at December 31, 2016									
Segment Assets									
Total non-current assets (excluding deferred tax assets)	-	60	48	-	-	3	-	3,808	**3,919**
Deferred tax assets	-	-	-	-	-	-	-	6,147	**6,147**
Total current assets	22	3,876	6,756	726	-	381	398	1,073	**13,232**
Segment assets	22	3,936	6,804	726	-	384	398	11,028	**23,298**
Segment liabilities	-	(1,884)	(1,123)	-	-	(63)	(15)	(75,982)	**(79,067)**

17 COMMITMENTS

Commitments not reflected in the unaudited condensed consolidated interim financial statements at the reporting dates are as follows:

(a) Operating lease commitments

The Group as lessee

	June 30, 2017	June 30, 2016
	US$'000 **(Unaudited)**	US$'000 **(Unaudited)**
Minimum lease payments under operating leases recognised as an expense during the period (Note 13)	161	136

The Group leases a number of offices under operating leases. The leases typically run for an initial period of 1 to 3 years with an option to renew the lease after that date. Lease payments are usually revised when the leases are renewed to reflect market rentals.

As at June 30, 2017, the Group has commitments for future minimum lease payments under non-cancellable operating leases are as follows:

	June 30, 2017	December 31, 2016
	US$'000 **(Unaudited)**	US$'000 **(Audited)**
Within 1 year	342	330
After 1 year but within 5 years	509	622
	851	952

(b) Capital commitments

There were no capital commitments as at June 30, 2017 and December 31, 2016.

18 CONTINGENT LIABILITIES

During the period, the Company provided corporate financial guarantee up to Polish złoty 62,000,000, equivalent to US$16,686,000 as at June 30, 2017 (December 31, 2016 : US$14,790,000) in favour of a bank in Poland as a secondary security for a term loan facility granted to its ultimate holding company.

Management has evaluated the fair value of the corporate guarantee and is of the view that the fair value of the benefits derived from the guarantee to the bank in Poland is minimal and hence it has not been recognised in the financial statements.

At the end of reporting period, the Company was not required to fulfil any corporate guarantee given to bank.

SCIGEN LTD AND ITS SUBSIDIARIES

SUPPLEMENTARY APPENDIX 4D INFORMATION
June 30, 2017

Net Tangible Liabilities backing

	June 30, 2017	December 31, 2016
	(cents)	(cents)
Net tangible liabilities backing per ordinary share	11.537	11.904

Controlled entities acquired or disposed of

Acquired	
Date control gained	N/A
Contribution to profit from ordinary activities after tax in current period, where material	N/A
Profit from ordinary activities after tax during the whole of the previous corresponding period, where material	N/A

Disposed of	
Date control lost	N/A
Contribution to profit from ordinary activities after tax in current period, where material	N/A
Loss from ordinary activities after tax during the whole of the previous corresponding period, where material	N/A

Additional dividend/distributions information
There are no dividends or distributions declared or paid during or subsequent to the six-month period ended June 30, 2017.

Dividend/distribution reinvestment plans
There are no dividends or distribution reinvestment plans during or subsequent to the six-month period ended June 30, 2017.

Associates and Joint Venture entities
There are no investments in associates or joint venture entities as at June 30, 2017 or subsequent to the six-month period ended June 30, 2017.

Foreign Accounting Standards
This six-month period ended report for the interim reporting period ended June 30, 2017 has been prepared in accordance with Singapore Financial Reporting Standards 34 *Interim Financial Reporting.*