



SciGen Limited

ASX (Appendix 4E) Preliminary Final Report

**For the Twelve Months Ended
31 December 2015**

(ABRN 101 318 852)

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period:

Twelve months ended 31 December 2015

Previous Corresponding Period:

Twelve months ended 31 December 2014

SCIGEN LIMITED

APPENDIX 4E – PRELIMINARY FINAL REPORT

Results For Announcement To The Market For The Year Ended 31 December 2015

Revenue and Net Loss

The table below allows a comparison of the business performance for the 12 months ended 31 December 2015 with the 12 months ended 31 December 2014.

| | <u>Current financial year</u> 12 Months ended 31 December 2015 US\$ '000 | <u>Previous financial year</u> 12 Months ended 31 December 2014 US\$ '000 |
|---|---|--|
| Revenue from ordinary activities (continuing operations) | 23,527 | 23,605 |
| Profit from ordinary activities after related income tax ⁽¹⁾ | 1,268 | 1,620 |
| Profit/(Loss) for the year (including discontinued operations) attributable to members | 1,268 | (806) |

| | | <u>Percentage Change</u> | | <u>Amount US\$ '000</u> |
|--|------|------------------------------|----|-----------------------------|
| Revenue from ordinary activities (continuing operations) | Down | 0.3% | To | 23,527 |
| Profit from ordinary activities after related income tax ⁽¹⁾ | Down | 21.7% | To | 1,268 |
| Profit/(Loss) for the year (including discontinued operations) attributable to members | Up | 257.3% | To | 1,268 |

⁽¹⁾ Profit from ordinary activities excludes trading results of discontinued operations for year ended 31 December 2014.

Revenue

SciGen group ("Group") posted revenue of US\$23,527,000 for the current year, which was relatively consistent to preceding year. Growth in revenue for our subsidiary in Korea was remarkable at 42% following strong listing of our Thymosin α1 product at hospitals, however, this gain was offset by negative growth in other regions. Revenue in Australia was weighed down by expiry of contracts for 2 products during the year and was further exacerbated by depreciation of Australian dollars against United States dollars by 19% year-on-year. In Thailand, sales to our distributor declined by 12% as competition for hospital tender intensified.

New products marketed by the Group this year include a therapeutic joint restoration injection, amniotic fluid leak detector for pregnant women, allogeneic keratinocyte sheet for treatment of second degree burns and skin ulcers and anti-diabetic oral tablets. Two of the new products, particularly therapeutic restoration injection and allogeneic keratinocyte sheet, have had encouraging first-year revenue. Demand for existing products, Thymosin α1 and paediatric supplements which were sold in Korean market, grew by 57% compared to preceding year and constituted 22% of total group revenue for the year. Profit sharing income from our ultimate holding company, Bioton S.A. rose by 28% on the back of higher sales of insulin to China.

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Results For Announcement To The Market For The Year Ended 31 December 2015

Trading Results

Results from ordinary activities of a subsidiary in India, SciGen BioPharma Pvt. Ltd., were classified as discontinued operations in the comparative figures of the income statement. The sale transaction was completed on 7 October 2014 and represented a change in Group's strategy after undue delays and increased costs for the completion of the manufacturing facility.

Gross margin declined from 54% in 2014 to 52% as group revenue is adversely impacted by depreciation of Australian dollars, Korean Won and Philippines Peso against United States dollars, coupled with increase in purchase price of human growth hormones. Reduction in overheads such as staff costs and storage and distribution expenses partially mitigated the decline in gross margin. Consequentially, profit before interest and tax from operating activities was US\$3,174,000 from preceding year of US\$3,335,000.

After net finance expense of US\$896,000 (2014 : US\$1,084,000) and income tax expense of US\$1,010,000 (2014 : US\$631,000), the Group posted profit from ordinary activities amounting to US\$1,268,000 (2014 : US\$1,620,000) for the year. Income tax expense mainly comprised deferred tax expense of US\$568,000 (2014 : US\$70,000) resulting from lower unutilised business tax losses.

Profit for the year amounted to US\$1,268,000, a significant turnaround from loss in preceding year of US\$1,702,000 (after loss on discontinued operations). Profit attributable to members after tax was US\$1,268,000, in contrast to preceding year's deficit of US\$806,000 as a 73% of the loss on discontinued operations was attributable to members.

The financial year 2015 was a difficult year for the Group with the expiry of contracts for two products and downward movement in currencies where major sales were denominated. The coming year is anticipated to remain challenging as we focus on business development projects amidst intense pricing pressure in the market.

Dividend

No dividends were paid during the year ended 31 December 2015 and directors do not recommend that a payment be made for the year ended 31 December 2015.

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Consolidated Statement of Financial Position As At 31 December 2015

| ASSETS | Note | 31 December 2015 US\$ '000 | 31 December 2014 US\$ '000 |
|--|------|----------------------------------|----------------------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 3,579 | 2,759 |
| Trade and other receivables | 3 | 15,344 | 4,110 |
| Income tax receivable | | 119 | - |
| Inventories | | 2,257 | 2,525 |
| Assets classified as held for sale | 4 | - | 11,280 |
| Total current assets | | 21,299 | 20,674 |
| Non-Current Assets | | | |
| Property, plant and equipment | 5 | 98 | 138 |
| Intangible assets | 6 | 4,064 | 4,423 |
| Deferred tax assets | | 6,355 | 6,923 |
| Total non-current assets | | 10,517 | 11,484 |
| Total assets | | 31,816 | 32,158 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Trade and other payables | | 2,347 | 4,541 |
| Income tax payable | | 315 | 310 |
| Total current liabilities | | 2,662 | 4,851 |
| Non-Current Liabilities | | | |
| Loans from ultimate holding company | 7 | 74,527 | 74,527 |
| Other payables | 8 | 12,014 | 11,359 |
| Total non-current liabilities | | 86,541 | 85,886 |
| Capital, reserves and non-controlling interests | | | |
| Share capital | | 42,530 | 42,530 |
| Translation reserves | | (1,417) | (1,341) |
| Accumulated losses | | (98,500) | (99,768) |
| Capital deficiency | | (57,387) | (58,579) |
| Total liabilities and equity | | 31,816 | 32,158 |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, the Report, the Financial Statements for the twelve months ended 31 December 2015, and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.

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APPENDIX 4E – PRELIMINARY FINAL REPORT

Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Year Ended 31 December 2015

| | | 12 Months Ended 31 December 2015 US\$ '000 | 12 Months Ended 31 December 2014 US\$ '000 |
|--|-------------|--|--|
| Continuing Operations | Note | | |
| Revenue | | 23,527 | 23,605 |
| Other income (net) | | 220 | 226 |
| Changes in inventories of finished goods | | (190) | 257 |
| Purchases | | (10,988) | (11,075) |
| Staff costs | | (3,381) | (3,602) |
| Depreciation of property, plant and equipment | | (48) | (58) |
| Amortisation of intangible assets | | (384) | (434) |
| Write-off of intangible assets | | - | (48) |
| Write-off of inventories | | (8) | (11) |
| Other expenses | | (5,574) | (5,525) |
| Profit before interest and tax | | 3,174 | 3,335 |
| Finance income | 9 | 10 | 19 |
| Finance expense | 9 | (906) | (1,103) |
| Profit before income tax | | 2,278 | 2,251 |
| Income tax expense | | (1,010) | (631) |
| Profit from Continuing Operations | | 1,268 | 1,620 |
| Discontinued Operations | | | |
| Loss from Discontinued Operations (net of income tax) | 10 | - | (3,322) |
| Profit/(Loss) for the year | | 1,268 | (1,702) |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translating foreign operations, representing other comprehensive income for the year, net of tax | | (76) | (131) |
| Exchange differences reclassified to profit or loss, for the year on disposal of discontinued operation | | - | 3,903 |
| Total comprehensive profit for the year | | 1,192 | 2,070 |
| Profit/(Loss) for the year attributable to: | | | |
| Equity holders of the Company | | 1,268 | (806) |
| Non-controlling interest | | - | (896) |
| Profit/(Loss) for the year | | 1,268 | (1,702) |
| Total comprehensive profit attributable to: | | | |
| Equity holders of the Company | | 1,192 | 2,930 |
| Non-controlling interest | | - | (860) |
| Total comprehensive profit for the year | | 1,192 | 2,070 |

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Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Year Ended 31 December 2015

| | | 12 Months Ended 31 December 2015 <u>US\$ '000</u> | 12 Months Ended 31 December 2014 <u>US\$ '000</u> |
|--|-------------|---|---|
| | <u>Note</u> | | |
| Earnings per share | | | |
| From continuing and discontinued operations : | | | |
| Basic earnings per share (cents) | 12 | 0.230 | (0.146) |
| | | <u>0.230</u> | <u>(0.146)</u> |
| From continuing operations : | | | |
| Basic earnings per share (cents) | 12 | 0.230 | 0.293 |
| | | <u>0.230</u> | <u>0.293</u> |

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

The above Consolidated Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the accompanying notes, the Report and Financial Statements for the twelve months ended 31 December 2015 and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.

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Consolidated Statement of Changes in Equity For The Year Ended 31 December 2015

| | Share capital | Capital reserves | Translation reserve | Accumulated losses | Total attributable to equity holders | Non- controlling interests | Total equity |
|--|------------------|---------------------|------------------------|-----------------------|---|----------------------------------|-----------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance at 1 January 2014 | 42,530 | 551 | (5,077) | (98,962) | (60,958) | 5,537 | (55,421) |
| Total comprehensive income (loss) for the year | - | - | 3,736 | (806) | 2,930 | (860) | 2,070 |
| Disposal of subsidiary | - | (551) | - | - | (551) | (4,677) | (5,228) |
| Balance at 31 December 2014 | 42,530 | - | (1,341) | (99,768) | (58,579) | - | (58,579) |
| Balance at 1 January 2015 | 42,530 | - | (1,341) | (99,768) | (58,579) | - | (58,579) |
| Total comprehensive income (loss) for the year | - | - | (76) | 1,268 | 1,192 | - | 1,192 |
| Balance at 31 December 2015 | 42,530 | - | (1,417) | (98,500) | (57,387) | - | (57,387) |

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Consolidated Statement of Cash Flows For The Year Ended 31 December 2015

| | 12 Months to 31 December 2015 <u>US\$ '000</u> | 12 Months to 31 December 2014 <u>US\$ '000</u> |
|--|---|---|
| Operating Activities | | |
| Profit/(Loss) before income taxes | 2,278 | (1,068) |
| <u>Adjustments for:</u> | | |
| Depreciation of property, plant and equipment | 48 | 69 |
| Amortization of intangible assets | 384 | 434 |
| Amortization of leasehold prepayment | - | 3 |
| Write-off of intangible assets | - | 48 |
| Write-off of inventories | 8 | 11 |
| Loss on sale of discontinued operation | - | 1,273 |
| Allowance for doubtful debts | 15 | 5 |
| Finance income | (10) | (22) |
| Finance expense | 656 | 1,186 |
| Net foreign exchange losses | 250 | 221 |
| | <u>1,351</u> | <u>3,228</u> |
| Operating cash flow before working capital changes | 3,629 | 2,160 |
| Decrease/(Increase) in working capital | | |
| Inventories | 260 | (342) |
| Trade and other receivables | 31 | 680 |
| Trade and other payables (Note A) | <u>(2,408)</u> | <u>(9,371)</u> |
| Cash from/(used in) operations | 1,512 | (6,873) |
| Income taxes paid | <u>(561)</u> | <u>(636)</u> |
| Net cash inflow/(outflow) from operating activities | <u>951</u> | <u>(7,509)</u> |
| Investing Activities | | |
| Interest received | 10 | 22 |
| Proceeds from disposal of discontinued operation, net of cash disposed (Note A) | - | 6,487 |
| Purchase of property, plant & equipment | (18) | (278) |
| Purchase of intangible assets | <u>(30)</u> | <u>(34)</u> |
| Net cash (outflow)/inflow from investing activities | <u>(38)</u> | <u>6,197</u> |
| Financing Activities | | |
| Interest paid | (1) | (121) |
| Proceeds from bank loans (Note B) | - | 2,415 |
| Loans from outside parties | - | - |
| Net cash (outflow)/inflow from financing activities | <u>(1)</u> | <u>2,294</u> |
| Net increase in cash and cash equivalents | 912 | 982 |
| Cash and cash equivalents at beginning of the year | 2,759 | 1,665 |
| Effect of exchange rate fluctuation on cash and cash equivalents | <u>(92)</u> | <u>112</u> |
| Cash and cash equivalents at end of the year | <u>3,579</u> | <u>2,759</u> |

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Consolidated Statement of Cash Flows For The Year Ended 31 December 2015

Note A :

During the year ended 31 December 2014, proceeds from disposal of discontinued operation amounting to US\$7,000,000 was utilised to reduce the trade and other payables owing to the ultimate holding company.

Note B :

During the year ended 31 December 2014, proceeds from loan amounting to US\$2,415,000 were received in favour of a subsidiary in India which was classified as discontinued operation. Disposal transaction of discontinued operation was completed on 7 October 2014.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, the Report and Financial Statements for the twelve months ended 31 December 2015, and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.

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Notes To The Consolidated Financial Information For The Year Ended 31 December 2015

1. **GOING CONCERN**
2. **BASIS OF PREPARATION**
3. **TRADE AND OTHER RECEIVABLES**
4. **ASSETS CLASSIFIED AS HELD FOR SALE**
5. **PROPERTY, PLANT AND EQUIPMENT**
6. **INTANGIBLE ASSETS**
7. **LOANS FROM ULTIMATE HOLDING COMPANY**
8. **OTHER PAYABLES**
9. **ADDITIONAL DISCLOSURE FOR STATEMENT OF COMPREHENSIVE INCOME**
10. **DISCONTINUED OPERATIONS**
11. **DISPOSAL OF SUBSIDIARY**
12. **EARNINGS PER SHARE**
13. **NET TANGIBLE LIABILITIES PER SHARE**
14. **SEGMENT INFORMATION**
15. **INFORMATION ON AUDIT OR REVIEW**

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Notes To The Consolidated Financial Information For The Year Ended 31 December 2015

1. Going Concern

The consolidated financial statements of SciGen Ltd (the “Company”) and its subsidiaries (the “Group”) have been prepared on a going concern basis as the Company has received an undertaking from its ultimate holding company, Bioton S.A. (“Bioton”), to continue to provide the Group with financial and other support as necessary for the next twelve months to enable the Group to continue as a going concern and to support their operating and investing activities.

During the year ended 31 December 2015, the Group generated profit of US\$1,268,000 (2014 : loss of US\$1,702,000 including loss on discontinued operations) and had positive operating cash flow of US\$951,000 (2014 : negative operating cash flow of US\$7,509,000) . At the year end the Group had net current assets of US\$18,637,000 (2014 : US\$15,823,000) and net capital deficiency of US\$57,387,000 (2014 : US\$58,579,000).

No additional loans were provided by Bioton during the year (2014 : Nil). As at 31 December 2015, the Group has loans from Bioton of US\$74,527,000 (2014 : US\$74,527,000).

2. Basis of Preparation

This preliminary final report has been prepared in accordance with Singapore Financial Reporting Standards.

The significant accounting policies adopted are consistent with those applied in the Group’s consolidated financial statements for the year ended 31 December 2014, except that the Group has adopted all the new Financial Reporting Standards (“FRS”) and Interpretation of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning 1 January 2015. The adoption of these new/revised FRSs and INT FRS does not result in changes to the Group accounting policies and has no material effects on the amounts reported for the current or prior years’ financial statements.

At the date of release of Preliminary Final Report, the following FRSs and amendments to FRSs relevant to the Group were issued but not effective :

- FRS 109 *Financial Instruments*⁽³⁾
- FRS 115 *Revenue from Contracts with Customers*⁽³⁾
- Amendments to FRS 1 *Presentation of Financial Statements : Disclosure Initiative*⁽¹⁾
- Amendments to FRS 16 *Property, Plant and Equipment*⁽¹⁾
- Amendments to FRS 38 *Intangible Assets : Clarification of Acceptable Methods of Depreciation and Amortisation*⁽¹⁾
- Amendments to FRS 110 *Consolidated Financial Statements*⁽¹⁾
- Amendments to FRS 112 *Disclosure of Interests in Other Entities*⁽¹⁾
- Improvements to FRSs (November 2014)⁽¹⁾

⁽¹⁾ Applies to annual periods beginning on or after 1 January 2016, with early application permitted

⁽²⁾ Applies to annual periods beginning on or after 1 January 2017, with early application permitted

⁽³⁾ Applies to annual periods beginning on or after 1 January 2018, with early application permitted

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 in the period of their initial adoption.

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The preliminary final report is expressed in United States dollars, which is the Company's functional currency and rounded to the nearest thousand, unless stated otherwise.

United States Dollars Presentation

Transactions in foreign currencies during the financial year are converted into United States dollars at the rates of exchange prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated into United States dollars at the rate of exchange prevailing at the reporting date. Exchange differences arising are taken into the consolidated statement of comprehensive income.

For the purpose of the consolidation of foreign subsidiaries, whose operations are an integral part of the Company's operations, the foreign subsidiaries' statement of financial position and profit and loss are translated as follows:-

- Assets, liabilities and contributed equity are translated using closing rates at reporting date;
- Income and expenses are translated using the actual or average rates;
- Retained profits or losses are translated at cumulative average rates; and
- Exchange differences are recognised as a separate component of equity (translation reserve).

3. Trade and Other Receivables

During the year, all conditions precedent of the sale agreement in relation to assets classified as held for sale were fulfilled (Note 4). The sale proceeds owing by Bioton amounting to US\$11,280,000 was classified as other receivables.

4. Assets Classified as Held for Sale

On 8 July 2014, the Company entered into an agreement with Bioton for the sale of design package for use in facilities for the manufacture of recombinant human insulin ("Design Package"). The book value of the Design Package was US\$11,280,000, being the total costs incurred by the Company for the Design Package from BioPharmax B.V. There was no gain or loss on disposal from this transaction.

Following the fulfilment of conditions precedent to the sale agreement, the sale proceeds owing by Bioton for the Design Package was classified as other receivables (Note 3).

5. Property, Plant and Equipment

During the year, the Group acquired property, plant and equipment of approximately US\$18,000 (2014 : US\$279,000).

The Group disposed certain of its property, plant and equipment without carrying amount for proceed of US\$17 (2014 : carrying amount of nil for proceed of US\$4) whilst disposal of property, plant and equipment upon disposal of subsidiary was nil during the year (2014 : US\$14,389,000).

During the year, the Group wrote off property, plant and equipment without carrying value (2014 : no write-off of property, plant and equipment).

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Notes To The Consolidated Financial Information For The Year Ended 31 December 2015

6. Intangible Assets

| | Licences US\$ '000 | Computer software US\$ '000 | Development costs US\$ '000 | Total US\$ '000 |
|--|-----------------------|-----------------------------------|-----------------------------------|--------------------|
| <u>Cost</u> | | | | |
| At 1 January 2014 | 13,666 | 75 | 1,890 | 15,631 |
| Additions | - | - | 34 | 34 |
| Reclassification from long term prepayment | 3,000 | - | - | 3,000 |
| Reclassification to assets held for sale (Note 4) | (11,280) | - | - | (11,280) |
| Disposal of subsidiary (Note 11) | - | - | (186) | (186) |
| Write-off | - | - | (112) | (112) |
| Translation differences | - | - | (3) | (3) |
| At 31 December 2014 | 5,386 | 75 | 1,623 | 7,084 |
| Additions | - | - | 30 | 30 |
| Write-off | - | (9) | - | (9) |
| Translation differences | - | - | (21) | (21) |
| At 31 December 2015 | 5,386 | 66 | 1,632 | 7,084 |
| <u>Accumulated amortisation</u> | | | | |
| At 1 January 2014 | 1,392 | 70 | 818 | 2,280 |
| Amortisation charge for the year | 216 | 2 | 216 | 434 |
| Eliminated on disposal of subsidiary (Note 11) | - | - | (186) | (186) |
| Write-off | - | - | (64) | (64) |
| Translation differences | - | - | (2) | (2) |
| At 31 December 2014 | 1,608 | 72 | 782 | 2,462 |
| Amortisation charge for the year | 216 | 3 | 165 | 384 |
| Write-off | - | (9) | - | (9) |
| Translation differences | - | - | (5) | (5) |
| At 31 December 2015 | 1,824 | 66 | 942 | 2,832 |
| <u>Impairment losses</u> | | | | |
| At 1 January 2014 | - | - | 200 | 200 |
| Translation differences | - | - | (1) | (1) |
| At 31 December 2014 | - | - | 199 | 199 |
| Translation differences | - | - | (11) | (11) |
| At 31 December 2015 | - | - | 188 | 188 |
| <u>Carrying amount</u> | | | | |
| At 31 December 2014 | 3,778 | 3 | 642 | 4,423 |
| At 31 December 2015 | 3,562 | - | 502 | 4,064 |

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Notes To The Consolidated Financial Information For The Year Ended 31 December 2015

7. Loans from Ultimate Holding Company

The loans from ultimate holding company bear interest of LIBOR 3 months + 1% (2014 : LIBOR 3 months + 1%) per annum. The effective interest rate for the loans is 1.30% (2014 : 1.25%) per annum.

The loans from ultimate holding company is due for repayment on 31 December 2017.

8. Other Payables

Other payables consist of interest payable on loan due to ultimate holding company. Interest payable to ultimate holding company is due for repayment on 31 December 2017.

9. Additional disclosure for Statement of Comprehensive Income

The following items have been (charged)/credited in arriving at profit/(loss) for the year :

| | 12 Months Ended 31 December 2015 <u>US\$ '000</u> | 12 Months Ended 31 December 2014 <u>US\$ '000</u> |
|-------------------------------------|---|---|
| Interest income received from : | | |
| - Banks | 10 | 19 |
| Finance income | <u>10</u> | <u>19</u> |
| Interest expenses paid/payable to : | | |
| - Other entities | (1) | (2) |
| - Ultimate holding company | (655) | (931) |
| | (656) | (933) |
| Exchange loss | (250) | (170) |
| Finance expense | <u>(906)</u> | <u>(1,103)</u> |

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Notes To The Consolidated Financial Information For The Year Ended 31 December 2015

10. Discontinued Operations

Discontinued operations in the comparative year relate to the disposal of 50.01% of Company's interest in SBPL to Anglo Gulf FZE or its nominee for a total consideration of US\$7,000,000 and settlement of corporate income relating to its former subsidiary in Israel, in accordance to the sale agreement. The former subsidiary in Israel was classified as discontinued operation and subsequently disposed in 2012.

Results attributable from discontinued operations for the period from January 1, 2014 to October 7, 2014 were as follows :

| | 12 Months Ended 31 December 2015 <u>US\$ '000</u> | 12 Months Ended 31 December 2014 <u>US\$ '000</u> |
|---|---|---|
| Revenue | - | - |
| Other income | - | 5 |
| Expenses ⁽¹⁾ | - | (1,512) |
| Other operating expenses | - | - |
| Finance income | - | 3 |
| Finance expenses | - | (304) |
| Loss from operating activities | - | (1,808) |
| Income tax ⁽¹⁾ | - | (241) |
| Loss from operating activities, net of income tax | - | (2,049) |
| Loss on disposal of a subsidiary relating to discontinued operations (Note 11) | - | (1,273) |
| Loss for the year | - | (3,322) |
| <u>Loss for the year attributable to :</u> | | |
| Equity holders of the Company (Note 12) | - | (2,426) |
| Non-controlling interest | - | (896) |
| | - | (3,322) |

⁽¹⁾ For the corresponding financial year, expenses and income tax included charges of US\$256,000 relating to a former subsidiary in Israel which was classified as discontinued operation and disposed in 2012.

For the year ended 31 December 2014, SBPL incurred net cash outflow from operating activities of US\$1,696,000, net cash outflow from investing activities of US\$305,000 and net cash inflow from financing activities of US\$2,296,000.

The carrying amounts of the assets and liabilities of SBPL at the date of disposal are disclosed in comparative figures of Note 11.

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Notes To The Consolidated Financial Information For The Year Ended 31 December 2015

11. Disposal of Subsidiary

As referred to in Note 10 of the preliminary final report, the Company closed the transaction for sale for 50.01% of Company's interest in SBPL to Anglo Gulf FZE or its nominee for a total consideration of US\$7,000,000.

Details of the disposal are as follows :

Book values of net assets over which control was lost

| | <u>2015</u> <u>US\$ '000</u> | <u>2014</u> <u>US\$ '000</u> |
|--|---|---|
| <u>Non-current asset</u> | | |
| Property, plant and equipment | - | 14,389 |
| Intangible assets | - | 328 |
| Total non-current assets | - | 14,717 |
| <u>Current assets</u> | | |
| Inventories | - | 20 |
| Other receivables | - | 1,200 |
| Bank balances and cash | - | 513 |
| Total current assets | - | 1,733 |
| <u>Non-current liabilities</u> | | |
| Loan | - | (5,502) |
| <u>Current liabilities</u> | | |
| Trade and other payables | - | (1,880) |
| Net assets derecognised | - | 9,068 |
| Consideration received : | | |
| Cash | - | 7,000 |
| Loss on disposal : | | |
| Consideration received | - | 7,000 |
| Net assets derecognized | - | (9,068) |
| Non-controlling interest derecognized | - | 4,677 |
| Capital reserve derecognized | - | 551 |
| Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary | - | (3,903) |
| Cost of disposal | - | (530) |
| Loss on disposal (Note 10) | - | (1,273) |

The loss on disposal of the subsidiary is recorded as part of the loss for the year from discontinued operations in the comparative figures of statement of profit or loss and other comprehensive income. No tax charge or credit arose on the transaction. The impact of SBPL on the Group's results and cash flows in the preceding financial year is disclosed in Note 10.

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Notes To The Consolidated Financial Information For The Year Ended 31 December 2015

12. Earnings Per Share

From continuing and discontinued operations

Calculation of the basic earnings per share attributable to the ordinary owners of the Company is based on the following data :

| | 12 Months Ended 31 December 2015 <u>US\$ '000</u> | 12 Months Ended 31 December 2014 <u>US\$ '000</u> |
|--|---|---|
| (i) Profit/(Loss) for the purposes of basic earnings per share | 1,268 | (806) |
| | Number of 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 :

| | 12 Months Ended 31 December 2015 <u>US\$ '000</u> | 12 Months Ended 31 December 2014 <u>US\$ '000</u> |
|---|---|---|
| Profit/(Loss) for the year attributable to owners of the Company | 1,268 | (806) |
| Less : | | |
| Loss for the year from discontinued operations (Note 10) | - | 2,426 |
| Profit for the purposes of basic earnings per share from continued operations | 1,268 | 1,620 |

13. Net Tangible Liabilities Per Share

| | 2015 <u>(US¢ per share)</u> | 2014 <u>(US¢ per share)</u> |
|------------------------------------|--------------------------------|--------------------------------|
| Net tangible liabilities per share | (14.320) | (14.704) |

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14. 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.

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 head office expenses and head office assets and liabilities (primarily intangible assets and deferred tax assets, loans from ultimate holding company).

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

The Group's reportable segments are as follows:

Singapore

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

Australia

Includes sales and marketing activities.

India

Disposal of subsidiary was completed in October 2014. The segment was classified as discontinued operations in the comparative figures.

Korea

Includes sales and marketing activities.

Thailand

Includes sales and marketing activities.

Philippines

Includes sales and marketing activities.

China

Includes regulatory activities.

Others

Comprises operations carried on in Indonesia, Pakistan, Vietnam, Hong Kong, Myanmar and Malaysia. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2015 or 2014.

Major customers

Revenue from two end-customers, one based in Thailand and Myanmar and another based in Philippines, represent approximately US\$5,928,000 (2014 : US\$6,674,000 from Thailand and Philippines) of the Group's total revenue.

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

| | <u>Singapore</u> | <u>Australia</u> | <u>Korea</u> | <u>Thailand</u> | <u>Philippines</u> | <u>China</u> | <u>Others</u> | <u>Unallocated</u> | <u>Continuing Operations</u> | <u>Discontinued Operations</u> | <u>Total</u> |
|---------------------------------------|------------------|------------------|--------------|-----------------|--------------------|--------------------|---------------|--------------------|------------------------------|--------------------------------|----------------|
| For year ended 31 Dec 2015 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Revenue | | | | | | | | | | | |
| Sales to external customers | 5,194 | 4,003 | 6,957 | 4,287 | 1,595 | - | 1,491 | - | 23,527 | - | 23,527 |
| Inter-segment sales | (5,016) | 3,020 | 1,996 | - | - | - | - | - | - | - | - |
| Total sales revenue | <u>178</u> | <u>7,023</u> | <u>8,953</u> | <u>4,287</u> | <u>1,595</u> | <u>-</u> | <u>1,491</u> | <u>-</u> | <u>23,527</u> | <u>-</u> | <u>23,527</u> |
| Results | | | | | | | | | | | |
| Segment results | <u>12</u> | <u>835</u> | <u>2,324</u> | <u>252</u> | <u>315</u> | <u>(109)</u> | <u>920</u> | <u>(2,271)</u> | <u>2,278</u> | <u>-</u> | <u>2,278</u> |
| Income tax expense | | | | | | | | | | | <u>(1,010)</u> |
| Profit for the year | | | | | | | | | | | <u>1,268</u> |
| Non-controlling interest | | | | | | | | | | | <u>-</u> |
| Profit attributable to equity holders | | | | | | | | | | | <u>1,268</u> |
| | <u>Singapore</u> | <u>Australia</u> | <u>India</u> | <u>Korea</u> | <u>Thailand</u> | <u>Philippines</u> | <u>China</u> | <u>Others</u> | <u>Unallocated</u> | <u>Total</u> | |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | |
| As at 31 Dec 2015 | | | | | | | | | | | |
| Segment Assets | | | | | | | | | | | |
| Total non-current assets | - | 102 | - | 1 | - | 2 | 1 | - | 4,056 | 4,162 | |
| Deferred tax assets | - | 55 | - | - | - | - | - | - | 6,300 | 6,355 | |
| Total current assets | <u>40</u> | <u>2,721</u> | <u>-</u> | <u>4,682</u> | <u>788</u> | <u>581</u> | <u>45</u> | <u>158</u> | <u>12,284</u> | <u>21,299</u> | |
| Total assets | <u>40</u> | <u>2,878</u> | <u>-</u> | <u>4,683</u> | <u>788</u> | <u>583</u> | <u>46</u> | <u>158</u> | <u>22,640</u> | <u>31,816</u> | |
| Segment liabilities | | | | | | | | | | | |
| Total liabilities | <u>-</u> | <u>(365)</u> | <u>-</u> | <u>(811)</u> | <u>-</u> | <u>(91)</u> | <u>(3)</u> | <u>(4)</u> | <u>(87,929)</u> | <u>(89,203)</u> | |

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| | <u>Singapore</u> | <u>Australia</u> | <u>India</u> | <u>Korea</u> | <u>Thailand</u> | <u>Philippines</u> | <u>China</u> | <u>Others</u> | <u>Unallocated</u> | <u>Total</u> |
|--|------------------|------------------|--------------|--------------|-----------------|--------------------|--------------|---------------|--------------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| <u>For year ended 31 Dec 2015</u> | | | | | | | | | | |
| Other segment information | | | | | | | | | | |
| Capital expenditure on property, plant and equipment / intangible assets | <u>-</u> | <u>7</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17</u> | <u>-</u> | <u>-</u> | <u>24</u> | <u>48</u> |
| Material non-cash items | | | | | | | | | | |
| Write-off of inventories | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8</u> |

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| | <u>Singapore</u> | <u>Australia</u> | <u>Korea</u> | <u>Thailand</u> | <u>Philippines</u> | <u>China</u> | <u>Others</u> | <u>Unallocated</u> | <u>Continuing Operations</u> | <u>Discontinued Operations</u> | <u>Total</u> |
|---------------------------------------|------------------|------------------|--------------|-----------------|--------------------|--------------------|---------------|--------------------|------------------------------|--------------------------------|----------------|
| <u>For year ended 31 Dec 2014</u> | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Revenue | | | | | | | | | | | |
| Sales to external customers | 4,679 | 6,238 | 4,696 | 4,875 | 1,726 | - | 1,391 | - | 23,605 | - | 23,605 |
| Inter-segment sales | <u>(4,612)</u> | <u>2,987</u> | <u>1,625</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total sales revenue | <u>67</u> | <u>9,225</u> | <u>6,321</u> | <u>4,875</u> | <u>1,726</u> | <u>-</u> | <u>1,391</u> | <u>-</u> | <u>23,605</u> | <u>-</u> | <u>23,605</u> |
| Results | | | | | | | | | | | |
| Segment results | <u>(24)</u> | <u>1,829</u> | <u>1,755</u> | <u>477</u> | <u>403</u> | <u>(98)</u> | <u>820</u> | <u>(2,911)</u> | <u>2,251</u> | <u>(3,322)</u> | <u>(1,071)</u> |
| Income tax expense | | | | | | | | | | | <u>(631)</u> |
| Profit for the year | | | | | | | | | | | <u>(1,702)</u> |
| Non-controlling interest | | | | | | | | | | | <u>896</u> |
| Profit attributable to equity holders | | | | | | | | | | | <u>(806)</u> |
| | <u>Singapore</u> | <u>Australia</u> | <u>India</u> | <u>Korea</u> | <u>Thailand</u> | <u>Philippines</u> | <u>China</u> | <u>Others</u> | <u>Unallocated</u> | <u>Total</u> | |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | |
| As at 31 Dec 2014 | | | | | | | | | | | |
| Segment Assets | | | | | | | | | | | |
| Total non-current assets | - | 150 | - | 2 | - | 2 | 2 | - | 4,405 | 4,561 | |
| Deferred tax assets | - | - | - | - | - | - | - | - | 6,923 | 6,923 | |
| Total current assets | <u>31</u> | <u>3,041</u> | <u>-</u> | <u>3,091</u> | <u>642</u> | <u>522</u> | <u>119</u> | <u>166</u> | <u>13,062</u> | <u>20,674</u> | |
| Total assets | <u>31</u> | <u>3,191</u> | <u>-</u> | <u>3,093</u> | <u>642</u> | <u>524</u> | <u>121</u> | <u>166</u> | <u>24,390</u> | <u>32,158</u> | |
| Segment liabilities | | | | | | | | | | | |
| Total liabilities | <u>-</u> | <u>(653)</u> | <u>-</u> | <u>(538)</u> | <u>-</u> | <u>(47)</u> | <u>(2)</u> | <u>-</u> | <u>(89,497)</u> | <u>(90,737)</u> | |

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| | <u>Singapore</u> | <u>Australia</u> | <u>India</u> | <u>Korea</u> | <u>Thailand</u> | <u>Philippines</u> | <u>China</u> | <u>Others</u> | <u>Unallocated</u> | <u>Total</u> |
|--|------------------|------------------|--------------|--------------|-----------------|--------------------|--------------|---------------|--------------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| <u>For year ended 31 Dec 2014</u> | | | | | | | | | | |
| Other segment information | | | | | | | | | | |
| Capital expenditure on property, plant and equipment / intangible assets | <u>-</u> | <u>26</u> | <u>261</u> | <u>-</u> | <u>-</u> | <u>1</u> | <u>-</u> | <u>-</u> | <u>25</u> | <u>313</u> |
| Material non-cash items | | | | | | | | | | |
| Write-off of intangible assets | <u>-</u> | <u>48</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>48</u> |
| Write-off of inventories | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11</u> |

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15. Information on Audit or Review

This preliminary final report is based on accounts to which one of the following applies.

- | | |
|--|--|
| <input type="checkbox"/> The accounts have been audited. | <input type="checkbox"/> The accounts have been subject to review. |
| <input checked="" type="checkbox"/> The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> The accounts have not yet been audited or reviewed. |