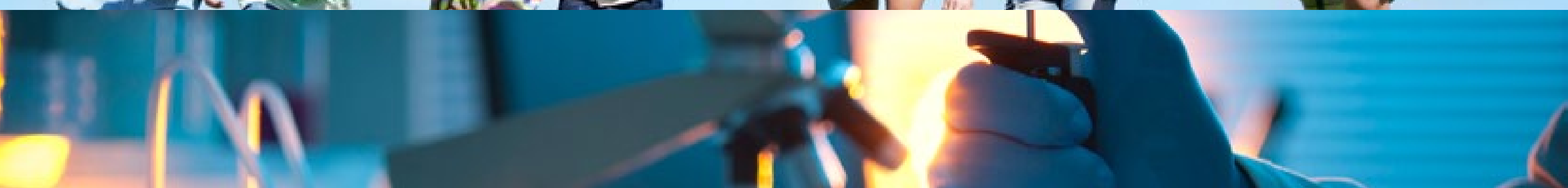
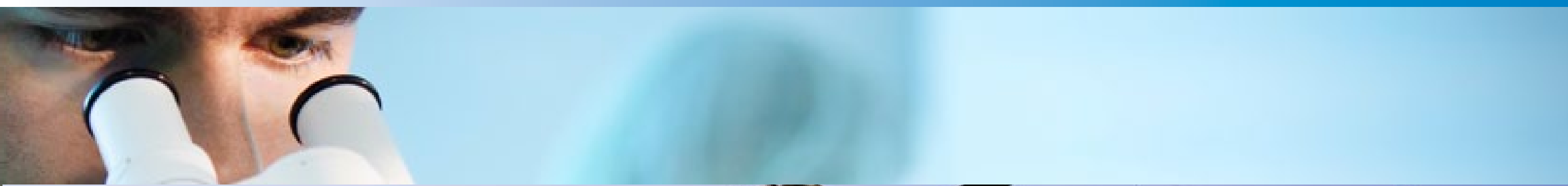
SCIGEN ANNUAL REPORT 2013

DELIVERING HUMAN SOLUTIONS



SciGen



SCIGEN IS A COMPANY DELIVERING HIGH QUALITY BIOLOGICAL AND HEALTHCARE PRODUCTS ACROSS THE PLANET

Slawomir Ziegert
Chairman and
Chief Executive
Officer

Despite the many challenges, 2013 has been a rewarding year for SciGen Group. Our global restructuring exercise the year before has successfully allowed the Group to streamline its focus and harness synergy across its core subsidiaries and distribution markets. The Group continued to build on its momentum achieved in the preceding year to deliver another year of commendable results. For the financial year 2013, the Group registered record revenue of US$20.8 million and profit before interest and tax of US$1.6 million. This represents strong growth of 15% and 66% for revenue and profit before interest and tax respectively over the preceding year's result.

The favourable performance was primarily driven by our subsidiaries in Korea and Australia where year-on-year profitability growth were 87% and 25% respectively. In spite of the constant regulatory hurdles and intense market competition, the incremental profitability was achieved as we embarked on new business development and marketing initiatives whilst emphasising on efficiency in business processes. Our distribution partners' efforts in striving for market share within their respective territories was evident as the segment contributed 30% of Group revenue.

Revenue growth was registered across various products, more significantly in Zonegran™ (anti-epilepsy drug), Omnitrope™ (recombinant human growth hormone) and medical devices which on aggregate, accounted for 46% year-on-year expansion. Launch of a mixture of injectable and oral solutions comprising Heri Injection™, Zinc-S™, Zinc-I™ and Balancelyte-F™ in second half of 2013 raked in US$0.7 million in Group revenue. The above-mentioned launches in Korea affirm our commitment to stakeholders that the Group will consistently review and improve our product portfolio. Revenue of products was accentuated by profit sharing income of US$1.3 million from our ultimate holding company, Bioton S.A., primarily derived from increased sales of insulin to China during the year.

Net profit before interest and tax rose by 66% to US$1.6 million, driven by revenue escalation, higher profit margins of new products and cost saving initiatives. Without taking into account gain on disposal of 51% interest in a subsidiary in China amounting to US$0.8 million in the preceding year's results, net profit before interest and tax would have increased by eight folds. After interest and tax, loss for the financial year was US$0.7 million compared to profit for the preceding year of US$4.1

million. Results for 2012 were boosted by one-off gain from disposal of 100% interest in a subsidiary in Israel amounting to US$4.6 million. The Group's basic earnings per share (from continuing operations) rose to earnings per share of 0.074 US cents from earnings per share of 0.020 US cents in financial year 2012.

THE FAVOURABLE PERFORMANCE WAS PRIMARILY DRIVEN BY OUR SUBSIDIARIES IN KOREA AND AUSTRALIA

Sustainable Growth

Following the divestment of manufacturing facility for Hepatitis B vaccine and the insulin packaging facility, located in Israel and China respectively, the Group is focused on increasing profitability of its core business line of recombinant human insulin. We trust that the leaner Group structure enhances our flexibility and competitive advantage as we leverage on the collaboration with partners and the support from our ultimate holding company.

In our commitment to create value for our stakeholders, we are developing our business in a sustainable manner whilst upholding ethical market practices, customer orientation and efficient utilisation of resources. Together with management team of Bioton S.A., the Group is engaged in regular reviews of business development strategies to explore opportunities for expansion of product portfolio and new market entry. We continue to look upon our esteemed business partners for their unwavering support as we mutually build on our business relationships.

Corporate Governance

Good corporate governance, integrity and transparency are of utmost importance to the Group. Internal controls practices are in place to ensure that our reputation and stakeholders' interests are protected. We will continue to maintain a close watch on our systems and processes and seek continuous improvement to enhance governance.

Outlook

We remain steadfast in devoting our resources and efforts in building our core business of endocrinology and gastroenterology products, particularly in recombinant human insulin produced by our ultimate holding company. Diabetes is the third largest human health disease, whereby the number of diabetic patients globally has grown from 246 million in 2007 to 382 million in 2013. By 2035, the number is expected to rise to 592 million[1]. Better awareness of diabetes and its treatment has resulted in increasing market size for insulin, reaching US$20.8 billion in 2012 worldwide.

China, where its diabetic patients accounted for 25.8% of the global aggregate in 2013[1], will be our focus for the coming years. Market dynamics in China are anticipated to remain robust in the near future, even as the Chinese insulin producers raise their market share in recombinant human insulin segment.

In spite of the statistics for insulin industry, business environment remains challenging against a backdrop of consolidation and increasing operating costs. The Group will continue to leverage on its regional presence in Asia Pacific and lean cost structure to seize opportunities. To enter into new territories, we strive to source for reputable pharmaceutical companies as partners for marketing and distribution services.

[1] International Diabetes Federation ("IDF") facts and figures for 2013

Acknowledgement

I would like to convey my appreciation to our valued customers, business partners and shareholders for their support and trust in the Group throughout the year. I would also like to acknowledge my Board members for their stewardship and insight, as well as our employees for their efforts and contributions to steer the Group forward.

Slawomir Ziegert
Chairman and Chief Executive officer

THE GROUP CONTINUES TO EXPLORE OPPORTUNITIES FOR EXPANSION OF PRODUCT PORTFOLIO AND NEW MARKET ENTRY

SciGen Ltd ("SciGen") is a progressive biopharmaceutical company involved in co-developing and marketing genetically engineered biopharmaceutical products for human healthcare. SciGen focuses in the areas of gastroenterology, endocrinology and immunology.

Its product portfolio consists of biosimilar products such as recombinant human insulin, recombinant human growth hormone and GCSF, which have undergone substantial clinical development. SciGen has since incorporated new products into its portfolio in the recent years. These products include biopharmaceuticals such as thymosin injectable drug, zinc supplements and anti-epileptic drug, medical devices such as silicone gel scar therapy and diabetic foot cream and other supplements such as oral rehydration solution.

SciGen has acquired the rights to manufacture, distribute and market biopharmaceutical and proprietary products under both exclusive and semi-exclusive licensing arrangements. Its strategy is to focus on biosimilar products which have undergone much of the clinical development and trials required to bring new drugs to market. This minimises the risks associated with early stage product development.

SciGen's initial focus is in the Asia Pacific region, which offers low barriers to entry and provides opportunities for early revenues and further strengthening of its position in existing markets. Following a new licensing agreement signed in early 2012, SciGen now has marketing rights for recombinant human insulin in the Middle East and Africa. SciGen's contract manufacturer for recombinant human insulin is its ultimate holding company in Poland, Bioton S.A.

SciGen currently maintains internal sales and marketing teams at its subsidiary offices, whilst venturing into distribution partnerships in other markets. Through joint collaboration with its strategic partners, SciGen uses its extensive expertise in regulatory and clinical environments, to cater to a broader spectrum of market.

SciGen was established in 1988, as a Singapore biopharmaceutical company. SciGen is listed on the Australian Stock Exchange (ASX code SIE). Its corporate headquarters is located in Singapore, with subsidiary offices in Australia, South Korea, China, India and a sales office in Philippines. Strategic distribution channels are present in Thailand, Hong Kong, Pakistan, Indonesia, Singapore, Malaysia and Vietnam. In first quarter 2014, distribution network in Myanmar commenced.

What is SciLin™

SciLin™ is a second generation recombinant human insulin expressed in E. Coli.

Diseases and conditions targeted by SciLin™

Insulin is used in treating diabetes.

Global Market for SciLin™

The total world market for insulin is estimated to be US$15.3 billion[1] per annum. The total world market for diabetes therapeutics is forecast to have sustained double digit growth annually.

[1] Source: IMS MAT FEB 2011

What is SciTropin A™

SciTropin A™, synthesized in E.coli cells, is identical to naturally occurring Human Growth Hormone.

SciTropin A™ is indicated for the treatment of :

- Short stature due to growth hormone deficiency
- Growth disturbance due to Turner syndrome
- Chronic renal insufficiency
- Growth disturbance in short children born small for Gestational Age
- Prader-Willi Syndrome
- Growth hormone deficiency in adults

What is SciLocyte™

SciLocyte™ is a recombinant GCSF that is E. coli derived and manufactured by recombinant DNA technology, which is almost identical to natural human GCSF.

Diseases and conditions targeted by SciLocyte™

Recombinant Granulocyte Colony Stimulating Factor (GCSF) is used to prevent and treat the decrease of white blood cells from chemotherapy.

What is Pedimed™

Pedimed™ is the first approved diabetic foot care cream in Australia for the treatment of severely dehydrated skin.

Important features of Pedimed™

- Pedimed acts as a protective barrier with moisturising effect and treats the signs and symptoms of skin dryness commonly associated with the diabetic feet
- Its unique formulation and active ingredients have been clinically proven to regenerate, hydrate and protect dry feet with a non-greasy formulation as well as having a pleasant smell and feel
- Studies have been done under Australian conditions that demonstrate significant benefits in hydration in the diabetic feet
- Pedimed™ is becoming widely used and recommended by podiatrists and diabetes nurse educators who deal daily with the problems of the diabetic feet

What is Zonegran™

Zonegran™ (Zonisamide) is an adjunctive anti-epileptic drug for the treatment of adult patients with partial seizures with or without secondary generalisation.

Important features of Zonegran™

Zonegran™ is an effective drug as it reduces the frequency of seizures by up to 51% and is well tolerated. It has no interaction with other anti-epileptic drugs nor with contraceptives. Zonegran™ is not associated with weight gain and is a once-a-day treatment after titration.

What is Strataderm™

Strataderm™ is a silicone gel for scar therapy, used for the prevention and treatment of hypertrophic scars and keloids

Important features of Strataderm™

- Silicone gel is internationally recommended as first-line treatment for scar management
- Convenient and easy to use, only once a day, softens and flattens raised scar, reduces redness and discoloration

What is Stratamed™

Stratamed™ is a breakthrough treatment that can be used on open wound and compromised skin

Important features of Stratamed™

- Stratamed™ can be used just after surgery
- Faster wound healing
- Faster recovery time
- Convenient and easy to use, only once a day

What is Zinc - S™

Zinc – S™ contains zinc sulfate hydrate and comes as an injectable solution

Important features of Zinc - S™

- Mineral used to treat or prevent low levels of zinc
- Prevention of childhood diarrhea and respiratory illnesses
- Adjunct treatment in infants aged between 7 and 120 days with probable serious bacterial infection
- TPN (Total Parenteral nutrition) therapy for cancer patients and wound healing for patients before and after surgery

What is Zinc – I™

Zinc – I™ contains zinc sulfate mono hydrate and comes as an oral solution. It is used for treating and preventing zinc deficiency, psoriasis and diarrhea.

Important features of Zinc – I™

- Prevention of childhood diarrhea and respiratory illnesses
- Adjunct treatment in infants aged between 7 and 120 days with probable serious bacterial infection
- Supplemental mineral for the growth and development of children and adolescents

What is Heri Injection™

Heri Injection™ contains thymosin α 1 and acts as immune regulator in the treatment of malignant tumour, hepatitis and other immunodeficiency diseases

Important features of Heri Injection™

- 28 amino – acids, with structure homologous to the endogenous thymosin α 1
- First choice for immunotherapy of tumour and hepatitis
- Enhancement of immune function and reduction of inflammation following major operations and severe infections
- Widely used for viral hepatitis
- Enhance effect in combination with Interferon and Lamivudine
- Effective and safe

What is Gensupen™

Gensupen™ is the latest innovative automatic delivery system for SciLin™ with the following features:

- Easy and comfortable to use
- Easy-to-read dosage indicator
- Dosage adjustment function
- Light weight and durable design

What is Seruderm™

Seruderm™ is the most advanced and effective anti-wrinkle serum, developed by one of the leading cosmetic physicians to be sold in the Australian beauty clinics.

Important features of Seruderm™

- Snap-8 – this new cosmetic ingredient relaxes facial wrinkles and reduces the appearance of fine lines by up to 63% in 28 days
- Hyaluronic Acid – combat premature skin ageing by attracting a water layer on the skin surface to protect against moisture loss
- Lactic acid – rewinds the effects of time by helping to promote fresh skin cells
- Xpertmoist – a complex formula specifically designed to rehydrate skin by up to 32%

SCIGEN LTD ANNUAL REPORT 2013

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

CONTENTS	PAGE

Directors

Executive Chairman and Chief Executive Director

Slawomir Ziegert
Executive Chairman and Chief Executive Officer

Executive Directors

Adam Tomasz Polonek
Chief Financial Officer
Member, Audit Committee

Jenny Low
Senior Vice President & Corporate Secretary

Non-Executive Directors

Kenneth Gross
Non-Executive Director
Chairman, Audit Committee

Mateusz Patryk Kosecki
Non-Executive Director

Amol Jashvant Shah
Non-Executive Director

Adam Wilczega
Non-Executive Director
Member, Audit Committee

Marcin Dukaczewski
Non-Executive Director

Joanna Szymanska-Bulska
Non-Executive Director

Secretaries

Lai Leng Wong

Jenny Low
Senior Vice President & Corporate Secretary

Principal registered office in Singapore	152 Beach Road, #26-07/08 Gateway East, Singapore 189721
Principal registered office in Australia	Suite 1, 13B Narabang Way, Belrose, NSW 2085, Australia
Share and debenture registers	Computershare Investor Services Pty Limited Level 5, 115 Grenfell Street, Adelaide, South Australia, 5000, Australia Ph: 1300 556 161 (within Australia) Ph: (61) 3 9615 5970 (outside Australia) Fax: (61) 8 8236 2305 Website: www.computershare.com
Auditors	Deloitte & Touche LLP 6 Shenton Way, OUE Downtown 2 #32-00 Singapore 068809 Partner-in-charge: Sanjay Sharma
Solicitors	Allen & Gledhill Norton Rose
Bankers	DBS Bank Ltd Kookmin Bank Ltd Citibank Korea ANZ Bank Ltd Westpac Banking Corporation HDFC Bank Ltd Agricultural Bank of China ICICI Bank Ltd
Stock exchange listings	SciGen Ltd (the "Company" or "SciGen") is a public company incorporated in Singapore. Shares are held by Chess Depository Nominees in Australia and are publicly traded on the Australian Stock Exchange in the form of CHESS Units of Foreign Securities (CUFS) on a 1 CUF for 1 fully paid ordinary share basis.
Website address	www.scigenltd.com
Currency	The annual report is prepared in United States dollars.

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2013.

Directors

The directors in office at the date of this report are as follows:

Mr. Slawomir Ziegert
Mr. Adam Tomasz Polonek
Ms. Jenny Low
Mr. Kenneth Gross
Mr. Adam Wilczega
Ms. Joanna Szymanska-Bulska
Mr. Marcin Dukaczewski
Mr. Mateusz Patryk Kosecki
Mr. Amol Jashvant Shah

Principal activities

During the year, the principal activities of the Group and the Company consisted of:

a. Business development to expand product portfolio and to penetrate into new markets;
b. Sales and marketing activities;
c. Statutory registration of the products; and
d. Establishment of a manufacturing facility for the insulin.

Dividends

Due to the capital requirements of the Company, the directors have not declared a dividend for the financial year ended December 31, 2013. No dividends have been paid, declared or proposed since the end of the Company's preceding financial year.

Results and review of operations and activities

A summary of consolidated revenue and results by significant reportable segments is set out below:

	Segment revenue		Segment results	
	Year ended 31/12/2013 US$'000	Year ended 31/12/2012 US$'000	**Year ended 31/12/2013 US$'000**	Year ended 31/12/2012 US$'000
Singapore	**4,362**	3,036	**(34)**	(27)
Australia	**6,811**	6,060	**2,104**	1,678
Korea	**2,050**	2,099	**907**	484
Thailand	**4,162**	4,046	**407**	472
Philippines	**1,730**	1,593	**398**	454
India	**-**	-	**(1,676)**	(1,620)
China	**-**	-	**(104)**	(139)
Others	**1,675**	1,316	**1,440**	795
Total for continuing operations	**20,790**	18,150	**3,442**	2,097
Unallocated expenses			**(1,845)**	(1,135)
Profit before finance expense and income tax			**1,597**	962
Interest income			**22**	49
Interest expense			**(1,760)**	(1,225)
Loss before income tax			**(141)**	(214)
Income tax expense			**(566)**	(200)
Discontinued operations			**-**	4,557
Net (loss)/profit for the year			**(707)**	4,143

Comments on the operations and the results of those operations are set out below:

Revenue surpassed US$20 million milestone, reaching US$20,790,000 for the year ended 31 December 2013. Revenue grew by 14.5% year-on-year, on the back of improved performance from our subsidiaries as well as our distribution partners in Thailand and Philippines.

Significant proportion of the increase in revenue was contributed by Zonegran and Omnitrope which registered growth of 257% and 21% respectively, coupled with revenue from new products in Korea. New products comprising Heri Injection (Thymosin α 1), Zinc-I, Zinc-S and Balancelyte F were launched in mid-2013 and demand for these products expanded over the months following aggressive marketing initiatives by the Korean team.

In addition, revenue from medical devices and profit sharing income from our holding company, Bioton S.A., escalated to US$841,000 and US$1,324,000 respectively. Medical devices consisting primarily of Gensupen (insulin injection syringes patented by Bioton Group) and Insupen tips (syringe tips) were largely distributed in Thailand whilst profit sharing income was bolstered by substantial sales of insulin to China during the year.

Operations of the Group for the year ended 31 December 2013 was classified as continuing operations. In the comparative results, discontinued operations pertain to SciGen (I.L.) Ltd where gain of US$4,557,000 was included in profit for the year attributable to members.

In tandem with revenue growth, gross margin rose by 17.3% (equivalent to US$1,750,000) to US$11,857,000. Profit before interest and tax was US$1,597,000, a 66% improvement from profit before interest and tax in preceding year of US$962,000. After net finance expense of US$1,738,000 (2012 : US$1,176,000) and income tax of US$566,000 (2012 : US$200,000), the Group posted loss for the year amounting to US$707,000 (2012 : US$414,000).

Loss from ordinary activities after related income tax rose by 70.8% from the preceding year as the improvement in gross margin was impacted by :

- One-off gain on disposal of 51% interest in a subsidiary in China, Hefei-SciGen-Bioton-Biopharmaceutical Company Ltd amounting to US$768,000 in the preceding year. Sale transaction was completed in March 2012.
- Higher advertising and promotional expenses incurred by subsidiaries, primarily for new products, insulin and growth hormones amounting to US$391,000.
- Higher finance expenses of US$147,000.
- Adverse foreign currency movement, namely Australian Dollars and Indian Rupees against US Dollars, resulting in incremental losses of US$388,000.
- Higher income tax expense of US$366,000 incurred in Korea, Australia and Singapore (reversal of deferred tax assets).

In 2012, sale of 100% interest in a subsidiary in Israel, SciGen (I.L.) Ltd resulted in profit from discontinued operations of US$4,557,000. This one-off gain significantly boosted the profit attributable to members in the preceding year to US$4,669,000. In comparison, profit attributable to members for the year ended 31 December 2013 was substantially lower at US$411,000.

Earnings per share

	Group	
	Year ended 31/12/2013 US cents	Year ended 31/12/2012 US cents
Basic earnings per share	**0.074**	0.845

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate, except for the item mentioned below.

Directors' interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interest in the share capital and debenture of the Company and related corporations as recorded in the register of directors' shareholding kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of directors and companies in which interests are held	Holdings registered in the name of the director		Holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Shares				
Subsidiary company				
SciGen BioPharma Private Ltd				
Amol Jashvant Shah	-	-	5,998,800	-

Directors' receipt and entitlement to contractual benefits

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

Share options

(a) *Options to take up unissued shares*

During the financial year, no option to take up unissued shares of the company or any corporation in the Group was granted.

(b) *Options exercised*

During the financial year, there were no shares of the company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the company or any corporation in the Group under option.

Matters subsequent to the end of the financial year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would substantially affect the results of the Group and of the Company for the financial year in which this report is made.

Likely developments and expected results of operations

Likely developments in the operations of the Group and the Company at the date of this report include:

(a) Following the re-negotiation of insulin licensing agreement in 2012, the Group continues to focus its resources on penetration into new territories within Asia Pacific region. Liaising closely with Bioton, the team is committed to sourcing new business partnerships in emerging markets.

In line with its commitment, the Company concluded a distribution agreement during the year, for the sale of insulin in Myanmar. Supply will commence in February 2014 following the successful registration of the product and subsequent favourable government tender outcome.

(b) The Group is working closely with other related companies of Bioton in exploring opportunities of introducing new products into existing markets. It is the Group's objective to bring value to stakeholders through expansion of its product portfolio.

(c) The Group expects to complete the construction and validation of its manufacturing facility in India by mid-2015. The facility, when completed, will be manufacturing recombinant human insulin and potentially other biotechnological products.

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

Going concern

The management is responsible for preparation of financial statements that give a true and fair view in accordance with provisions of the Singapore Companies Act and Singapore Financial Reporting Standards. The directors of the Company consider that the going concern assumption in the preparation of the financial statements is appropriate as the Group and the Company will have sufficient funding to carry out its operating and investment activities based on the financial support given by the ultimate holding company.

Information on directors

Director	Experience
Mr. Slawomir Ziegert (Age 48)	Mr. Slawomir Ziegert, is a medical doctor, graduate of the Medical University in Gdañsk. He has been connected with the pharmaceutical industry for over sixteen years, working in Poland and abroad for such concerns as Eli Lilly, Egis Group (a part of Servier Group) and Ipsen. He has enormous business experience covering different sectors of the pharmaceutical industry, including biotechnology, in particular business development within the scope of endocrinology and treatment of diabetes. From 1993 to 2004 he worked in the Polish branch of Eli Lilly, one of the world's leading pharmaceutical concerns and manufacturers of recombinant human insulin and insulin analogues, where he was responsible for the development of diabetes business, relations with the diabetes environment and governmental affairs. In 1998 to 2000, he was also Eli Lilly's Country Manager in Slovakia, supervising, among others, the development of sale of insulins and antibiotics. In 2004 to 2005 he was CEO of Egis Pharmaceuticals (a part of Servier Group) where he was responsible for the Baltic States area. In 2006 to 2009 he was CEO of Ipsen Poland. Working for Ipsen Poland, he was responsible for introduction of somatostatin analogue and IgF1 to the Polish market and for improvement of efficiency of marketing and sales activities. He is fluent in English, Russian, German and Slovak. Since November 9, 2009 he has been holding the position of the President of the Managing Board of Bioton S.A. and is CEO of the Company.
Adam Tomasz Polonek (Age 37)	Mr Adam Polonek is a graduate of the Economic Faculty at Academy of Economics in Poland. Mr. Polonek joined Bioton S.A. in 2006 as Deputy Finance Director and since April 2009 as the Finance Director. Mr. Polonek was appointed to the position of Chief Financial Officer of SciGen Ltd in January 2012 and holds finance-related positions in other subsidiaries of SciGen and the Bioton Group. Since December 21, 2011, he has been holding the position of the Chief Financial Officer and Member of the Management Board of Bioton S.A. Mr. Polonek's professional experience includes successful career in one of the leading investment bank in CEE Europe, CAIB Financial Advisers, which is part of the leading banking Group Unicredit in Europe. During Mr. Polonek's career, he was involved in several Corporate Finance transactions and he has vast experience in stock exchange markets.

Director	Experience
Ms. Jenny Low (Age 62)	Ms. Jenny Low is the Senior Vice President & Corporate Secretary of the Company. Ms. Low, who has been with the company for over 20 years, is the longest service staff member and has been involved in many areas of the Company's operations, including the listing of the Company in ASX. Prior to her appointment as the Senior Vice President in October 2006, Ms. Low was the Chief Financial Officer of the Company. Ms. Low, a Chartered Accountant, held senior accountancy positions in various companies in both Malaysia and Singapore. With over 30 years of accounting experience, Ms. Low is well versed with accounting practices and tax laws of the Asia-Pacific region. Before joining SciGen in September 1991, Ms. Low was with Abacus Distribution Systems Pte Ltd, a company owned jointly by the major airline companies in Asia.
Mr. Kenneth Gross (Age 84)	Mr. Kenneth Gross co-founded Goldmark Plastic Compounds in 1957. The Company has since become a major distributor of plastic raw materials within the United States. In addition, Mr. Gross holds a number of directorships in various companies involved in chemical, metals, engineering resins and lubricating oils.
Joanna Szymañska-Bulska (Age 50)	Ms. Joanna Szymañska-Bulska is the Member of the Management Board and the Foreign Markets Director of Bioton S.A.. She has over 17 years of experience in pharmaceutical industry and distribution. During her career, Ms. Szymañska-Bulska held several management and senior management positions in Ciba Geigy, Novartis, Phoenix Pharma Aktiengesellschaft, Phoenix Pharma PL ("PPL"), mainly in the field of sales and marketing. For one year, she was appointed to the position of the Advisor of the Polish Minister of Health. She has also served as Member of the Polish Pharmacy Chamber and Member of the Supervisory Board of the PKPP Pharmacy and Chemistry Chamber. Before joining Bioton S.A., Ms. Szymañska-Bulska was a Chairman of the international Management Board and CEO of PPL for six years where she had overall responsibility for PPL.
Mr. Adam Wilczega (Age 59)	Mr. Adam Wilczega is a graduate of Warsaw School of Economics, where he obtained the title of MSc in economics. Moreover, in 1991 he completed managers training in Japan. His professional career started in 1979 at PTHZ Varimex in Warsaw where he worked as a section manager until 1984. In 1984 to 1989 he was employed as a director of Technical and Trade Information Centre in Cairo, Egypt. Then, in the period 1989 to 1991 he held the position of the Director of PTHZ Varimex in Warsaw. In 1991 to 1996 he was the president of the managing board of Future Trading Co. Sp. z o.o. (limited liability company) in Warsaw. He has been working in Bioton S.A. since 1996, when he became director for foreign co-operation and a Member of the Managing Board. Since 1998 he has been the president of the managing board of Bioton Trade Sp. z o.o. He is a member of the board of directors of SciGen Ltd. From 1997 till January 15, 2009, he was holding the post of the President of the Managing Board of Bioton S.A.. Since January 15, 2009 he has been Vice President of the Managing Board and since March 2009, he has been holding the post of Director for Foreign Markets of the Company.

Director	Experience
Marcin Dukaczewski (Age 35)	Mr. Marcin Dukaczewski was trained in International Political and Economical Relations at the Warsaw University. Mr. Dukaczewski holds the position of Vice President of the Management Board of Prokom Investments - a Polish private-equity fund. Mr. Dukaczewski also serves as the Chairman of the Supervisory Boards of companies listed on the Warsaw Stock Exchange: Bioton (biotechnology) and Petrolinvest (oil & gas exploration) and is a member of the Supervisory Board of Polnord (real estate development). Mr. Dukaczewski is also a member of the Supervisory Board of Biolek (veterinary products), Silurian (shale gas exploration) and a member of the Board of Directors of Biolek, Inc in Canada.
Mateusz Patryk Kosecki (Age 39)	Mr. Mateusz Kosecki is a graduate of the Executive MBA Program of European University, Montreux, Switzerland. Mr Kosecki is the Foreign Markets Director of Bioton S.A. and is responsible for the operations of the company on overseas market. Mr. Kosecki is also the Vice President of Biolek Sp z.o.o., a member of Bioton Group. Biolek develops innovative and specialized feed additives for animals and innovative food supplements for human use. Mr. Kosecki possesses extensive experience in international business. From 1995 to 1996 he worked as the Marketing Manager in Lenex Company in Sofia, Bulgaria. From 1997 to 2001 he was Head of Foreign Corporate Governance and Operations of Ciech S.A., the biggest Polish chemical holding company. He has been connected with pharmaceutical industry for 10 years. From 2002 to 2006, as the Country Manager for Russia of the Polish pharmaceutical company Ciech Polfa, and from 2006 to 2009 as Regional Director for Eastern Europe in Bioton S.A.
Amol Jashvant Shah (Age 48)	Mr. Amol Shah is the managing director of MJ Biopharm Pvt. Ltd., an Indian based company possessing a modern facility in Mumbai for manufacturing of life saving products including Insulin. He focuses on overall supervision of the company and the development of strategic business alliances. From 1990 to 1995 he worked as a Director at Anglo Gulf Limited in Dubai where he was responsible for setting up of a new facility for manufacture of pesticides in Jebel Ali, Dubai and managing of new business collaboration with multinational companies.

Information on Company Secretaries

Ms. Jenny Low was appointed to the position of company secretary in August 2003. Ms. Jenny Low previously held the role of Chief Financial Officer of the Company for 17 years.

Lai Leng Wong has been the Company Secretary of the Company since 2002.

Meetings of directors

The numbers of meetings of the Company's Board of directors and of each board committee held during the financial year ended December 31, 2013, and the numbers of meetings attended by each director were:

Full meetings of directors	Meetings of committees					
	Directors		Audit		Remuneration	
	A	B	A	B	A	B
Mr. Slawomir Ziegert	2	2	-	-	-	-
Mr. Adam Tomasz Polonek	2	2	3	3	-	-
Mr. Kenneth Gross	2	2	3	3	-	-
Mr. Adam Wilczega	-	2	2	3	-	-
Mr. Mateusz Patryk Kosecki	2	2	-	-	-	-
Ms. Jenny Low	2	2	-	-	-	-
Ms. Joanna Szymañska-Bulska	-	2	-	-	-	-
Mr. Marcin Dukaczewski	1	2	-	-	-	-
Mr. Amol Jashvant Shah	-	2	-	-	-	-

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

Key management personnels' emoluments

The Remuneration Committee, comprising the following directors:

- Mr. Marcin Dukaczewski
- Mr. Adam Tomasz Polonek

The Remuneration Committee should comprise entirely of non-executive directors and be chaired by an independent director. Whilst this is a departure from the recommendation, the Board believes that the new Committee has the knowledge and experience on remunerations in the biopharmaceutical industry. During the year, the remuneration committee did not meet.

The Remuneration Committee advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for the Chief Executive Officer (who is also the Executive Chairman) and remuneration for non-executive directors. In reviewing remuneration levels, the Board takes into account financial performance in addition to other goals related to business development and operational issues.

Executive remuneration and other terms of employment are reviewed annually by the Chief Executive Officer having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as base salary, remuneration packages include superannuation, performance-related bonuses and fringe benefits.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group and the Company's operations.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time. No options were issued and bonuses are not payable to non-executive directors. No remuneration have been paid to the remuneration committee.

Details of remunerations

Details of the remunerations of the directors and the key management personnel of the Company and the Group are set out in the following tables. During the year, the directors did not receive remunerations from the Company, except for those as disclosed in the tables below.

The key management personnel of the Company include the directors as per pages 17 to 19 above and the following executive officers, which also includes the following highest paid executives of the entity:

Marcus Poh	-	*Regional Marketing Manager*
Yvonne Lim	-	*Group Financial Controller*
Liza Domingo	-	*Country Manager – Philippines*
Hedy Ong	-	*Finance and Logistics Manager*
Li Minyi	-	*Accounts Executive*

The key management personnel of the Group are the directors of SciGen Ltd (see pages 17 to 19 above) and those executives that are involved in the decision making of the Company and the Group. This includes these Group executives who received the highest remuneration for the financial year ended December 31, 2013. The executives are:

Jean-Claude Balducci	-	*Country Manager - Australia & New Zealand*
Edward Thomas	-	*Business Development Executive*
Marcus Poh	-	*Regional Marketing Manager*
Chander Shehkar Sharma	-	*Business Development Executive*
Sharon Walters	-	*Business Development Executive*

Key management personnel of SciGen Ltd

Year ended December 31, 2013

Name	Short-term employee benefits			Post-employment benefits		Termination benefits	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement and insurance benefits	Amount	Total
	US$	US$	US$	US$	US$	US$	US$
Non-executive directors							
Mr. Kenneth Gross	29,150	-	-	-	-	-	29,150
Sub-total non-executive directors	**29,150**	**-**	**-**	**-**	**-**	**-**	**29,150**
Executive director							
Ms. Jenny Low	245,543	16,816	5,176	4,806	-	-	272,341
Other key management personnel							
Mr. Marcus Poh	119,325	26,267	1,898	10,984	-	-	158,474
Ms. Yvonne Lim	109,560	8,907	1,377	9,407	-	-	129,251
Ms. Liza Domingo	87,187	3,901	1,655	37	-	-	92,780
Ms. Hedy Ong	66,877	5,655	640	6,615	-	-	79,787
Ms. Li Minyi	39,560	3,465	1,069	5,862	-	-	49,956
Total	**697,202**	**65,011**	**11,815**	**37,711**	**-**	**-**	**811,739**

Key management personnel of SciGen Ltd

Year ended December 31, 2012

	Short-term employee benefits			Post-employment benefits		Termination benefits	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement and insurance benefits	Amount	Total
	US$	US$	US$	US$	US$	US$	US$
Non-executive directors							
Mr. Kenneth Gross	31,084	-	-	-	-	-	31,084
Sub-total non-executive directors	**31,084**	**-**	**-**	**-**	**-**	**-**	**31,084**
Executive director							
Ms. Jenny Low	250,201	16,506	5,934	4,690	-	-	277,331
Other key management personnel							
Mr. Marcus Poh	117,848	23,497	1,883	10,998	-	-	154,226
Ms. Yvonne Lim	104,906	8,743	1,615	7,163	-	-	122,427
Ms. Liza Domingo	80,324	7,165	1,385	37	-	-	88,911
Ms. Hedy Ong	66,777	5,497	1,076	5,383	-	-	78,733
Ms. Li Minyi	41,413	3,368	1,436	7,108	-	-	53,325
Total	**692,553**	**64,776**	**13,329**	**35,379**	**-**	**-**	**806,037**

Key management personnel of the Group

Year ended December 31, 2013

Name	Short-term employee benefits: Cash salary and fees	Short-term employee benefits: Cash bonus	Short-term employee benefits: Non-monetary benefits	Post-employment benefits: Super-annuation	Post-employment benefits: Retirement and insurance benefits	Termination benefits: Amount	Total
	US$	US$	US$	US$	US$	US$	US$
Non-executive directors							
Mr. Kenneth Gross	29,150	-	-	-	-	-	29,150
Mr. Tim Holden	7,750	-	-	-	-	-	7,750
Sub-total non-executive directors	36,900	-	-	-	-	-	36,900
Executive directors							
Ms. Jenny Low	245,543	16,816	5,176	4,806	-	-	272,341
Mr. Henry Dong-Ha Pyun	141,462	33,770	4,102	1,946	-	-	181,280
Mr. Amol Jashvant Shah	82,512	-	-	-	-	-	82,512
Mr. Dhaval Vashi	19,246	-	-	-	-	-	19,246
Other key management personnel							
Mr. Jean-Claude Balducci	275,988	28,335	-	27,826	-	-	332,149
Mr. Edward Thomas	113,494	32,705	-	13,337	-	-	159,536
Mr. Marcus Poh	119,325	26,267	1,898	10,984	-	-	158,474
Mr. Chander Shekhar Sharma	122,998	17,186	-	12,781	-	-	152,965
Ms. Sharon Walters	80,087	41,093	-	27,428	-	-	148,608
Total	**1,237,555**	**196,172**	**11,176**	**99,108**	**-**	**-**	**1,544,011**

Key management personnel of the Group

Year ended December 31, 2012

Name	Short-term employee benefits			Post-employment benefits		Termination benefits	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement and insurance benefits	Amount	Total
	US$	US$	US$	US$	US$	US$	US$
Non-executive directors							
Mr. Kenneth Gross	31,084	-	-	-	-	-	31,084
Mr. Tim Holden	7,722	-	-	-	-	-	7,722
Sub-total non-executive directors	38,806	-	-	-	-	-	38,806
Executive directors							
Ms. Jenny Low	250,201	16,506	5,934	4,690	-	-	277,331
Mr. Henry Dong-Ha Pyun	131,600	17,909	3,973	1,836	-	-	155,318
Mr. Amol Jashvant Shah	134,928	-	843	4,595	-	-	140,366
Other key management personnel							
Mr. Jean-Claude Balducci	257,878	1,852	-	23,376	-	-	283,106
Ms. Sharon Walters	87,241	35,251	-	34,453	-	-	156,945
Mr. Marcus Poh	117,848	23,497	1,883	10,998	-	-	154,226
Mr. Chander Shekhar Sharma	117,757	17,866	-	12,206	-	-	147,829
Mr. Edward Thomas	110,553	21,766	-	11,909	-	-	144,228
Total	**1,246,812**	**134,647**	**12,633**	**104,063**	**-**	**-**	**1,498,155**

Insurance of officers

During 2013, the Company paid a premium of US$48,275 (2012 : US$46,165) to insure the directors and officers of the Company and its controlled entities, and the managers of each of the divisions of the Group and the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group and the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept reappointment.

ON BEHALF OF THE DIRECTORS

....
Slawomir Ziegert
Chairman, Chief Executive Officer & Director

....
Adam Polonek
Chief Financial Officer & Director

Singapore
March 28, 2014

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 44 to 109 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year 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 Company will be able to pay its debts as and when they fall due.

ON BEHALF OF BOARD OF DIRECTORS

....
Slawomir Ziegert
Chairman, Chief Executive Officer & Director

....
Adam Polonek
Chief Financial Officer & Director

Singapore
March 28, 2014

SciGen Ltd (the "Company" or "SciGen") and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company's corporate governance framework is largely consistent with the Best Practice recommendations released by the Australian Stock Exchange Corporate Governance Council when taking into account the size and scope of the company. The Company and its controlled entities together are referred to as the Group in this statement.

A summary of the compliance status of the Group under the broad Principle headings as defined in the Guidelines is shown below.

Principle 1

Lay solid foundations for management and oversight

1.1 Establish the functions reserved to the Board and those delegated to Senior Executives

The relationship between the Board and senior executives is important to the Group's long-term success. Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive Officer ("CEO") and senior executives. Responsibilities are delineated by formal authority delegation.

The directors are responsible to the shareholders for the performance of the Company in both the short and longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Roles of the Chairman and CEO

The Chairman is responsible for leading the Board, ensuring that Board activities are organised and efficiently conducted and for ensuring the directors are properly briefed for meetings. The CEO is responsible for implementing Group strategies and policies.

Role of the Board

(a) The directors are responsible for the direction and supervision of SciGen's business and for its overall corporate governance. This includes ensuring that internal controls and reporting procedures are adequate and effective. The directors recognise the need to maintain the highest standards of behaviour, ethics and accountability.

(b) The primary functions of the Board include:

(1) formulating and approving objectives, strategies and long-term plans for SciGen's continued development and operation, in conjunction with management;

(2) appointing and removing the chief executive officer;

(3) where appropriate, approving the appointment and the removal of senior executives;

(4) monitoring the implementation of these objectives, strategies and long-term plans to ensure SciGen, to the best of its ability, delivers shareholder value;

(5) approval and monitoring the progress of major capital expenditure, acquisitions and disposals;

(6) monitoring SciGen's overall performance and financial results, including adopting annual budgets and approving SciGen's financial statements;

(7) ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;

(8) selecting and reviewing the performance of the CEO and reviewing the performance of senior operating management;

(9) ensuring significant business risks are identified and appropriately managed;

(10) ensuring that SciGen meets the statutory, regulatory and reporting requirements of the ASX and requirements under Australia and Singapore corporations law;

(11) ensuring that SciGen, its directors, officers, employees and associates are aware of and comply with all relevant laws and regulations;

(12) reporting to shareholders on performance;

(13) deciding the payment of dividends to shareholders; and

(14) reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance.

(c) The Board consists of the Chairman and CEO, two executive directors, and six other non- executive directors. The term of directors' appointments is governed by SciGen's Constitution. At least one third of directors must retire and seek re-election at each Annual General Meeting of SciGen. Mr. Kenneth Gross having attained the age of 70 years, is required to seek re-election annually, under the provision of the Singapore Companies Act.

(d) The Board has established an Audit Committee and a Remuneration Committee. From time to time, the Board may determine to establish specific purpose sub-committees to deal with specific issues.

1.2 Process for evaluating the performance of senior executives

The evaluation of the performance of senior executives by way of annual appraisals are conducted annually with the respective supervisors and reported to the CEO.

Principle 2

Structure the Board to add value

ASX recommends having a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties. The Company had addressed these recommendations as noted below:

A majority of the Board should be independent directors

Board members

Details of the members of the Board, their experience, expertise, qualifications are set out in the directors' report in pages 17 to 19. At the date of this report, the Board comprises nine (9) directors, three (3) being executive directors and six (6) being non-executive directors. Of the six (6) non-executive directors, one (1) of whom is deemed independent under the principles set out in the Guidelines.

Directors' independence

The Board does not comprise of a majority of independent directors. The non-independent directors have the relevant expertise in the corporate finance, manufacture and world-wide sales and marketing of the product. Whilst this is a departure from the recommendation, the Board believes that the composition of the Board currently brings the right mix of complementary skills, experience and representation for the Company and its shareholders at this point in its life. The Board has also resolved that the mere fact that a director has been in office for a period greater than ten (10) years does not change that director's status as an independent.

The independent director as of the date of this report is:

- Mr. Kenneth Gross

Independent professional advice

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld. Matters requiring professional independent advice are tabled and discussed at board meetings.

Commitment

The number of meetings of the Company's Board of directors and of each board committee held during the year ended December 31, 2013, and the number of meetings attended by each director is disclosed on page 20. It is the Company's practice to allow its executive directors to accept appointments outside the company with prior written approval of the Chairman.

Conflict of interests

Entities connected with Mr. Slawomir Ziegert, Mr. Adam Polonek, Mr. Adam Wilczega, Mr. Marcin Dukaczewski, Ms. Joanna Szymanska-Bulska, Mr. Mateusz Kosecki and Mr. Amol Shah had business dealings with the Group and the Company during the year, as described in notes 5 and 6 to the financial statements. In accordance with the Board charter, the directors concerned declare their interests in those dealings to the Company and take no part in decisions relating to them or the preceding discussions.

Performance assessment

It is intended that the Board may undertake an annual self-assessment of its collective performance. The process may be facilitated by an independent third party. In addition, each board committee may undertake an annual self assessment on the performance of the committee and achievement of committee objectives.

The Chairman intends when possible to annually assess the performance of individual directors and meet privately with each director and senior executives to discuss this assessment. The Chairman's performance may be reviewed by the Board.

Each year's budget provides for training and education of staff, both internally and externally.

2.1 The Chair should be an independent director

Mr. Slawomir Ziegert, Chairman of the Board is not an independent director under the principles set out in the Guidelines. Whilst this is a departure from the recommendation, the appointment of Mr. Ziegert, who is the Chief Executive Officer of Bioton S.A., holder of 95.57% of the Company, is vital at this point in time as Mr. Ziegert is well positioned to take an active and effective role to oversee and expedite the restructure, formulate objectives, strategies and long-term plans of the Company.

2.2 The roles of the Chair and Chief Executive Officer should not be exercised by the same individual

The Chairman of the Company is Mr. Slawomir Ziegert, the Chief Executive Officer. Whilst this is a departure from the recommendation, the Board believes that given the current size of the Company and its history, the Board considers that this function is efficiently achieved with the appointment of the Chief Executive.

2.3 The Board should establish a Nomination Committee

The Company does not have a formally constituted Nomination Committee given the early stage of the Company's development and the complete nature of the Board composition currently. The Board is of the opinion that there would be no efficiencies to be gained in establishing a separate Nomination Committee. The function of reviewing the competencies of directors, appoint and re-appointment of directors, review of board succession and evaluation of the performances of the board and committees is undertaken by the full Board. At such time when the company is well established, a Nomination Committee will be formed and the Board restructured.

2.4 Process for evaluating the performance of the Board, its Committees and individual directors

The Chairman of the Board is responsible for evaluating Board and individual directors' performance annually.

Induction and education

Induction procedures have not been required as all recently appointed directors have been involved with the industry and or with the Company prior to their appointment as directors.

Access to information

The Board is provided access to all documents and information it needs in order to discharge its responsibilities effectively. As directed by the Board, senior executives furnish the board with monthly, quarterly and ad hoc reports on the operations.

The Board and the Company Secretary

The Company Secretary supports the Board by monitoring the Board policy and ensuring that the procedures are followed. The Company Secretary coordinates the completion and despatch of board agenda. The Company Secretary also advises the Board on corporate governance matters.

Principle 3

Promote ethical and responsible decision-making

ASX recommends that the company should actively promote ethical and responsible decision-making. The Company had addressed these recommendations as noted below:

3.1 Establish and Disclosure of a Code of Conduct

The Company has developed a Code of Conduct (the "Code") which has been reviewed by the Board and will apply to all directors and employees. The Code will be regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code requires that at all times, all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

The Company is in the process of reviewing the current policies of the Code of Conduct to include the reporting and investigation of unethical practices. Although the process is not included in the current Code of Conduct, to date, all reports of unethical practices received have been taken seriously by the Board and investigated and action taken if required.

3.2 Diversity Policy

In accordance with the ASX Recommendations, the company has established a Diversity Policy. The Company recognises that a talented and diverse workforce at all levels of the Company is a key competitive advantage and that experienced, skilled and diversified employees are an important contributor to the Company's success.

The Company promotes an inclusive workplace where employee differences like gender, age, culture, disability and lifestyle choice are valued. The unique skills, perspectives and experience that our employees possess promotes greater creativity and innovation that better reflects and serves the needs of our diverse customer base ultimately driving improved business performance. The Company recognises that encouraging workplace diversity is not just the socially responsible course of action but is also a source of competitive advantage for the Group.

The Group is committed to improving the gender diversity throughout the business with a particular focus on what can be achieved to improve the number of females in senior leadership roles. The company's current objective in relation to gender diversity is to monitor and maintain the percentage of females in senior leadership positions at a level of at least 40%.

The proportion of female employees to male employees within the Group as of December 31, 2013 was 30% female and 70% male. 43% of senior leadership positions are held by females and 22% of SciGen's directors are female (16.7% of non-executive directors).

The Company utilises a range of inputs to inform its strategy and also assess its performance in this area such as employee opinion surveys, targeted focus groups, monitoring a host of employee data as well as external benchmarking.

3.3 Policy concerning trading in the Company's securities

Trading in Company securities is regulated by the Securities and Futures Act and the ASX Listing Rules. The Board makes all directors, officers and employees aware on the appointment that it is prohibited to trade in the Company's securities whilst that director, officer or employee is in the possession of price sensitive information.

For details of shares held by directors and officers please refer to the Directors' Report on page 15. Directors are required to report to the Company Secretary any movements in their holdings of Company securities, which are reported to ASX in the required timeframe prescribed by the ASX Listing Rules. The Share Trading Policy can be found on the Company website.

Principle 4

Safeguard integrity in financial reporting

ASX recommends that the Company should have a structure to independently verify and safeguard the integrity of their financial reporting. The Company had addressed these recommendations as noted below:

4.1 The Board should establish an Audit Committee

The Board has established an Audit Committee to assist in the execution of its duties and to allow detailed consideration of complex issues. Matters determined by the Audit Committee are submitted to the Board as recommendations for board decision, as required unless the Board has delegated the authority for a decision to the appropriate committee.

Minutes of Audit Committee meetings are tabled at subsequent board meetings.

4.2 Structure of the Audit Committee

The Audit Committee comprises 3 members:

- Mr. Kenneth Gross (Chairman) (Independent director)
- Mr. Adam Wilczega (Non-independent director)
- Mr. Adam Polonek (Non-independent director)

The Chairman of the Audit Committee is an independent director. Details of these directors' qualification, expertise, experience and attendance at Audit Committee meetings are set out in the directors' report on pages 17 to 19.

4.3 Charter

The Audit Committee meets at least 2 times in a year.

The CEO, Chief Financial Officer ("CFO") and external auditors are invited to attend Audit Committee Meetings at the discretion of the Audit Committee. Time is allocated for the Audit Committee to meet with the external auditors without management being present.

The responsibilities of the Audit Committee are to:

(a) assist the Board to discharge fiduciary responsibilities with regard to the Company's accounting, control and reporting practices by monitoring the internal control environment and management over corporate assets;

(b) review internal controls and any changes thereto approved and submitted by the Company's CFO;

(c) provide assurance regarding the quality and reliability of financial information used by the Board to enable the Board to maintain confidence in the financial reports;

(d) oversee the activities of the external audit staff of the Company and to review the Company's risk management policies, internal control processes, financials, operating results and accounting policies;

(e) review and recommend to the Board the adoption of the Company's annual financial statements; and

(f) liaise with and review the performance of the external auditor, who may be invited to attend Audit Committee meetings to discuss financial matters and business risk.

External auditors

The Company's and Audit Committee's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually, taking into consideration assessment of performance and existing value. Deloitte & Touche LLP were appointed as the external auditors in June 2010.

During the financial year, the external auditors did not render any non-audit services to the Group. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

Principle 5

Make timely and balanced disclosure

ASX recommends that the Company should promote timely and balanced disclosure of all material matters concerning the Company. The Company had addressed these recommendations as noted below:

5.1 Establish written policies to ensure compliance with ASX Listing Rule

Disclosure requirement

All announcements made are reviewed and approved by the Board prior to the release to the market. The CEO, CFO and Senior Vice President & Corporate Secretary have been nominated as the persons responsible for communications with the Australian Stock Exchange ("ASX"). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The Corporate Secretary advises the Board on ASX Listing Rules and Guidance Recommendations matters.

The Company complies with written policies and procedures of the ASX on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website.

All shareholders receives a copy of the Company's annual report unless they have indicated otherwise. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. All recent announcements of the Company, media briefings, details of the Company's meetings, press releases and financial reports are available on the Company's website www.scigenltd.com.

The website also includes a feedback mechanism and an option for shareholders to register their e-mail address for e-mail updates of the Company's matters.

Principle 6

Respect the rights of shareholders

ASX recommends that the Company should respect the rights of shareholders and facilitate the effective exercise of those rights. The Company had addressed these recommendations as noted below:

6.1 Communications Policy

The Company has developed a website which contains sections dealing specifically with investor information.

All ASX and other important announcements are published on the website simultaneously with their release into the public domain.

Shareholders can also e-mail the Company and receive updates or answers to specific questions where appropriate.

In terms of external audit, a formal invitation has been extended by the Board to the audit partner at Deloitte & Touche LLP to attend the Annual General Meeting of the Company and through the Chairman, will be available to answer questions relating to the conduct of the audit.

Principle 7

Recognise and manage risk

ASX recommends that the Company establish a sound system of risk oversight and management and internal control. The Company had addressed these recommendations as noted below:

7.1 Policies for oversight and management of material business risks

The Company is committed to the management of risks to protect its employees, assets, earnings, markets, reputation and the environment.

The Board has implemented risk management procedures throughout the Company that aim to identify the sources of risk and loss, quantify the impact of these sources and control and reduce the risk through practical and cost effective control measures. This will continue to be reviewed and enhanced.

In addition, the Company uses risk-financing techniques, including insurance, to reduce the financial impact of any uncontrollable or catastrophic losses.

The Audit Committee of the Board currently accepts the role and responsibility of over-seeing the control of financial risk. The committee ensures that adequate internal controls and risk-financing measures (such as insurance) are in place. These measures provide some protection against financial events.

In terms of more general risk management, managers in each country where the Company employs staff are responsible for conforming to local occupational health and safety requirements. Given the relatively small size of the Company and its geographic diversity it is not considered useful to constitute a formal Risk Management Committee at this point.

Further risk policy development will be undertaken in consultation with the Audit Committee and the Board as appropriate.

7.2 Risk Management and internal control system

Risk assessment and management

The Board is responsible for ensuring there are adequate policies in relation to risk oversight and management, and internal control systems. In summary, the Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, addressed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the code of conduct is required at all times and the Board actively promotes a culture of quality and integrity.

Internal Audit

Given the present size of the Company, the Board does not employ an internal auditor.

7.3 Assurances from CEO and CFO

Corporate reporting

The CEO and CFO have made the following certifications in writing to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Group and Company and are in accordance with relevant accounting standards, except for the matters qualified in the auditors' report; and

- that the above statements are founded on a sound system of risk management and internal compliance and control and which implement the policies adopted and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material aspects.

Principle 8

Remunerate fairly and responsibly

ASX recommends that the Company should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. The Company had addressed these recommendations as noted below:

8.1 Remuneration Committee

The Remuneration Committee currently consists of the following directors:

Mr. Marcin Dukaczewski
Mr. Adam Tomasz Polonek

The Remuneration Committee should comprise entirely of non-executive directors and be chaired by an independent director. Whilst this is a departure from the recommendation, the Board believes that the new Committee have the knowledge and experience on remunerations in the biopharmaceutical industry.

Until now, the Remuneration Committee was responsible mainly for the review and recommendation of the remuneration of the CEO. Given the size of the Company and the only function of the Remuneration Committee, there is no formal charter for the role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. The Remuneration Committee is in the process of reviewing the scope of the Remuneration Committee and will be preparing a formal Charter and when adopted, it will be made available on the Company's website.

Matters determined by the Remuneration Committee are submitted to the Board as recommendations for board decision, as required unless the Board has delegated the authority for a decision to the appropriate committee.

Details of these directors' qualifications, experience and attendance at Remuneration Committee meetings are set out in the directors' report on pages 17 to 19. During the year, the Remuneration Committee did not meet.

The Remuneration Committee advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive and non-executive directors.

Further information on directors' remuneration is set out in the directors' report on pages 22 to 25 and Note 6 to the financial statements.

8.2 Distinguish the structure of non-executive director's remuneration from that of executives

Current remuneration packages of executive directors and senior executives include a balance between fixed and incentive pay. The incentives are payable upon achievement of certain short term and long term objectives. Non-executive directors, if paid, receive a fixed fee.

The twelve months report of the Company contains detailed information of the remuneration of directors and senior executives. This information includes references to share option allocations, if any.

The Remuneration Committee and the Board will review the term of any proposed scheme for the retirement benefits, other than the statutory superannuation, for non-executive directors.

Report on the Financial Statements

We have audited the accompanying financial statements of SciGen Ltd (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at December 31, 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 109.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Bases for Qualified Auditor's Opinion

(a) As at the date of this report, we have not received response to our requests for confirmation of balance as at December 31, 2013 from a third party contractor of a subsidiary for the construction of the manufacturing facility in India. We were also not able to perform any satisfactory alternative procedures to audit this balance. We were unable to obtain sufficient appropriate evidence over the completeness of accruals for construction in progress costs incurred, recorded in other payable of the Group. Consequently, we were unable to determine the adjustments required for the current period construction in progress and other payable of the Group.

(b) Our audit report for December 31, 2012 was qualified as we identified several instances of unrecorded capital expenditure for construction in progress which was incurred by a subsidiary in India but was recorded subsequent to the financial year ended December 31, 2012. We were unable to obtain sufficient appropriate evidence over the completeness of accruals for construction in progress cost incurred, recorded in other payables of the Group. Consequently, we were unable to determine the adjustments, if any, that may be required to be made to the Group consolidated financial statements for December 31, 2013 and 2012.

Qualified Auditor's Opinion

In our opinion, except for the possible effects of the matters described in the Bases for Qualified Auditor's Opinion paragraphs, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note 3 of the financial statements, wherein the management has disclosed the critical accounting judgements and key sources of estimation uncertainty in the determination of the carrying amount of certain account balances:

(i) The non-current assets of the Group totalling US$25,357,000 (2012 : US$26,434,000) comprising property, plant and equipment amounting to US$14,077,000 (2012 : US$15,154,000) (Note 3a) of a subsidiary in India, intangible assets which represent licences amounting to US$8,280,000 (2012 : US$8,280,000) (Note 3b(i)) of the Company and long-term prepayment to an outside party amounting to US$3,000,000 (2012 : US$3,000,000) (Note 3e) of the Company; and

(ii) The non-current assets of the Company totalling US$14,482,000 (2012 : US$14,482,000) comprising investment in a subsidiary in India amounting to US$3,202,000 (2012 : US$3,202,000) (Note 3c), intangible assets which represent licences amounting to US$8,280,000 (2012 : US$8,280,000) (Note 3b(i)) of the Company and long-term prepayment to an outside party amounting to US$3,000,000 (2012 : US$3,000,000) (Note 3e) of the Company.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matters described in the Bases for Qualified Auditor's Opinion paragraph, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

March 28, 2014

	Note	Group		Company	
		2013	2012	**2013**	2012
		US$'000	US$'000	**US$'000**	US$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	**1,665**	1,799	**275**	479
Trade and other receivables	8	**5,007**	9,914	**5,010**	10,069
Inventories	9	**2,214**	1,829	**230**	378
Total current assets		**8,886**	13,542	**5,515**	10,926
Non-current assets					
Property, plant and equipment	10	**14,262**	15,400	**46**	58
Intangible assets	11	**13,151**	13,116	**13,054**	12,964
Lease prepayment	12	**330**	377	**-**	-
Other assets	13	**92**	-	**-**	-
Long term prepayment	14	**3,000**	3,000	**3,000**	3,000
Deferred tax assets	15	**6,993**	7,140	**6,993**	7,140
Subsidiaries	16	**-**	-	**3,202**	3,202
Total non-current assets		**37,828**	39,033	**26,295**	26,364
Total assets		**46,714**	52,575	**31,810**	37,290
LIABILITIES AND CAPITAL DEFICIENCY					
Current liabilities					
Trade and other payables	17	**15,176**	21,745	**11,096**	18,166
Income tax payable		**388**	-	**-**	-
Total current liabilities		**15,564**	21,745	**11,096**	18,166

		Group		Company	
	Note	**2013**	2012	**2013**	2012
		US$'000	US$'000	**US$'000**	US$'000
LIABILITIES AND CAPITAL DEFICIENCY					
Non-current liabilities					
Other payables	17	**10,427**	9,465	**10,427**	9,465
Loans and borrowings	18	**76,144**	74,527	**74,527**	74,527
Total non-current liabilities		**86,571**	83,992	**84,954**	83,992
Capital, reserves and non-controlling interests					
Share capital	19	**42,530**	42,530	**42,530**	42,530
Capital reserve	20	**551**	551	**-**	-
Translation reserves	20	**(5,077)**	(4,237)	**-**	-
Accumulated losses		**(98,244)**	(98,655)	**(106,770)**	(107,398)
Equity attributable to owners of the company		**(60,240)**	(59,811)	**(64,240)**	(64,868)
Non-controlling interests		**4,819**	6,649	**-**	-
Net capital deficiency		**(55,421)**	(53,162)	**(64,240)**	(64,868)
Total liabilities, net of capital deficiency		**46,714**	52,575	**31,810**	37,290

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group 2013 US$'000	Group 2012 US$'000
Continuing Operations			
Revenue	21	**20,790**	18,150
Other income		**158**	122
Changes in inventories of finished goods		**347**	(257)
Purchases		**(9,280)**	(7,786)
Employee benefits expense	23	**(4,281)**	(4,465)
Depreciation of property, plant and equipment	10	**(89)**	(135)
Amortisation of lease prepayment	12	**(4)**	(4)
Amortisation of intangible assets	11	**(374)**	(498)
Write-off of property, plant and equipment	10	**(10)**	-
Write-off on inventories		**(25)**	-
Write-off of intangible assets		**-**	(17)
Loss on disposal of property, plant and equipment	23	**(2)**	(3)
Gain on sale of subsidiary	23	**-**	768
Other operating expenses	22	**(5,633)**	(4,913)
Profit before finance expense and income tax		**1,597**	962
Finance income	24	**22**	49
Finance expense	24	**(1,760)**	(1,225)
Loss before income tax		**(141)**	(214)
Income tax expense	25	**(566)**	(200)
Loss from continuing operations		**(707)**	(414)
Discontinued Operations			
Profit from discontinued operations, net of income tax	26	**-**	4,557
(Loss)/Profit for the year	23	**(707)**	4,143
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		**(1,552)**	(190)
Exchange differences reclassified to profit or loss for the year, on disposal of subsidiaries		**-**	(5,282)
Other comprehensive income for the year		**(1,552)**	(5,472)
Total comprehensive loss for the year		**(2,259)**	(1,329)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group	
		2013	2012
		US$'000	US$'000
(Loss)/Profit for the year attributable to:			
Equity holders of the Company		**411**	4,669
Non-controlling interests		**(1,118)**	(526)
(Loss)/Profit for the year		**(707)**	4,143
Total comprehensive loss attributable to:			
Equity holders of the Company		**(429)**	(529)
Non-controlling interests		**(1,830)**	(800)
Total comprehensive loss for the year		**(2,259)**	(1,329)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	27	**0.074**	0.845
From continuing operations:			
Basic earnings per share (cents)	27	**0.074**	0.020

Note: There is no tax effect on the component indicated in the other comprehensive income.

See accompanying notes to financial statements.

	Share capital	Capital reserve	Translation reserves	Accumulated losses	Attributable to equity holders of the company	Non-controlling interests	Net capital deficiency
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group							
At January 1, 2012	42,530	-	961	(103,324)	(59,833)	3,342	(56,491)
Total comprehensive loss for the year							
Profit for the year	-	-	-	4,669	4,669	(526)	4,143
Other comprehensive income for the year	-	-	(5,198)	-	(5,198)	(274)	(5,472)
Total	-	-	(5,198)	4,669	(529)	(800)	(1,329)
Transactions with owners, recognised directly in equity							
Disposal of subsidiary	-	-	-	-	-	(3,342)	(3,342)
Transactions arising from disposal of interest							
in a subsidiary (Note 20b)	-	551	-	-	551	7,449	8,000
Total	-	551	-	-	551	4,107	4,658
At December 31, 2012	42,530	551	(4,237)	(98,655)	(59,811)	6,649	(53,162)
Total comprehensive loss for the year							
Loss for the year	-	-	-	411	411	(1,118)	(707)
Other comprehensive income for the year	-	-	(840)	-	(840)	(712)	(1,552)
Total	-	-	(840)	411	(429)	(1,830)	(2,259)
At December 31, 2013	42,530	551	(5,077)	(98,244)	(60,240)	4,819	(55,421)

See accompanying notes to financial statements.

	Share capital	Accumulated losses	Net capital deficiency
	US$'000	US$'000	US$'000
Company			
At January 1, 2012	42,530	(92,420)	(49,890)
Loss for the year, representing total comprehensive loss for the year	-	(14,978)	(14,978)
At December 31, 2012	42,530	(107,398)	(64,868)
Profit for the year, representing total comprehensive income for the year	-	628	628
At December 31, 2013	42,530	(106,770)	(64,240)

See accompanying notes to financial statements.

	2013	2012
	US$'000	US$'000
Operating activities		
(Loss)/Profit before income tax	(141)	4,343
Adjustments for:		
Depreciation of property, plant and equipment	89	135
Amortisation of lease prepayment	4	4
Amortisation of intangible assets	374	498
Loss on disposal of property, plant and equipment	2	3
Gain on disposal of asset held-for-sale	-	(4,705)
Gain on sale of subsidiary	-	(768)
Allowance for doubtful debts	5	1
Property, plant and equipment written-off	10	-
Inventories written-off	25	-
Intangible assets written-off	-	17
Interest income	(22)	(49)
Interest expenses	1,343	1,196
Write-down of inventories	-	12
Net foreign exchange losses	297	29
Operating cash flow before movement in working capital	1,986	716
Inventories	(385)	129
Trade and other receivables (Note A)	3,360	712
Trade and other payables (Note A)	(6,950)	(1,006)
Cash (used in)/generated from operations	(1,989)	551
Income taxes paid	(31)	(5)
Net cash flows (used in)/from operating activities	(2,020)	546

	2013	2012
	US$'000	US$'000
Investing activities		
Interest received	**22**	49
Purchase of property, plant and equipment	**(725)**	(2,749)
Purchase of intangible assets	**(429)**	(22)
Proceeds from disposal of property, plant and equipment	**1**	8
Proceeds from disposal of asset held-for-sale *(Note B)*	**1,495**	150
Net cash flows from/(used in) investing activities	**364**	(2,564)
Financing activities		
Interest paid	**(179)**	(91)
Restricted long term fixed deposit	**(41)**	-
Repayment of bank loans	**-**	(2)
Proceeds from bank loans *(Note C)*	**1,617**	-
Loan from an outside party	**-**	1,950
Net cash flows from financing activities	**1,397**	1,857
Net decrease in cash and cash equivalents	**(259)**	(161)
Cash and cash equivalents at beginning of the year	**1,799**	1,997
Effect of exchange rate fluctuations on cash held	**125**	(37)
Cash and cash equivalents at end of the year	**1,665**	1,799

Note A :

(Non-cash transaction for operating and investing activities)

In the current financial period, based on mutual agreement between the Group and its ultimate holding company, the Group has assigned its rights on the proceeds from disposal of a subsidiary amounting to US$3,460,000 to its ultimate holding company. In return, the ultimate holding company agreed to offset US$3,460,000 from the outstanding trade payable of the Group to its ultimate holding company.

Note B :

In addition to the information disclosed in Note 26 to the consolidated financial statements, proceeds amounting to US$1,495,000 were received in the current financial year in accordance to the terms of the sales agreement.

Note C :

Bank loan is denominated in United States Dollars and is for part financing of manufacturing facility in Pune, India.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration Number. 199805796R) is incorporated in the Republic of Singapore with its principal place of business and registered office is located at 152 Beach Road, #26-07/08 Gateway East, Singapore 189721.

The Company is listed on the Australian Stock Exchange. The consolidated financial statements are presented in United States dollars, which is the Company's functional currency and rounded to the nearest thousand ($'000), unless stated otherwise.

The principal activities of the Group and the Company are those relating to the manufacture and distribution of biopharmaceutical products under exclusive licensing arrangements. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

As at December 31, 2013, the Group's and Company's current liabilities exceed their current assets by US$6,678,000 (2012 : $8,203,000) and US$5,581,000 (2012 : US$7,240,000) respectively; the Group has a net capital deficiency of US$55,421,000 (2012 : US$53,162,000) as of that date; and incurred a net loss of US$707,000 (2012 : net profit of US$4,143,000) during the financial year. Notwithstanding these conditions, on the account of continued financial support from the ultimate holding company, the directors do not believe that there are any material uncertainties surrounding the ability of the Group and Company to operate on a going concern basis, as disclosed in Note 4 (iv) to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2013 were authorised for issue by the Board of Directors on March 28, 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2013. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to FRS 1 Presentation of Items of Other Comprehensive Income retrospectively for the first time in the current year, and renamed the 'statement of comprehensive income' as the 'statement of profit or loss and other comprehensive income'. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to FRS 107 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. The Group has presented the effects of its offsetting arrangements in Note 4(b) to the financial statements. Aside from the additional disclosures, the application of the amendments has had no material impact on the amounts recognised in the consolidated financial statements.

FRS 113 Fair Value Measurement

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Group has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the consolidated financial statements.

At the date of authorisation of these financial statements, the following new/revised FRSs and amendments to FRSs that are relevant to the Group and the Company were issued but not effective:

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 28 (Revised) Investments in Associates and Joint Ventures
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- Amendments to FRS 110 Consolidated Financial Statements – Investment Entities
- FRS 110, FRS 111, FRS 112 Transition Guidance
- Amendments to FRS 32 *Financial Instruments: Presentation*
- Amendments to FRS 36 *Impairment of Assets*

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

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

FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 Consolidation - Special Purpose Entities.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

The Group is currently estimating the effects of FRS 110 in the period of initial adoption.

FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures

FRS 111 supersedes FRS 31 Interests in Joint Ventures and INT FRS 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised FRS 28 Investments in Associates and Joint Ventures to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs.

FRS 111 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

The Group has no Joint Arrangements as defined in FRS 111 and FRS 28. The effect of amendments to FRS 111 in the period of initial adoption is not expected to be material.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after January 1, 2014. The Group is currently estimating the effect of FRS 112 in the period of initial adoption.

Amendments to FRS 32 Financial Instruments: Presentation

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.

The management is still evaluating the impact of the amendments to FRS 32 on the financial assets and liabilities that have been set-off on the statement of financial position.

Amendments to FRS 36 Impairment of Assets

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash generating unit (CGU) to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rate(s) used.

Upon adoption of the amendments to FRS 36, the Group expects additional disclosures arising from any asset impairment loss or reversals, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and FRS 19 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instrument other than those financial instruments "at fair value through profit or loss".

Financial assets

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flow from the asset expire or it transfers the financial asset and substantially all of the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing from such proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payable when the recognition of interest would be immaterial.

Interest-bearing bank loans and loan from ultimate holding company are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term on the same basis as the lease income.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives using the straight-line method on the following bases:

Plant and machinery	-	5 years
Office furniture and fittings	-	5 to 10 years
Office equipment	-	3 to 5 years
Motor vehicle	-	5 years

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INTANGIBLE ASSETS -

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Internally-generated intangible assets - research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development costs are charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which it belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Profit sharing

Profit sharing revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Profit sharing agreements are based on sales and other measures, recognised by reference to the underlying arrangement. Profit share are for the use of the Group's intangible assets.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and state schemes where the Group's operations are located, are dealt with as payments to defined contribution plans where the company's obligation under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in profit or loss.

DISCONTINUED OPERATIONS - A component of a Group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity within the Group. In other words, a component Group will have been a cash-generating unit or a group of cash-generating units while being held for use.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations, (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the company operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollars, which is the functional currency of the Company and presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

3 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 applyi ng the Group's accounting policies

Management did not make judgements that will have significant effect on the amounts recognised in the financial statements apart from those involving estimations which are dealt with below and in other notes to the financial statements.

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 property, plant and equipment

The Group has substantial investments in property, plant and equipment for its manufacturing facility in India.

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

The recoverable amounts of property, plant and equipment subject to impairment review at the end of the reporting period were estimated based on value in use.

The assumptions in estimating the recoverable amounts are in line with management's understanding of the current economic conditions, and the business environment in the pharmaceutical industry and countries in which the Group operates.

For the year ended December 31, 2013, the management conducted an impairment review in order to estimate the recoverable amount of the non-current assets relating to operations in India, where the base case for the assessment used by management remain similar to the one done at the year-end 2012 except for few new update on the business. The major assumptions used in impairment review for the year ended December 31, 2013, and influencing the future cash flows, are as follows:

- Commercial production is planned to commence in 2015, one year after the expected commissioning of the manufacturing facility by the main contractor in 2014 (2012 : commercial production would commence in 2014).

- Sales volumes are derived only from the 11 countries where the Group has existing market presence for the sale of insulin (2012 : sales volumes are derived in 5 countries). The Group strategy assumptions' regarding entering new markets either through the regional distributors or local ones remain with no change to the impairment assessment for the year ended December 31, 2013 and are the main assumption regarding decision on conducting the investment in SciGen BioPharma Private Ltd ("SciGen BioPharma") and increase the capacity of Active Pharmaceutical Ingredient production of recombinant human insulin.

- Terminal value was not assumed at the end of the project and the cash flow projections based on cash flow over the period of 20 years (2012 : 20 years). Sales from the 11th year were conservatively maintained at the same level of volume and selling price.

- The calculation of the value in use was based on the publicly available and third party data like demographics data of United Nations Statistics Division or diabetes prevalence data of International Diabetes Federation, IDF Diabetes Atlas as well as management assumptions. The market model is based on the development of the number of patients per each market which are derived from data on population, diabetes prevalence, patients diagnosed and treated, plus share of treated with human and analogs insulin. The market value is based on the market volume of units sold as well as its price per unit. The assumed sales per market is based on the assumed market shares in each year and every market at the level which take into account current presence of the insulin product on the market, competitive environment, targeted market share and competitive strength of the potential distributor which can be a big pharma company or local distributor.

- Cash flows were projected based on actual operating results and the financial budgets for the period of the estimated useful life of the respective licences of 10-20 years from the date of registration.

- Cash flow forecasts were estimated based on management's assessment of the external information on the estimated size of markets in the various countries.

- Management believes that this forecast period was justified due to the long-term nature of the biopharmaceutical industry. As the licenced products are biosimilar products, management believes that these licenced products would be able to generate revenue and future cash flows for a period of up to 20 years.

- Product prices were assumed to be constant based on management's current estimate of the prices, which was based on an analysis of the market price trends in the industry.

- All assumptions are in line with management's understanding of the current economic conditions, and the business environment in the pharmaceutical industry and countries in which the Group operates.

- Discount rates of 12.2% (2012 : 12.2%) per annum were applied in determining the recoverable amounts of the licences. In addition to the risk free rate of return, management has considered additional risk factors such as market risk, execution risk and industry risk. The weighted average cost of capital ("WACC") was assumed at 12.2%.

Based on the above data and assumptions, which were used to determine the estimated recoverable amount of the property, plant and equipment in India, the management assessment confirms the non-impairment of property, plant and equipment in India for the year ended December 31, 2013.

Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the non-current assets will be recovered in full. The management closely monitored, and adjustments will be made in future periods, if future market activity indicates that such adjustments are appropriate. Should the volume of units sold by the Group decrease by 5% (2012 : 5%), there will be no impairment loss (2012 : increase by US$68,000) for the Group nor for the Company (2012 : increase by US$1,300,000).

As at December 31, 2013, the carrying amount of the property, plant and equipment of a subsidiary in India amounting to US$14,077,000 (2012 : US$15,154,000).

The carrying amounts of the Group and the Company's property, plant and equipment are disclosed in Note 10 to the financial statements.

(b) Impairment of intangible assets

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

Impairment loss is recognised when events and circumstances indicate that the Group and the Company'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.

(i) During the year, management considered the recoverability of the Company's licence relating to right to use design plans to construct large scale production facilities with carrying amount of US$8,280,000 (2012 : US$8,280,000) (Note 11). Detailed impairment assessment has been carried out and management is confident that the carrying amount of the asset will be recovered in full. The assumptions used to estimate the recoverable amount are disclosed in Note 3(a) to the financial statements.

(ii) The management has estimated the recoverable amount of the licences and related development costs for SciLin™ with carrying amount of US$3,994,000(2012 : US$4,210,000) (Note 11). The recoverable amount was estimated based on its value in use which includes discounting future cash flows generated from thecontinuing use of the licences and related development costs. The Company signed three (2012 : three) profit sharing agreements with its ultimate holding company, whereby the Company will receive a share of the revenues from the use of the SciLin™ licence and development costs in the countries wherein the Group has the licence and rights to distribute the product. The Company expected profit from its ultimate holding company for contracts with annual sale for the next fifteen years with projected fee for the use of SciLin™ licence and development cost which confirms the non-impairment of the licences and related development costs for SciLin™.

The carrying amounts of the Group and the Company's intangible assets are disclosed in Note 11 to the financial statements.

(c) Impairment of subsidiaries

The Company maintains impairment losses at a level considered adequate to provide for potential non-recoverability of investment in subsidiaries. The level of allowance is evaluated by the Company on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities and market factors. The Company reviews and identifies balances that are to be impaired on a continuous basis.

The assumptions used to estimate the recoverable amounts of the investment in a subsidiary in India are similar to those disclosed in Note 3(a) to the financial statements. The management has estimated the recoverable amount of the investment in a subsidiary in India with carrying amount of US$3,202,000 (2012 : US$3,202,000) using value in use approach as disclosed in Note 3(a) to the financial statements.

The management reviewed the recoverable amount of its investment in a subsidiary in China. The subsidiary remained inactive. During the year, the management provided full impairment loss of US$160,000 (2012 : US$110,000).

The impairment losses for the year ended December 31, 2013 amounting to US$160,000 (2012 : US$7,350,000) comprised of impairment loss for investment in subsidiary in China (2012 : US$$7,240,000 and US$110,000 impairment losses for investment in subsidiaries in India and China respectively).

The carrying amounts of the investments in subsidiaries are disclosed in Note 16 to the financial statements.

(d) Useful lives of property, plant and equipment

The carrying amount of the property, plant and equipment is depreciated on a straight-line basis over the remaining useful life of each property, plant and equipment. Management reviews and revises the estimates of the remaining useful life and residual values (if any) of the property, plant and equipment at the end of each reporting period based on their age and condition at that time. Changes in the way the property, plant and equipment are used and other factors (such as market or technological factors) could impact the useful life and residual values of the property, plant and equipment, therefore future depreciation charges could be revised. Any changes in the useful life and residual values of the property, plant and equipment would impact the depreciation charges and consequently affect the Group's and the Company's results. During the year, there were no changes in useful lives of the Group's property, plant and equipment.

(e) Assessment of recoverability of long-term prepayment

In assessing the recoverability of long-term prepayment to an outside party with carrying amount of US$3,000,000 (2012 : US$3,000,000) as disclosed in Note 14 to the financial statements, the management used the same assumptions as disclosed in Note 3(a) to the financial statements.

(f) Assessment of recoverability of debts

The assessment of the recoverability of debts of the Group and the Company is based on the on-going evaluation of collectability and ageing analysis of outstanding debts and on management's estimate of the ultimate realisation of these debts, including credit worthiness and the past collection history of each debtor. Management has evaluated the recovery of these debts based on each estimate and is confident that the allowance for doubtful debts, where necessary is adequate.

The carrying amounts of trade and other receivables at the end of the reporting period are disclosed in Note 8 to the financial statements.

(g) Allowance for inventories

Management reviews the inventory age listing on a periodic basis to identify aged inventory. This review involves comparison of the carrying amount of the inventory items with the respective net realisable values. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodic basis in order to determine whether an allowance is required to be made in respect of any obsolete and defective inventories identified. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

The carrying amount of inventories is disclosed in Note 9 to the financial statements.

(h) Share application costs in a subsidiary

A subsidiary in India received several remittances from the Company and an investor. Foreign Exchange Management Act ("FEMA") issued by Reserve Bank of India ("RBI") requires allotment of shares or debenture on the funds received from the Company and an investor.

The following are the non-compliances on the FEMA:

i. Non-declaration to the RBI on the receipt of funds from the Company on issue of equity shares amounting to US$15,430,000 (INR953,110,000);

ii. Non-issue of shares against funds remitted into India by the Company within the prescribed period of 180 days from the date of receipts of such funds totalling US$16,117,000 (INR995,520,000). These shares were issued in the preceding financial year; and

iii. Non-issue of convertible debenture against funds remitted into India by an investor, within the prescribed period of 180 days from the respective dates of receipt of such funds totalling US$1,280,000 (INR79,080,000). These were issued in the preceding financial year.

Following the closing of the transaction, all the above declarations and issuance of shares mentioned in the points (i) to (iii) above towards RBI were conducted in the course of first half of 2012. In order to comply with the provision of RBI, the subsidiary in India has filed the relevant forms with RBI for the allotment of shares during the preceding year. In view of the late submission of the share application forms, the subsidiary in India is liable to a penalty, payable to RBI. Based on the prevailing practices and matters dealt with by RBI, the management estimated the penalty at 5% of the sum involved, estimate based on Independent Expert Report. An accrual of US$801,000 (2012 : US$904,000) in respect of the penalty is recognised in the trade and other payables of the Group at the end of the reporting period. Management is of the view that the amount recognised in the financial statements of the Group is adequate and based on best estimate to settle the obligation to RBI, if any.

(i) Deferred tax assets valuation

The carrying amount of deferred tax assets amounts to US$6,993,000 (2012 : US$7,140,000). 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. The Company has expected profits from the ultimate holding company for contracts for the use of SciLin™ licence and development costs which in the view of the management supports the recognition of deferred tax assets as appropriate.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**5,055**	10,148	**5,077**	10,362
Financial liabilities				
Amortised cost	**101,747**	105,737	**96,050**	102,158

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

Group and Company
As at December 31, 2013 (US$'000)

Financial assets

	(a)	(b)	(c) = (a) – (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial asset	Gross amounts of recognised financial asset	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount
GROUP						
Trade and other receivables	5,153	(4,820)	333	-	-	333
Total	5,153	(4,820)	333	-	-	333
COMPANY						
Trade and other Receivables	5,087	(4,820)	267	-	-	267
	5,087	(4,820)	267	-	-	267

Group and Company
As at December 31, 2013 (US$'000)

Financial liabilities

	(a)	(b)	(c) = (a) – (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial asset	Gross amount of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount
Trade and other Payables	14,815	(4,820)	9,995	-	-	9,995
Total	14,815	(4,820)	9,995	-	-	9,995

Group and Company
As at December 31, 2012 (US$'000)

Financial assets

	(a)	(b)	(c) = (a) – (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial asset	Gross amounts of recognised financial asset	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount
GROUP						
Trade and other receivables	860	(539)	321	-	-	321
Total	860	(539)	321	-	-	321
COMPANY						
Trade and other receivables	843	(539)	304	-	-	304
Total	843	(539)	304	-	-	304

Group and Company
As at December 31, 2012 (US$'000)

Financial liabilities

	(a)	(b)	(c) = (a) – (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial asset	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Cash collateral pledged	Net amount
Trade and other payables	17,945	(539)	17,406	-	-	17,406
Total	17,945	(539)	17,406	-	-	17,406

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

(c) Financial risk management policies and objectives

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk. The Group manages its exchange risk by monitoring the movements in exchange rate regularly. The Group does not enter into any forward contracts to hedge its exposure to movement in exchange rate.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currency are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US $'000	**US$'000**	US$'000	**US$'000**	US$'000
United States dollars	**73**	24	**1,741**	124	**-**	-	**-**	-
Singapore dollar	**78**	260	**186**	261	**78**	260	**186**	261
Australian dollar	**20**	25	**4**	17	**20**	25	**4**	17
Euro	**76**	37	**69**	53	**76**	37	**11**	14
Philippine peso	**-**	-	**25**	24	**-**	-	**25**	24

Foreign currency sensitivity

The sensitivity rate used when reporting foreign currency risk to key management personnel is 10%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at year end.

If the relevant foreign currency strengthens by 10% against the functional currency of the each group entity, loss before tax will (increase) decrease by:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
United States dollars	**(167)**	(10)	**-**	-
Singapore dollar	**(11)**	-	**(11)**	-
Australian dollar	**2**	1	**2**	1
Euro	**1**	(2)	**7**	2
Philippines peso	**(2)**	(2)	**(2)**	(2)

If the relevant foreign currency weakens by 10% against the functional currency of the company, there would be an equal and opposite impact on the profit or loss.

(ii) Interest rate risk management

Interest rate risk arise from potential change in interest rate that may have an adverse effect on the Group in the current period and future years.

The Group's exposure to changes in interest rates relates primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Summary quantitative data of the Group's and the Company's interest-bearing financial instruments can be found in Note 4(c)(iv) to the financial statements.

Interest rate risk

The Group has substantial borrowings with variable interest rates and is therefore exposed to interest rate risk. This arises primarily from borrowings denominated in United States dollars. The Group does not use derivative financial instruments to hedge its interest rates, except for secured bank loan as disclosed in Note 18 to the financial statements.

Sensitivity analysis

At the reporting date, the Group and the Company has a floating rate loan from the ultimate holding company of US$74,527,000 (2012 : US$74,527,000). A change of 100 basis points ("bp") in interest rates at the reporting date would (increase)/decrease loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 bp increase	100 bp decrease
	US$'000	US$'000
Group and Company		
2013		
Variable rate loans from ultimate holding company	(745)	745
2012		
Variable rate loans from ultimate holding company	(745)	745

(iii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

It is the Group's policy to transact with creditworthy counterparties. Therefore, the Group does not expect to incur material credit losses on its financial assets or other financial instruments.

Concentration of credit risk exist when changes in economic, industry or geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. If the customers are independently rated, these ratings are used. Otherwise, the credit quality of customers is assessed after taking into account its financial position and past experience with the customers. The Group does not require collateral in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Except for a customer in Thailand with trade receivables as at December 31, 2013 of US$735,000 (2012 : US$733,000), trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Other receivables consist of proceed receivable for the disposal of subsidiaries amounting to US$5,000 (2012 : US$4,960,000) and is recoverable from one counterparty (2012 : recoverable from two counterparties). During the year, based on mutual agreement between the Company and its ultimate holding company, the Company has assigned its rights on the proceed from disposal of a subsidiary amounting to US$3,460,000 (Note 8) to its ultimate holding company, in return, the ultimate holding company agreed to offset US$3,460,000 from the outstanding trade payable of the Company to its ultimate holding company (Note 17).

Management continuously monitor recoverability of debts. Management is of the view that there is no concentration of credit risk apart from the customer in Thailand. Further details of credit risks on trade and other receivables are disclosed in Note 8 to the financial statements.

Cash and fixed deposits are held with reputable financial institutions.

(iv) Liquidity risk management

The Group and the Company maintains sufficient cash and cash equivalents and internally generated cash flows to finance their activities. As at December 31, 2013, the Group and the Company has available cash and cash equivalents totalling to US$1,665,000 (2012 : US$1,799,000) and US$275,000 (2012 : US$479,000), respectively, to finance its operations.

The Group had a net loss of US$707,000 (2012 : net profit of US$4,143,000) for the year ended December 31, 2013, out of which nil profit (2012 : profit of US$4,557,000) was attributable to discontinued operations and, as of that date, the Group had net current liabilities of US$6,678,000 (2012 : US$8,203,000) and a net capital deficiency of US$55,421,000 (2012 : US$53,162,000).

The Group and the Company are dependent on the ultimate holding company, for continued financial support to enable the Group and the Company to operate as going concerns and to discharge the obligations as and when they fall due. The management is satisfied that financial support will be available when required.

No additional loans were provided by the ultimate holding company during the year (2012 : no additional loans). The ultimate holding company has also undertaken to provide financial support and that it will not demand for settlement of the loans granted to the Company of US$74,527,000 (2012 : US$74,527,000), within the next twelve months, which are due for repayment on December 31, 2015.

Accordingly, the financial statements of the Group have been prepared assuming that the Group and the Company will continue as going concerns.

The Group and the Company's financial assets and financial liabilities are substantially short-term in nature, except for loans and borrowings as disclosed in Note 18 to the financial statements.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
2013						
Variable interest rate loans from ultimate holding company	1.29	-	75,488	-	(961)	74,527
Fixed interest rate bank loan	2.40	-	768	1,020	(171)	1,617
Non-interest bearing	-	15,176	10,427	-	-	25,603
		15,176	86,683	1,020	(1,132)	101,747
2012						
Variable interest rate loans from ultimate holding company	1.48	-	76,749	-	(2,222)	74,527
Non-interest bearing	-	21,745	9,465	-	-	31,210
		21,745	86,214	-	(2,222)	105,737
Company						
2013						
Variable interest rate loans from ultimate holding company	1.29	-	75,488	-	(961)	74,527
Non-interest bearing	-	11,096	10,427	-	-	21,523
		11,096	85,915	-	(961)	96,050
2012						
Variable interest rate loans from ultimate holding company	1.48	-	76,749	-	(2,222)	74,527
Non-interest bearing	-	18,166	9,465	-	-	27,631
		18,166	86,214	-	(2,222)	102,158

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables, other assets, payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

(d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Management reviews the capital structure on an on-going basis to achieve its capital objective. The capital structure of the Group consists of debts, which includes borrowings disclosed in Note 18 to the financial statements, share capital, reserves and retained earnings. The Group's overall strategy remains unchanged from 2012.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

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

Some of the Group's transactions and arrangements are between members of the ultimate holding company's group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest free and repayable on demand unless otherwise stated.

Transactions between subsidiaries have been eliminated on consolidation. Transactions with the ultimate holding company and a related company during the year are disclosed below.

	Group	
	2013	2012
	US$'000	US$'000
Ultimate holding company		
Purchases of goods	**3,474**	3,741
Profit sharing on sales of insulin	**(1,324)**	(590)
Interest accrued for loan from ultimate holding company	**963**	1,107
Payment for purchases of goods	**6,295**	4,549
Proceeds of loan from ultimate holding company	**-**	-
Related company		
Trade advance from a related company	**446**	933

No expense has been recognised in the period for doubtful debts in respect of the amounts owed by related companies.

Following the execution of the exclusive supply and distribution agreements ("Distribution Agreements"), the ultimate holding company entered into three profit sharing agreements with Company covering the markets of China, India and Vietnam, whereby the Company will receive fees based on the product sold and paid by the distributor under the Distribution Agreements. The Company owns the licence and development costs rights to sell and distribute in China, India and Vietnam. The fee is specified as price per unit (per vial/cartridge or per gram) of the product sold and paid by the distributor. Profit share are for the use of the Group's intangible assets.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured, interest free, will be settled in cash and repayable on demand unless otherwise stated.

No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Compensation of directors and key management personnel

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

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Short-term employee benefits	**1,445**	1,394	**774**	771
Post-employment benefits	**99**	104	**38**	35
	1,544	1,498	**812**	806

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**1,569**	1,643	**275**	479
Fixed deposits	**96**	156	**-**	-
	1,665	1,799	**275**	479

Fixed deposits bear average effective interest rate of 3.12% (2012 : 6.08%) per annum and for a tenure of approximately six to twelve months (2012 : one to six months). The carrying amounts of these assets approximate their fair values.

The Group and Company's cash and cash equivalents that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Singapore dollar	**18**	30	**18**	30
Australian dollar	**20**	25	**20**	25

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables	**2,999**	3,093	**1,518**	1,661
Allowance for doubtful debts	**(279)**	(276)	**(271)**	(271)
	2,720	2,817	**1,247**	1,390
Amounts due from subsidiaries - trade (Note 5)	**-**	-	**1,872**	2,662
Amounts due from subsidiaries - non-trade (Note 5)	**-**	-	**1,244**	444
Deposits	**163**	229	**100**	112
Other receivables	**72**	4,969	**72**	4,969
Staff advances	**3**	6	**-**	2
Amounts due from ultimate holding Company - non-trade (Note 5)	**333**	321	**267**	304
Amounts due from related company - non-trade (Note 5)	**7**	7	**-**	-
	3,298	8,349	**4,802**	9,883
Prepayments	**1,501**	1,325	**208**	186
Advances to suppliers	**208**	240	**-**	-
	5,007	9,914	**5,010**	10,069

The trade and other receivables are unsecured, interest-free and are repayable on demand. Included in other receivables are the proceeds receivable for the disposal of subsidiaries amounting to US$5,000 (2012 : US$4,960,000) are not impaired as there has not been a significant change in credit quality and the amounts are considered recoverable.

The average credit period on sales of goods is 60 days (2012 : 60 days). No interest is charged on the trade and other receivables. Allowances for doubtful debts are recognised against trade and other receivables based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

In determining the recoverability of a trade or other receivable the Group considers any change in the credit quality of the trade or other receivable from the date credit was initially granted up to the end of the reporting period. The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade and other receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engaged in a wide spectrum of pharmaceutical product distribution activities and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the credit period. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group and the Company's trade receivables.

The maximum exposure to credit risk for trade receivables due from third parties at the reporting date (by geographical region) is:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Thailand	**735**	733	**735**	733
Philippines	**460**	331	**460**	331
Australia	**667**	928	**-**	-
Korea	**806**	498	**-**	-
Others	**52**	327	**52**	326
	2,720	2,817	**1,247**	1,390

The Group's most significant customer accounts for US$735,000 (2012 : US$733,000) of the trade receivables carrying amount as at December 31, 2013.

The table below is an analysis of trade receivables as at December 31:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Not past due and not impaired	**2,220**	2,553	**1,021**	1,262
Past due but not impaired (i)	**500**	264	**226**	128
	2,720	2,817	**1,247**	1,390
Impaired receivables - collectively assessed (ii)	**279**	276	**271**	271
Less: Allowance for impairment	**(279)**	(276)	**(271)**	(271)
	-	-	**-**	-
Total trade receivables, net	**2,720**	2,817	**1,247**	1,390

(i) Aging of receivables that are past due but not impaired:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Past due for 0 to 30 days	**393**	181	**223**	128
Past due for 31 to 120 days	**107**	83	**3**	-
	500	264	**226**	128

These amounts are stated before any deduction for impairment losses.

(ii) Movement in the allowance for doubtful debts:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Outside parties:				
Balance at beginning of the year	**276**	275	**271**	271
Increase in allowance recognised				
in profit or loss (Note 23)	**5**	1	**-**	-
Write-off of debts	**(2)**	-	**-**	-
Balance at end of the year	**279**	276	**271**	271

The table below is an analysis of other receivables as at December 31:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Not past due and not impaired	20	1,509	20	1,509
Past due but not impaired (i)	52	3,460	52	3,460
Total other receivables	72	4,969	72	4,969

(i) Aging of receivables that are past due but not impaired:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
6 months to 12 months	52	3,460	52	3,460

The Group and the Company's trade and other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
United States dollar	73	24	-	-
Singapore dollar	60	230	60	230
Euro	76	37	76	37

9 INVENTORIES

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Finished goods	**2,214**	1,841	**230**	390
Allowance for inventories	**-**	(12)	**-**	(12)
	2,214	1,829	**230**	378

Movement in the allowance for inventories:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Finished goods:				
Increase in allowance recognised in profit or loss and balance at end of the year	**-**	12	**-**	12

10 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Office furniture and fittings	Office equipment	Motor vehicles	Construction in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
Cost:						
At January 1, 2012	763	425	432	57	15,374	17,051
Additions	2	3	34	-	2,710	2,749
Disposals	-	-	(20)	(19)	-	(39)
Translation differences	(5)	2	7	2	(108)	(102)
At December 31, 2012	760	430	453	40	17,976	19,659
Additions	-	-	43	-	682	725
Disposals	-	(6)	(14)	(5)	-	(25)
Write off	-	(32)	(1)	-	-	(33)
Reclassifications	(3)	(20)	20	-	3	-
Translation differences	(85)	(43)	(43)	(4)	(2,065)	(2,240)
At December 31, 2013	672	329	458	31	16,596	18,086
Accumulated depreciation:						
At January 1, 2012	684	175	345	22	-	1,226
Depreciation charge for the year	34	43	51	7	-	135
Disposals	-	-	(20)	(8)	-	(28)
Translation differences	(6)	1	6	-	-	1
At December 31, 2012	712	219	382	21	-	1,334
Depreciation charge for the year	7	39	37	6	-	89
Disposals	-	(6)	(13)	(3)	-	(22)
Write off	-	(22)	(1)	-	-	(23)
Translation differences	(80)	(22)	(39)	(2)	-	(143)
At December 31, 2013	639	208	366	22	-	1,235

	Plant and machinery	Office furniture and fittings	Office equipment	Motor vehicles	Construction in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Accumulated impairment losses:						
At January 1, 2012	-	-	-	-	2,945	2,945
Translation differences	-	-	-	-	(20)	(20)
At December 31, 2012	-	-	-	-	2,925	2,925
Translation differences	-	-	-	-	(336)	(336)
At December 31, 2013	-	-	-	-	2,589	2,589
Carrying amount:						
At December 31, 2012	48	211	71	19	15,051	15,400
At December 31, 2013	33	121	92	9	14,007	14,262

As at December 31, 2013, the Group has pledged the entire property, plant and equipment of a subsidiary having carrying amount of US$14,077,000 to secure banking facilities granted to a subsidiary as disclosed in Note 18 to the financial statements.

	Plant and machinery	Office furniture and fittings	Office equipment	Total
	US$'000	US$'000	US$'000	US$'000
Company				
Cost:				
At January 1, 2012	18	107	100	225
Additions	-	-	20	20
Disposals	-	-	(20)	(20)
At December 31, 2012	18	107	100	225
Additions	-	-	17	17
Disposals	-	(4)	(14)	(48)
Write off	-	(30)	-	(30)
At December 31, 2013	18	73	103	194
Accumulated depreciation:				
At January 1, 2012	18	62	84	164
Depreciation for the year	-	11	12	23
Disposals	-	-	(20)	(20)
At December 31, 2012	18	73	76	167
Depreciation for the year	-	9	12	21
Disposals	-	(4)	(14)	(18)
Write off	-	(22)	-	(22)
At December 31, 2013	18	56	74	148
Carrying amount:				
At December 31, 2012	-	34	24	58
At December 31, 2013	-	17	29	46

In December 31, 2013, property, plant and equipment carrying value of the Group amounting to US$10,000 were written off (2012 : US$Nil). The Group disposed of certain of its property, plant and equipment with carrying value of US$3,000 for proceeds of US$1,000 (2012 : carrying amount of US$11,000 disposed for proceeds of US$8,000).

11 INTANGIBLE ASSETS

	Licences	Computer software	Development costs	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Cost:				
At January 1, 2012	13,666	68	1,507	15,241
Additions	-	7	14	21
Write-offs	-	-	(17)	(17)
Translation differences	-	-	6	6
At December 31, 2012	13,666	75	1,510	15,251
Additions	-	-	429	429
Translation differences	-	-	(49)	(49)
At December 31, 2013	13,666	75	1,890	15,631
Amortisation:				
At January 1, 2012	836	68	540	1,444
Amortisation charge for the year	340	-	158	498
Translation differences	-	-	(1)	(1)
At December 31, 2012	1,176	68	697	1,941
Amortisation charge for the year	216	2	156	374
Translation differences	-	-	(35)	(35)
At December 31, 2013	1,392	70	818	2,280
Impairment losses:				
At January 1, 2012	-	-	192	192
Translation differences	-	-	2	2
At December 31, 2012	-	-	194	194
Translation differences	-	-	6	6
At December 31, 2013	-	-	200	200
Carrying amount:				
At December 31, 2012	12,490	7	619	13,116
At December 31, 2013	12,274	5	872	13,151

	Licences	Computer software	Development costs	Total
	US$'000	US$'000	US$'000	US$'000
Company				
Cost:				
At January 1, 2012	13,666	68	854	14,588
Additions	-	7	14	21
At December 31, 2012	13,666	75	868	14,609
Additions	-	-	429	429
At December 31, 2013	13,666	75	1,297	15,038
Amortisation:				
At January 1, 2012	836	68	280	1,184
Amortisation charge for the year	340	-	121	461
At December 31, 2012	1,176	68	401	1,645
Amortisation charge for the year	216	2	121	339
At December 31, 2013	1,392	70	522	1,984
Carrying amount:				
At December 31, 2012	12,490	7	467	12,964
At December 31, 2013	12,274	5	775	13,054

Included in the above development costs of the Group and the Company are clinical trial and regulatory compliance costs.

During December 31, 2013, no development costs of the Group was written-off (2012 : US$17,000 relating to Strataderm and Stratamed were written-off as the management did not expect to launch the products in Korea).

The intangible assets included above have finite useful lives, over which the assets are amortised. The amortisation period for development costs incurred is on average 5 to 15 years. Computer software is amortised over their estimated useful lives of 3 years, and licences is amortised over an average of 10 to 20 years. The remaining useful life of the intangible assets on average is 13 years.

The amortisation expense has been included in the line item "Amortisation of intangible assets" in the consolidated statement of profit or loss and other comprehensive income.

Type of licences in respect of biologics

	Cost 2013 US$'000	Cost 2012 US$'000	Duration of licences
Rights to market and distribute (i):			
- SciLin™	**5,386**	5,386	10 to 20 years from the date of first approval for sales in specified group countries or from the date of repayment.
Right to use design plans to construct large scale production facilities (ii):			
- SciLin™	**8,280**	8,280	10 to 20 years from the completion of construction of the facilities.
	13,666	13,666	

(i) Some of the licences to market and distribute require the Company to obtain the relevant regulatory approvals in countries specified in the agreements within a specified period of time, failing which the licence agreements can be terminated. The countries are largely within the Asia Pacific region.

(ii) The licence with the right to use technology requires the Company to erect and operate a facility or use a Contract Manufacturer Organisation with a minimal production capacity.

12 LEASE PREPAYMENT

	Group 2013 US$'000	Group 2012 US$'000	Company 2013 US$'000	Company 2012 US$'000
Cost:				
At January 1	**388**	391	**-**	-
Translation difference	**(44)**	(3)	**-**	-
At December 31	**344**	388	**-**	-
Amortisation:				
At January 1	**11**	7	**-**	-
Amortisation charge for the year	**4**	4	**-**	-
Translation difference	**(1)**	-	**-**	-
At December 31	**14**	11	**-**	-
Carrying amount	**330**	377	**-**	-

13 OTHER ASSETS

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Restricted long term fixed deposit	**41**	-	**-**	-
Other receivables	**51**	-	**-**	
	92	-	**-**	**-**

The fixed deposit will mature on 8 February 2018 and are held under lien with Central Excise & Customs Authorities of India.

The other receivables are neither past due nor impaired. The fair value of the other assets included in this Note to the financial statement approximate its carrying amount.

14 LONG TERM PREPAYMENT

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Prepayment to contractor	3,000	3,000	3,000	3,000

The Company paid a third party contractor to acquire the rights to enhanced design plans relating to construction of large scale production facilities for a sum of US$3,000,000.

15 DEFERRED TAX ASSETS

The following are the deferred tax recognised by the Group and the Company and the movement thereon:

	Tax losses	Others temporary differences	Total
	US$'000	US$'000	US$'000
Group			
At January 1, 2012	7,289	30	7,319
Adjustments (Note 25)	159	-	159
Charge to profit or loss for the year (Note 25)	(314)	(30)	(344)
Translation differences	6	-	6
At December 31, 2012	7,140	-	7,140
Charge to profit or loss for the year (Note 25)	(147)	-	(147)
At December 31, 2013	6,993	-	6,993

	Tax losses	Others temporary differences	Total
	US$'000	US$'000	US$'000
Company			
At January 1, 2012	7,110	30	7,140
Adjustments	159	-	159
Charge to profit or loss for the year	(129)	(30)	(159)
At December 31, 2012	7,140	-	7,140
Charge to profit or loss for the year	(147)	-	(147)
At December 31, 2013	6,993	-	6,993

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group and the Company has unutilised tax losses of approximately US$45,782,000 and US$41,017,000 (2012 : US$45,165,000 and US$42,000,000) respectively, available for offsetting against future taxable income, subject to agreement by the relevant tax authorities and compliance with the tax regulations (such as retention of majority shareholders as defined) in which the Group and the Company operates. Tax losses of the Company do not expire under the current tax regulations.

Deferred tax benefits on these unutilised tax losses for the Group and the Company, amounting to approximately US$6,993,000 and US$6,993,000 (2012 : unutilised tax losses US$7,140,000 and US$7,140,000) respectively, have been recognised by the Group and the Company as the management is of the view that it is probable that future taxable profit will be available against which certain subsidiaries of the Group and the Company can utilise the benefits.

16 SUBSIDIARIES

	Company	
	2013	2012
	US$'000	US$'000
Unquoted equity shares, at cost	**15,858**	15,698
Less: Allowance for impairment loss	**(12,656)**	(12,496)
	3,202	3,202

Movement in the impairment loss on unquoted equity shares:

	Company	
	2013	2012
	US$'000	US$'000
Balance at beginning of the year	**12,496**	4,655
Increase in impairment loss recognised in profit or loss [1]	**160**	7,350
Transfer from loan to subsidiaries [2]	**-**	3,430
Disposal of subsidiary [3]	**-**	(2,939)
Balance at end of the year	**12,656**	12,496

(1) Relate to impairment loss on unquoted equity shares in SciGen (Beijing) Biotechnology Co. Ltd.("SciGen Beijing") (2012 : SciGen BioPharma and SciGen Beijing). The recoverable amount of investments are determined based on management estimates disclosed in Note 3(c) to the financial statements.

(2) Relate to loan to subsidiary which was converted to unquoted equity shares in 2012.

(3) Disposal of HSBBC in March 2012.

Name of subsidiary	Country of of incorporation and operations	Proportion of ownership interest and voting power held		Principal activities
		2013	2012	
		%	%	
SciGen (Australia) Pty Ltd [1]	Australia	**100**	100	Sales and distribution
SciGen Korea Ltd [1]	Republic of Korea	**100**	100	Sales and distribution
SciGen BioPharma Private Ltd [2]	Republic of India	**50.01**	50.01	Manufacturing, sales and distribution
SciGen (Beijing) Biotechnology Co. Ltd [1]	People's Republic of China	**100**	100	Regulatory activities

(1) Not required to be audited in accordance with the laws of country of incorporation, but audited for Group consolidation purposes only by Deloitte & Touche LLP.

(2) Audited by overseas practices of Deloitte & Touche Tohmatsu Limited for Group consolidation purposes only. The Company retains 50.01% shareholdings in subsidiary. It controls more than half of the voting power of those shares, it has power to appoint and remove the majority board of directors and control of the subsidiary is by board. As a result, SciGen BioPharma Private Ltd is controlled by the Company and is consolidated in these financial statements.

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Accrued interest payable to ultimate holding company (Note 5)	**10,427**	9,465	**10,427**	9,465
Trade payables to outside parties	**1,344**	680	**752**	283
Amounts due to ultimate holding company - trade (Note 5)	**8,343**	14,415	**8,343**	14,415
Amounts due to a subsidiary - non-trade (Note 5)	**-**	-	**149**	173
Amounts due to ultimate holding company - non-trade (Note 5)	**1,652**	2,991	**1,652**	2,991
Amounts due to a related company (Note 5)	**1,379**	933	**-**	-
Other payables	**130**	325	**4**	33
Accrued employee benefits	**178**	151	**56**	109
Accrued operating expenses	**2,150**	2,250	**140**	162
	25,603	31,210	**21,523**	27,631
Less: Amount due for settlement after 12 months presented as non-current liabilities	**(10,427)**	(9,465)	**(10,427)**	(9,465)
Amount due for settlement within 12 months	**15,176**	21,745	**11,096**	18,166

The average credit period on purchase of goods is 60 days (2012 : 60 days). Except for amounts due to a related company, no interest is charged on trade and other payables.

Amounts due to a related company bears interest of 7.8%.

The non-current accrued interest payable to ultimate holding company comprises the loan interest payable to the ultimate holding company which is due for repayment on December 31, 2015. The effective interest rate is 1.29% (2012 : 1.48%) per annum.

The Group and Company's trade and other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
United States dollars	124	124	-	-
Singapore dollar	186	261	186	261
Australian dollar	4	17	4	17
Euro	69	53	11	14
Philippine peso	25	24	25	24

18 LOANS AND BORROWINGS

	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Loans from ultimate holding company	74,527	74,527	74,527	74,527
Secured bank loan	1,617	-	-	-
Total	76,144	74,527	74,527	74,527
Less: Amount due for settlement after 12 months	(76,144)	(74,527)	(74,527)	(74,527)
Amount due for settlement within 12 months	-	-	-	-

Loans from ultimate holding company

The loans from ultimate holding company were made on normal commercial terms and conditions and bear interest of LIBOR 3 months + 1% (2012 : LIBOR 3 months + 1%) per annum. The loans and interests are due for repayment on December 31, 2015.

Secured bank loan

A subsidiary in India was granted a term loan facility of US$6.5 million in June 2013. Repayment for the first drawdown will commence from 30 September 2015 and will continue until 30 September 2021. The bank loan carries interest rate at 6 months LIBOR plus 450bps per annum.

The loan is secured by:
- First and exclusive charge on building of a subsidiary in India by way of mortgage;
- First and exclusive charge of all movable fixed assets of a subsidiary in India; and
- First and exclusive charge of all present and future current assets of a subsidiary in India.

The loan was further supported by a corporate guarantee from a related company.

At 31 December 2013, the Group had available US$4.9 million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. During the year, the Group used interest rate swaps to manage its exposure to interest rate movements on its bank borrowing by swapping this borrowing from floating rates to fixed rates. The Group did not recognise derivative financial instrument relating to interest rate swap as the amount is not material.

The weighted average effective interest rates per annum relating to borrowings at the reporting dates for the Group and the Company are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	%	%	**%**	%
Secured bank loans	**2.40**	-	**-**	-
Loans from ultimate holding company	**1.29**	1.48	**1.29**	1.48

Management estimates the fair value of the Group and the Company's borrowings, by discounting their future cash flows at the market rate to be as follows:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Secured bank loan	**1,788**	-	**-**	-
Loans from ultimate holding company	**75,488**	76,749	**75,488**	76,749

The fair values hierarchy of secured bank loan and loan from ultimate holding company is classified in level 2 category and have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant inputs being the discount rate reflect the credit risk.

The Group loans and borrowings that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
United States dollar	1,617	-	**-**	-

19 SHARE CAPITAL

	Group and Company			
	2013	2012	**2013**	2012
	Number of ordinary shares		**US$'000**	US$'000
	('000)	('000)		
Issued and fully paid up:				
At beginning and end of year	**552,270**	552,270	**42,530**	42,530

The Company has one class of ordinary shares which carry one vote per share, has no par value and carries a right to dividend as and when declared by the company.

20 RESERVES

(a) Translation Reserves

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Foreign currency translation reserve	**(5,077)**	(4,237)	**-**	-

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company, and the exchange differences on foreign currency loans to subsidiaries, which form part of the Group's net investment in foreign operations.

(b) Capital Reserve

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Capital reserve	**551**	551	**-**	-

The capital reserve represents effects of changes in ownership interest in SciGen BioPharma when there is no loss of control. The difference between the amount by which the change in non-controlling interest and the fair value of the consideration received is recognised directly in equity and attributed to owners of the company.

21 REVENUE

	Group	
	2013	2012
	US$'000	US$'000
Sales of goods	**19,466**	17,560
Profit sharing on sales of insulin (Note 5)	**1,324**	590
	20,790	18,150

22 OTHER OPERATING EXPENSES

	Group	
	2013	2012
	US$'000	US$'000
Advertising and promotional expenses	**1,682**	1,290
Professional and consultancy fees	**581**	476
Travel and entertainment expenses	**337**	295
Insurance premium	**314**	287
Rental expenses	**328**	349
Regulatory and clinical research expenses	**147**	206
Administrative and communication expenses	**1,200**	973
Statutory compliance fee	**125**	126
Storage and distribution expenses	**900**	811
Others	**19**	100
	5,633	4,913

23 LOSS/(PROFIT) FOR THE YEAR

Loss/(profit) for year has been arrived at after charging/(crediting) :

	Group	
	2013	2012
	US$'000	US$'000
Allowance for doubtful debts	**5**	1
Allowance for inventories	**-**	12
Loss on disposal of property, plant and equipment	**2**	3
Gain on disposal of subsidiary relating to discontinued operations (Note 26)	**-**	(4,705)
Gain on disposal of subsidiary	**-**	(768)
Operating lease expenses	**329**	329
Auditors' remuneration	**125**	126
Cost of inventories recognised as expense	**8,933**	8,043
Employee benefits expense (including directors' remuneration)		
Contributions to defined contribution plans, included in staff costs	**110**	113
Salaries and other benefits	**4,171**	4,352
	4,281	4,465

24 FINANCE INCOME AND EXPENSE

	Group	
	2013	2012
	US$'000	US$'000
Interest income received/receivable from:		
- banks	**22**	49
Interest expense paid/payable to:		
- banks	**(370)**	(85)
- third party	**(10)**	(4)
- ultimate holding company (Note 5)	**(963)**	(1,107)
	(1,343)	(1,196)
Unrealised exchange loss	**(417)**	(29)
Finance expenses	**(1,760)**	(1,225)

25 INCOME TAX EXPENSE

	Group	
	2013	2012
	US$'000	US$'000
Tax expense comprises :		
Current tax expense	**412**	15
Adjustments recognised in the current year in relation to the current tax of prior years	**7**	-
Deferred tax expense (Note 15)	**147**	344
Deferred tax adjustment recognised in the current year in relation to prior years (Note 15)	**-**	(159)
Total income tax expense	**566**	200

Domestic income tax calculated at 17% (2012 : 17%) of the assessable profit for the year. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdictions.

	Group	
	2013	2012
	US$'000	US$'000
(Loss)/Profit before income tax	**(141)**	4,343
Income tax (benefit)/expense calculated at 17% (2012 : 17%)	**(24)**	738
Effect of revenue that is exempt from taxation	**(403)**	(949)
Effect of expenses that are not deductible in determining taxable profit	**979**	874
Effect of utilisation of previously unrecognised tax losses	**(3)**	(96)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(109)**	(49)
Effect of previously unrecognised and unused tax losses now recognised as deferred tax assets	**-**	(159)
Others	**126**	(159)
Income tax expense recognised in profit or loss	**566**	200

Subject to agreement with Comptroller of Income tax and the tax authorities in the relevant tax jurisdictions in which the Group operates and conditions imposed by laws, the Group has tax losses carry-forwards and temporary differences available for offsetting against future taxable income as detailed in Note 15.

26 DISCONTINUED OPERATIONS

The Company closed the transaction for sale for 100% of Company's interest in SIL and assignment of licensing rights for the manufacture of Sci-B-Vac™ on February 14, 2012.

Loss attributable to discontinued operations up to disposal date is summarised as follows:

	Group	
	2013	2012
	US$'000	US$'000
Revenue	-	217
Other income	-	8
Expenses	-	(271)
Other operating expenses	-	(145)
Finance income [(1)]	-	45
Finance expenses [(2)]	-	(2)
Results from operating activities	-	(148)
Income tax	-	-
Loss for the year (attributable to owners of the Company)	-	(148)
Gain on disposal of discontinued operations [(3)]	-	4,705
Profit from discontinued operations	-	4,557

(1) Finance income

Unrealised exchange income	-	45

(2) Finance expenses

Interest expense paid/ payable to:		
- banks	-	(2)

(3) A profit of US$4,705,000 was generated on the disposal of SIL. No tax charge or credit arose on the transaction.

27 EARNINGS PER SHARE

From continuing and discontinued operations

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

	Group	
	2013	2012
	US$'000	US$'000
(i) Profit for the purposes of basic earnings per share	**411**	4,669

	2013	2012
	Number of ordinary shares	
	'000	'000
(ii) Weighted average number of ordinary shares for the purposes of basic earnings per share	**552,270**	552,270

From continuing operations

The calculation of the basic earnings per share from continuing operations attributable to the ordinary owners of the Company is based on the following data:

	Group	
	2013	2012
	US$'000	US$'000
Profit for the year attributable to owners of the Company	**411**	4,669
Less:		
Profit for the year from discontinued operations (Note 26)	**-**	4,557
Profit for the purposes of basic earnings per share from continuing operations	**411**	112

28 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 investments (other than the investment property) and related revenue, loans and expenses, corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets.

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.

India
Includes sales, marketing and manufacturing activities.

Korea
Includes sales and marketing activities.

Thailand
Includes sales and marketing activities.

Israel
Disposal of subsidiary was completed in the preceding financial year.
The segment was classified as discontinued operations for the year ended December 31, 2012.

Philippines
Includes sales and marketing activities.

China
Includes regulatory activities.
For the year ended December 31, 2012, includes regulatory, sales and marketing and manufacturing activities before disposal of one of the subsidiaries in March 2012.

Others
Include operations carried on in Indonesia, Pakistan, Vietnam, Hong Kong and Malaysia and profit sharing on sale of Insulin. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2013 or 2012.

Major customers
Revenue from two distributors, namely from Thailand and Philippines, represent approximately US$5,892,000 (2012 : US$5,639,000 from Thailand and Philippines) of the Group's total revenue.

Information regarding the Group's reportable segments is presented below.

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Others	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
For year ended December 31, 2013										
Revenue										
Sales to external customers	19	9,288	-	3,916	4,162	1,730	-	1,675	-	20,790
Inter-segment sales	4,343	(2,477)	-	(1,866)	-	-	-	-	-	-
Total sales revenue	4,362	6,811	-	2,050	4,162	1,730	-	1,675	-	20,790
Results										
EBITDA	(34)	2,184	(1,651)	908	407	400	(102)	1,440	(1,487)	2,065
Depreciation & amortisation	-	(80)	(25)	(1)	-	(2)	(2)	-	(358)	(468)
Interest expense	-	(345)	(568)	77	-	(2)	(2)	-	(920)	(1,760)
Interest income	-	13	7	2	-	-	-	-	-	22
	(34)	1,772	(2,237)	986	407	396	(106)	1,440	(2,765)	
Profit from operating activities before income tax										(141)
Income tax expense										(566)
Loss for the year										(707)
Non-controlling interest										1,118
Profit attributable to equity holders										411

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Others	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at December 31, 2013										
Segment Assets										
Total non-current assets	-	233	14,498	2	-	2	2	-	16,098	30,835
Deferred tax assets	-	-	-	-	-	-	-	-	6,993	6,993
Total current assets	4	2,857	1,394	2,196	735	581	89	53	977	8,886
Segment assets	4	3,090	15,892	2,198	735	583	91	53	24,068	46,714
Segment liabilities										
Segment liabilities	-	(729)	(5,266)	(411)	-	(49)	(2)	-	(95,678)	(102,135)

* EBITDA – Earnings before interest, Taxation, Depreciation and Amortisation

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Others	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
For year ended December 31, 2013										
Other segment information										
Capital expenditure on property, plant and equipment ("PPE")/ intangible assets ("IA")	-	23	682	2	-	1	1	-	445	1,154
Material non-cash items										
Write-off of PPE	-	-	-	-	-	-	2	-	8	10
Write-off of inventories	1	-	-	-	-	23	-	1	-	25

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Others	Unallocated	Continuing operations	Discontinued operations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
For year ended December 31, 2012												
Revenue												
Sales to external customers	26	8,124	-	3,045	4,046	1,593	-	1,316	-	18,150	217	18,367
Inter-segment sales	3,010	(2,064)	-	(946)	-	-	-	-	-	-	-	-
Total sales revenue	3,036	6,060	-	2,099	4,046	1,593	-	1,316	-	18,150	217	18,367
Results												
EBITDA	(27)	1,774	(1,566)	485	472	455	(137)	795	(652)	1,599	4,514	6,113
Depreciation & amortisation	-	(96)	(54)	(1)	-	(1)	(2)	-	(483)	(637)	-	(637)
Interest expense	-	(84)	(117)	84	-	-	(2)	-	(1,106)	(1,225)	(2)	(1,227)
Interest income	-	15	29	5	-	-	-	-	-	49	45	94
	(27)	1,609	(1,708)	573	472	454	(141)	795	(2,241)	(214)	4,557	
Profit from operating activities before income tax												4,343
Income tax expense												(200)
Profit for the year												4,143
Non-controlling interest												526
Profit attributable to equity holders												4,669

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Israel	Others	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at December 31, 2012											
Segment Assets											
Total non-current assets	-	330	15,531	3	-	3	5	-	-	16,021	31,893
Deferred tax assets	-	-	-	-	-	-	-	-	-	7,140	7,140
Total current assets	4	3,137	1,346	1,262	733	613	27	-	343	6,077	13,542
Segment assets	4	3,467	16,877	1,265	733	616	32	-	343	29,238	52,575
Segment liabilities											
Segment liabilities	-	(357)	(3,231)	(163)	-	(80)	-	-	(16)	(101,890)	(105,737)

* EBITDA – Earnings before interest, Taxation, Depreciation and Amortisation

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Israel	Others	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
For year ended December 31, 2012											
Other segment information											
Capital expenditure on property,											
plant and equipment ("PPE")/											
intangible assets ("IA")	-	16	2,714	-	-	-	-	-	-	41	2,771
Material non-cash items											
Write-off of IA	-	-	-	17	-	-	-	-	-	-	17

29 COMMITMENTS

Commitments not reflected in the financial statements at the reporting date are as follows:

(a) Operating lease commitments

The Group as lessee

	Group	
	2013	2012
	US$'000	US$'000
Minimum lease payments under operating leases recognised as an expense in the year	**329**	329

The Group leases a number of offices under operating leases. The leases typically run for an initial period of 1 to 5 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.

The Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Within 1 year	**308**	177	**142**	90
After 1 year but within 5 years	**398**	26	**209**	16
	706	203	**351**	106

(b) Capital commitments

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Capital expenditure contracted but not provided for in the financial statements is as follows:				
Acquisition of property, plant and equipment	**501**	76	**-**	-

Shareholder information

The shareholder information set out below was applicable as at February 28, 2014.

On-market buy-back

There is no current on-market buy-back.

Distribution of equity securities

Analysis of numbers of equity securities by size of holding:

			Ordinary shares No. of Shares	No. of shareholders
1	-	1,000	59,506	119
1,001	-	5,000	236,717	94
5,001	-	10,000	412,206	54
10,001	-	100,000	7,358,572	199
100,001 and over			544,203,319	57
			552,270,320	523

There were 320 holders of less than a marketable parcel of ordinary shares.

Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

		Ordinary shares	
		Number held	Percentage of issued shares
1	BIOTON S.A.	527,786,735	95.57%
2	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	2,053,860	0.37%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,178,208	0.21%
4	MR BERNARD STAUNTON <THE STAUNTON SUPER A/C>	1,129,943	0.20%
5	CITICORP NOMINEES PTY LIMITED	704,575	0.13%
6	DANKAB PTY LTD <DANKAB P/L SUPER FUND A/C>	700,000	0.13%
7	DR ANDREW TAN	597,455	0.11%
8	BEDEL & SOWA CORP PTY LTD	500,000	0.09%
9	MR CHARLES BRUCE LEIBOWITZ	476,486	0.09%
10	R MALA PTY LTD <SUPERFUND A/C>	450,000	0.08%
11	TRUGANINI PTY LTD	449,538	0.08%
12	MR RAYMOND JOHN GASKELL	408,500	0.07%
13	MR PAUL ANTHONY OCKELFORD	374,943	0.07%
14	MR DAVID ALEXANDER ARCHIBALD	300,000	0.05%
15	MR RONALD JAMES WITNEY	285,000	0.05%
16	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	253,332	0.05%
17	MR ARTHUR MORRIS & MRS RAEWYN MORRIS & MR CHRIS HOCQUARD <THE NILOC A/C>	225,000	0.04%
18	MR MARK CHAPMAN	224,399	0.04%
19	MR ANTHONY RONALD BIERRE	214,943	0.04%
20	MR BRUCE KENNETH LOCKETT & MR ROGER MICHAEL KENNEDY & MR CYNRIC REX TEMPE-CAMP <MRS ELAINE TEMPE-CAMP A/C>	209,225	0.04%
		538,522,142	97.51%

Substantial shareholders

Substantial holder in the Company is set out below:

	Number held	Percentage of issued shares
Ordinary shares:		
Bioton S.A.	527,786,735	95.57%

Voting rights

The voting rights attached to each class of equity securities are set out below:

(a) Voting shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.