

# DELIVERING HUMAN SOLUTIONS







SCIGEN IS A GROWING  
BIOPHARMACEUTICAL  
COMPANY DEDICATED  
TO DELIVERING HIGH QUALITY  
BIOLOGICAL AND  
HEALTHCARE PRODUCTS  
TO THE GLOBAL MARKET.

- 
- 2 CHAIRMAN'S REPORT
  - 5 SCIGEN'S BUSINESS OPERATIONS
  - 6 PRODUCT PORTFOLIO
  - 9 FINANCIAL REPORT



**Slawomir Ziegert** Chairman and Chief Executive Officer

### **Operational**

2011 has been an eventful year for SciGen Group as we embarked on a major restructuring exercise to streamline our product portfolio, at the same time, augmenting our position in key markets in the Asia Pacific region. We remain committed to our core products of recombinant human insulin and human growth hormone, which contributed 85% of the revenue of the Group.

### **Restructuring**

The restructuring exercise involved divestment of overheads-intense facilities, in particular, the manufacturing facility for Hepatitis B vaccine and the packaging facility, located in Israel and China respectively. Following the divestment of the facilities in Israel and China, we expect a significant reduction in operating overheads, which will favourably impact the results of coming years. The divestments are in line with our objective to focus on the manufacture and sale of recombinant human insulin, where the global market is estimated to be US\$15.3 billion per annum<sup>(1)</sup>. The restructuring was formally completed in March 2012, after a year and a half of negotiations and due diligence exercises.

We, together with our partner in India, remain committed to the construction of our manufacturing facility in Pune, India. This facility is targeted to be completed and validated by the end of 2012. Upon commissioning, it will be the pivotal facility in the manufacture of recombinant human insulin API (bulk form) for the Group. The completion of the construction of this facility is made possible with the cash injection of US\$8 million by SciGen's business partner in the India subsidiary. SciGen continues to retain control of the subsidiary.

### **Operating Environment**

In our pursuit to improve the performance of the Group during the year, we encountered challenges of intense competition and stringent regulatory procedures. In spite of the challenges, our revenue grew by 29% to US\$15.8 million for the financial year ended 31 December 2011. The growth in revenue was driven by remarkable contributions across our existing markets and was accentuated with ventures into new territories and profitable pharmaceutical products. In addition, profit-sharing income from our ultimate holding company, Bioton S.A., surpassed preceding year following additional coverage in India and Vietnam.

<sup>(1)</sup> Source: IMS MAT FEB 2011

“THE GROUP IS COMMITTED TO DEVOTE RESOURCES AND EFFORTS IN ENHANCING OUR CORE BUSINESS OF ENDOCRINOLOGY AND GASTROENTEROLOGY PRODUCTS PARTICULARLY RECOMBINANT HUMAN INSULIN AND HUMAN GROWTH HORMONE”





From left to right:  
India, Israel and  
China plant facilities

The loss of US\$4.3 million (excluding discontinued operations) primarily resulted from impairment losses on the China facility of US\$2.0 million and operating losses in India of US\$1.8 million. To mitigate the losses, head office in Singapore was reorganised, reducing costs by US\$0.6 million or 17% from preceding year.

**Prospects**

The Group is committed to devote resources and efforts in enhancing our core business of endocrinology and gastroenterology products, particularly in recombinant human insulin and human growth hormone. In this respect, we had successfully re-negotiated the terms of licensing agreement with Ferring S.A. in January 2012, resulting in an expansion of rights to additional 20 countries for the manufacture and sale of recombinant human insulin.

In the markets where we have established our position within the industry, we will continue to build on our existing partnerships with distributors. For new territories, we seek to penetrate the markets via business partnerships with reputable pharmaceutical companies. Since early 2011, we have successfully launched human growth hormones in Hong Kong and Malaysia.

As we seek to increase our revenue stream, we believe in having the necessary expertise and network and as such, have internally reinforced the sales and marketing teams in Australia, South Korea and Philippines. At the same time, existing distributors are continually updated in product knowledge and advancement.

Business conditions are expected to remain challenging with rising costs and price competition against a backdrop of consolidation in the industry worldwide. The management will continue to drive on increasing network distributions, improving services to our customers and tighten cost control to mitigate the negative impacts of inflation. We intend to maintain a firm hand on finances with a low fixed cost structure and prudent approach to spending.

**Acknowledgement**

In closing, we would like to extend our appreciation to shareholders, board members, customers, business partners, suppliers, management and staff for their continued support of SciGen.

**Slawomir Ziegert**  
Chairman and  
Chief Executive Officer



# “SCIGEN’S STRATEGY IS TO FOCUS ON BIOSIMILARS (FOLLOW-ON PROTEINS) IN ORDER TO MINIMIZE RISK OF EARLY STAGE PRODUCT DEVELOPMENT”



**SciGen Ltd** (“SciGen”) is a high growth biopharmaceutical company that develops, manufactures and markets recombinant human health care biotechnology derived products. SciGen focuses in the areas of endocrinology, gastroenterology and immunology.

Its product portfolio consists of biosimilar products such as rhuman growth hormone, rhuman insulin, and human GCSF, which have undergone substantial clinical development. Over the last year, SciGen incorporated several over-the-counter pharmaceutical products, such as diabetic foot cream, anti-epileptic drug and silicone gel scar therapy into its portfolio.

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 biosimilars (follow-on proteins) in order to minimize the risk of 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. 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). SciGen’s headquarters is located in Singapore and it has subsidiary offices in Australia, South Korea, China, India and Philippines. Its distribution channels are in Thailand, Hong Kong, Pakistan, Indonesia, Singapore, Malaysia and Vietnam and its manufacturing facility is located in India. Its contract manufacturer for rhuman insulin is its ultimate holding company in Poland, Bioton S.A.

### 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<sup>(1)</sup> per annum. The total world market for diabetes therapeutics is forecast to have sustained double digit growth annually.

<sup>(1)</sup> 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
- Growth disturbance associated with chronic renal insufficiency
- Growth disturbance in short children born small for Gestational Age
- Prader-Willi Syndrome – improving in growth and body composition
- Growth hormone deficiency in adults



### What is Sci-B-Vac™

Sci-B-Vac™ is a third generation recombinant hepatitis B vaccine produced in Chinese Hamster Ovary (CHO) cells (mammalian cell).

#### Immunisation and conditions targeted by Sci-B-Vac™

Sci-B-Vac™ is a vaccination against hepatitis B. There is potential for Sci-B-Vac™ to be used together with anti-viral agents for the treatment of patients with chronic hepatitis B infection. If proven in clinical trials, this could be a major breakthrough.



#### Important features of Sci-B-Vac™

- Sci-B-Vac™ contains purified recombinant pre-S1, pre-S2 and S protein antigens
- Elicits a high antibody response
- Fast onset of action
- May be effective in immunocompromised patients
- Highly effective in “non-responder” groups



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### 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.

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### 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%



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### 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™

- 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



# REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

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## CONTENTS

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	PAGE
Corporate directory	10-11
Report of the directors	12-27
Statement of directors	28
Corporate governance statement	29-38
Independent auditors' review report	39-40
Financial report for the year ended 31 December 2010	41-102
Shareholders' information	103-105

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**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*

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<b>Principal registered office in Singapore</b>	152 Beach Road, #26-07/08 Gateway East, Singapore 189721
<b>Principal registered office in Australia</b>	Suite 1, 13B Narabang Way, Belrose, NSW 2085, Australia
<b>Share and debenture registers</b>	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
<b>Auditors</b>	Deloitte & Touche LLP 6 Shenton Way #32-00 DBS Building Tower Two Singapore 068809 Partner-in-charge: Ng Peck Hoon (appointed in June 30, 2010)
<b>Solicitors</b>	Allen & Gledhill Norton Rose
<b>Bankers</b>	DBS Bank Ltd Kookmin Bank Ltd Citibank Korea ANZ Bank Ltd Westpac Banking Corporation HDFC Bank Ltd Bank of China Limited Industrial and Commercial Bank of China Limited Bank Leumi Le-Israel B.M.
<b>Stock exchange listings</b>	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 CHESSE Units of Foreign Securities (CUFS) on a 1 CUF for 1 fully paid ordinary share basis.
<b>Website address</b>	<a href="http://www.scigenltd.com">www.scigenltd.com</a>
<b>Currency</b>	The annual report is prepared in United States dollars.



## REPORT OF THE DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

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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, 2011.

### **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  
Mr. Adam Aleksandrowicz (Resigned on January 10, 2012)

### **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. Health registration of the products.
- 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, 2011. No dividends have been paid, declared or proposed since the end of the Company's preceding financial year.

## REPORT OF THE DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

### Results and review of operations and activities

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

	Segment revenue		Segment results	
	Year ended 31/12/2011 US\$'000	Year ended 31/12/2010 US\$'000	Year ended 31/12/2011 US\$'000	Year ended 31/12/2010 US\$'000
Singapore	3,385	2,555	(35)	(24)
Australia	5,401	3,522	833	1,348
Korea	1,019	461	476	93
Thailand	3,390	2,213	405	298
Vietnam	31	1,682	(23)	268
Philippines	1,501	1,351	368	240
India	7	-	(1,808)	(801)
China	48	-	(1,768)	(907)
Others	981	421	673	231
Total for continuing operations	15,763	12,205	(879)	746
Discontinued operations	912	164	(13,063)	(13,365)
Total for all segments	16,675	12,369	(13,942)	(12,619)
Unallocated revenue less unallocated expenses			(3,513)	(5,043)
Loss from ordinary activities before income tax			(17,455)	(17,662)
Income tax (expense) credit			(272)	7,464
Net loss for the year			(17,727)	(10,198)

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

Revenue from continuing operations (excluding revenue of a subsidiary in Israel) grew by 29.1% year-on-year, driven by better performance from most regions, coupled with the launch of several new products in Australia. The sales of new products since second quarter of the year resulted in revenue of US\$0.6 million. Some of these new products will be launched in Korea in 2012, as SciGen Ltd and its subsidiaries ("Group") continually looks for opportunities to expand its product portfolio.

Growth was partially attributable to profit sharing revenue from the ultimate holding company, Bioton S.A., which surpassed preceding year by US\$0.4million, on the back of additional market coverage in India and Vietnam.

During the year, the Board of Directors entered into an agreement with a third party entity for the disposal of SciGen Ltd's interests in a subsidiary in Israel. Operating result for the subsidiary in Israel was presented as discontinued operations in the consolidated statement of comprehensive income for the year ended December 31, 2011 and December 31, 2010, representing sale of a major business line - Hepatitis B vaccine.

## REPORT OF THE DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

The Group posted a net loss after tax of US\$17.7 million for the year, of which US\$13.1 million was attributable to discontinued operations. The loss for the continuing operations was primarily due to write-down of carrying amount of the net assets of a subsidiary in China and operating losses of a subsidiary in India, amounting to US\$2.0 million and US\$1.8 million respectively. Without the impact of impairment losses, loss from continuing operations before tax have reduced from US\$4.3 million in the preceding year to US\$2.2 million, an improvement driven by escalation in revenue.

Following the planned disposal of the subsidiaries in Israel and China in 2012, the Group expects to have a significant reduction in operating overheads, giving rise to favourable results for the coming years.

Loss after tax (including discontinued operations) increased from the preceding year as deferred tax benefits of US\$7.5 million was recognised in year 2010 as compared to an income tax expense of US\$0.3 million this year. Excluding income tax impact, loss before tax (including discontinued operations) reduced to US\$17.5 million from US\$17.7 million in the preceding year.

### Loss per share

	Group	
	Year ended 31/12/2011 US\$	Year ended 31/12/2010 US\$
Basic loss per share (cents)	(3.082)	(1.766)

### 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.

## REPORT OF THE DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

### 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
Convertible debentures <b>Subsidiary company</b> <b>SciGen BioPharma Private Ltd</b>				
Amol Jashvant Shah	-	-	750,000	3,050,000

### 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.

### **Significant changes in the state of affairs**

Significant changes in the state of affairs of the Group and the Company during the financial year were as follows:

**a. Disposal of the Company's interest in its manufacturing facility in Israel and Hepatitis B Vaccine Licence**

In November 2011, the Board of Directors concluded agreements for the sale of the Company's 100% interest in SciGen (I.L.) Ltd and for the assignment of licensing rights for the manufacture and sale of Hepatitis B vaccine to FDS Pharma LLP for a cash consideration of US\$2 million and a royalty income of 5% on future global sales.

The sale was closed subsequent to year-end, on February 14, 2012, upon completion of the conditions precedent.

**b. Agreement with Bioton on profit sharing agreement**

The Company, together with its ultimate holding company (Bioton S.A.), entered into exclusive supply and distribution agreements ("Distribution Agreements") for Vietnam and India markets. Collaboration with partners facilitate the availability of SciLin™ to diabetes patients throughout India and Vietnam respectively.

Following the execution of the Distribution Agreements, the Company entered into a profit sharing agreement with Bioton, whereby the Company will receive a share of the revenues from the Distribution Agreements. The profit share is specified as price per unit (per vial/cartridge or per gram) of the product sold and paid by partners.

As a result, the Company has entered into three profit sharing agreements with Bioton, covering the markets of China, India and Vietnam.

### **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) In addition to the memorandum of understanding with Actavis Group PTC for the sale of recombinant human insulin in twelve new countries, the Group will focus on penetration into new markets within Asia, Middle East and Africa.
- (b) Following the launch of new products into the Australian market, the Group is looking towards introduction of the new products into other markets.
- (c) The Group is committed to sourcing for new biopharmaceutical products and medical devices to increase its product portfolio.
- (d) The Group expects to complete the construction and validation of its manufacturing facility in India in year 2012. The facility, when completed, will be manufacturing recombinant human insulin and potentially other biotechnological products. As per the Investment Agreement with Anglo Gulf Ltd ("Anglo Gulf") in the course of first half of 2012 a closing of the transaction resulting in change of shareholding in SciGen BioPharma Private Ltd will be conducted and subsequently registered in the respective authorities in India. The closing of the transaction will result in SciGen Ltd having 51% and Anglo Gulf 49% stake in SciGen BioPharma Private Ltd.

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 and fair presentation of these financial statements in accordance with provisions of the Singapore Companies Act and Singapore Financial Reporting Standards. The directors of the Company consider that it is appropriate for the financial statements to be prepared on a going concern basis 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 46)	<p>Mr. Slawomir Ziegert, is a medical doctor, graduate of the Medical University in Gdańsk. 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.</p> <p>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.</p> <p>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.</p>
Adam Tomasz Polonek (Age 35)	<p>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.</p> <p>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.</p>

## REPORT OF THE DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

Director	Experience
<p>Ms. Jenny Low (Age 60)</p>	<p>Ms. Jenny Low is the Senior Vice President &amp; 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.</p> <p>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.</p>
<p>Mr. Kenneth Gross (Age 82)</p>	<p>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.</p>
<p>Joanna Szymańska-Bulska (Age 48)</p>	<p>Ms. Joanna Szymańska-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. Szymańska-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. Szymańska-Bulska was a Chairman of the International Management Board and CEO of PPL for six years where she had overall responsibility for PPL.</p>
<p>Mr. Adam Wilczega (Age 57)</p>	<p>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.</p> <p>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.</p>

## REPORT OF THE DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

Director	Experience
<p>Marcin Dukaczewski (Age 33)</p>	<p>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 being the strategic investor in Bioton S.A..</p> <p>Mr. Dukaczewski is also a member of the Supervisory Board of public listed companies listed on the Warsaw Stock Exchange : Bioton (biotechnology), Petrolinvest (oil &amp; gas exploration) and 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.</p>
<p>Mateusz Patryk Kosecki (Age 37)</p>	<p>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.</p>
<p>Amol Jashvant Shah (Age 46)</p>	<p>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.</p>
<p>Mr. Adam Aleksandrowicz (Age 40) (Resigned January 10, 2012)</p>	<p>Mr. Adam Aleksandrowicz, was the financial director and member of the Managing Board of Bioton S.A. until his resignation. Mr. Aleksandrowicz is a graduate from the University of Gdańsk and has extensive knowledge and experience in corporate finance management, in particular in companies in pharmaceutical industry. From 2006 to 2009 he worked for AstraZeneca, one of the world's leading pharmaceutical concerns, holding the position of CFO in AstraZeneca's companies in Poland and in Russia. Prior to this, Mr. Aleksandrowicz was with Pliva Kraków S.A., a subsidiary of TEVA, where he started as CFO and progressed to the position of President of the Managing Board.</p> <p>Mr. Aleksandrowicz had also worked as a manager in Corporate Finance in Price Waterhouse Coopers, Poland, working on mergers and acquisitions, evaluation of businesses, restructuring of companies and optimization of financing structures of company development. Before taking up the work at PriceWaterhouseCoopers, he worked as Corporate Finance consultant at O.M. Investment Sp. z o.o and in investors' relations department at Bank Gdański S.A. He completed a number of postgraduate studies, among others Executive Management Program University of Michigan School of Business Administration in the United States.</p>

## REPORT OF THE DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

### 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, 2011, and the numbers of meetings attended by each director were:

Full meetings of directors	Board		Meetings of committees Audit		Remuneration	
	A	B	A	B	A	B
Mr. Kenneth Gross	2	2	3	3	-	-
Mr. Adam Tomasz Polonek	2	2	2	2	-	-
Mr. Adam Wilczega	-	2	2	3	-	-
Ms. Joanna Szymańska-Bulska	-	2	-	-	-	-
Mr. Marcin Dukaczewski	-	2	-	-	-	-
Mr. Slawomir Ziegert	2	2	-	-	-	-
Mr. Mateusz Patryk Kosecki	2	2	-	-	-	-
Mr. Amol Jashvant Shah	-	2	-	-	-	-
Ms. Jenny Low	2	2	-	-	-	-
Mr. Adam Aleksandrowicz (resigned January 10, 2012)	-	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 non-executive directors:

- Dr. Marian Gorecki (Chairman) - Resigned March 3, 2011
- Mr. Ryszard Krauze – Resigned March 22, 2011
- Mr. Adam Aleksandrowicz – Resigned January 10, 2012
- Mr. Marcin Dukaczewski - Appointed March 22, 2011
- Mr. Adam Tomasz Polonek – Appointed March 22, 2011

The Remuneration Committee should comprise entirely of non-executive directors and be chaired by an independent director. During the year, the remuneration committee did not meet. Dr. Marian Gorecki, Mr. Ryszard Krauze and Mr. Adam Aleksandrowicz remained on the Remuneration Committee until their resignations on March 3, 2011, March 22, 2011 and January 10, 2012 respectively. 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.

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.



## REPORT OF THE DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

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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.

### **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 18 to 20 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 18 to 20 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, 2011. The executives are:

- Jean-Claude Balducci - Country Manager - Australia & New Zealand
- Sharon Walters - Business Development Executive
- Chander Shehkar Sharma - Business Development Executive
- Edward Thomas - Business Development Executive
- Tova Katz - Acting General Manager - Israel

REPORT OF THE DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

**Key management personnel of SciGen Ltd**

**Year ended December 31, 2011**

Name	Short-term employee benefits			Post-employment benefits	Termination benefits	Total US\$
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement and insurance benefits	
	US\$	US\$	US\$	US\$	US\$	
<b>Non-executive directors</b>						
Mr. Kenneth Gross	30,959	-	-	-	-	30,959
Dr. Marian Gorecki (Until March 3, 2011)	5,000	-	-	-	-	5,000
<b>Sub-total non-executive directors</b>	<b>35,959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,959</b>
<b>Executive director</b>						
Ms. Jenny Low	238,726	30,493	10,450	4,963	-	284,632
<b>Other key management personnel</b>						
Mr. Marcus Poh	112,369	21,318	10,343	9,876	-	153,906
Ms. Yvonne Lim	100,415	15,199	3,778	3,609	-	123,001
Ms. Liza Domingo	75,007	18,018	3,571	36	-	96,632
Ms. Hedy Ong	63,137	10,156	5,264	4,731	-	83,288
Ms. Li Minyi	38,684	6,222	7,418	7,013	-	59,337
<b>Total</b>	<b>664,297</b>	<b>101,406</b>	<b>40,824</b>	<b>30,228</b>	<b>-</b>	<b>836,755</b>

## REPORT OF THE DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

## Year ended December 31, 2010

Name	Short-term employee benefits			Post-employment benefits		Termination benefits	Total US\$
	Cash salary and fees US\$	Cash bonus US\$	Non-monetary benefits US\$	Super-annuation US\$	Retirement and insurance benefits US\$	Amount US\$	
<b>Non-executive directors</b>							
Mr. Kenneth Gross	27,641	-	-	-	-	-	27,641
Dr. Marian Gorecki	60,000	-	-	-	-	-	60,000
<b>Sub-total non-executive directors</b>	<b>87,641</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,641</b>
<b>Executive directors</b>							
Mr. Martin Cooper	142,601	8,495	100,844	8,455	-	-	260,395
Ms. Jenny Low	211,032	27,044	6,209	5,089	-	-	249,374
<b>Other key management Personnel</b>							
Mr. Adam Allerhand (Until August 31, 2010)	137,092	152,327	54,358	-	-	-	343,777
Mr. Marcus Poh	97,610	14,666	-	8,250	-	-	120,526
Ms. Yvonne Lim (From February 1, 2010)	68,829	12,572	-	917	-	-	82,318
Ms. Liza Domingo	68,913	3,960	5,652	35	-	-	78,560
Mr. RC Tulasi (Until November 24, 2010)	47,597	3,460	11,843	-	-	-	62,900
<b>Total</b>	<b>861,315</b>	<b>222,524</b>	<b>178,906</b>	<b>22,746</b>	<b>-</b>	<b>-</b>	<b>1,285,491</b>

REPORT OF THE DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

**Key management personnel of the Group**

**Year ended December 31, 2011**

Name	Short-term employee benefits			Post-employment benefits		Termination benefits	Total US\$
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement and insurance benefits	Amount	
	US\$	US\$	US\$	US\$	US\$	US\$	
<b>Non-executive directors</b>							
Mr. Kenneth Gross	30,959	-	-	-	-	-	30,959
Dr. Marian Gorecki (Until March 3, 2011)	5,000	-	-	-	-	-	5,000
Mr. Tim Holden	8,266	-	-	-	-	-	8,266
<b>Sub-total non-executive directors</b>	<b>44,225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,225</b>
<b>Executive directors</b>							
Ms. Jenny Low	238,726	30,493	10,450	4,963	-	-	284,632
Mr. Henry Dong-Ha Pyun	116,051	5,526	-	1,799	3,323	-	126,699
Mr. Amol Jashvant Shah	115,833	-	-	9,846	-	-	125,679
<b>Other key management personnel</b>							
Mr. Jean-Claude Balducci	268,904	12,963	-	25,368	-	-	307,235
Ms. Sharon Walters	70,833	59,835	-	58,994	-	-	189,662
Mr. Chander Shekhar Sharma	121,723	28,424	-	13,462	-	-	163,609
Mr. Edward Thomas	113,922	28,848	-	12,799	-	-	155,569
Ms. Tova Katz	103,087	-	25,046	26,052	-	-	154,185
<b>Total</b>	<b>1,193,304</b>	<b>166,089</b>	<b>35,496</b>	<b>153,283</b>	<b>3,323</b>	<b>-</b>	<b>1,551,495</b>

**Year ended December 31, 2010**

Name	Short-term employee benefits			Post-employment benefits		Termination benefits	Total US\$
	Cash salary and fees US\$	Cash bonus US\$	Non-monetary benefits US\$	Super-annuation US\$	Retirement and insurance benefits US\$	Amount US\$	
<b>Non-executive directors</b>							
Mr. Kenneth Gross	27,641	-	-	-	-	-	27,641
Dr. Marian Gorecki	60,000	-	-	-	-	-	60,000
Mr. Tim Holden	7,033	-	-	-	-	-	7,033
<b>Sub-total non-executive directors</b>	<b>94,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94,674</b>
<b>Executive directors</b>							
Mr. Martin Cooper	142,601	8,495	100,844	8,455	-	-	260,395
Ms. Jenny Low	211,032	27,044	6,209	5,089	-	-	249,374
Mr. Yehuda Zelig (Until August 10, 2010)	144,131	-	-	23,509	-	-	167,640
Mr. Henry Dong-Ha Pyun	96,430	-	-	1,570	2,944	-	100,944
<b>Other key management personnel</b>							
Mr. Adam Allerhand (Until August 31, 2010)	137,092	152,327	54,358	-	-	-	343,777
Mr. Jean-Claude Balducci	225,941	15,665	-	21,745	-	-	263,351
Mr. Chander Shehkar Sharma	106,125	15,854	-	10,845	-	-	132,824
Ms. Sharon Walters	84,764	23,108	-	23,625	-	-	131,497
Mr. Yaacov Hartman (Until October 31, 2010)	103,273	-	-	25,560	-	-	128,833
<b>Total</b>	<b>1,346,063</b>	<b>242,493</b>	<b>161,411</b>	<b>120,398</b>	<b>2,944</b>	<b>-</b>	<b>1,873,309</b>

**Insurance of officers**

During 2011, the Company paid a premium of US\$46,165 (2010 : US\$39,300) 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.

## REPORT OF THE DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

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The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

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 30, 2012

## STATEMENT OF DIRECTORS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

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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 41 to 102 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, 2011 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 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 30, 2012

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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

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##### 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.



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- (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 the respective supervisors and reported to the CEO.

## Principle 2

### Structure the Board to add value

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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 18 to 20. 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 directors as of the date of this report are:

- Mr. Kenneth Gross
- Dr Marian Gorecki - Resigned on March 3, 2011

Dr. Marian Gorecki remained as an independent director of the Company until his resignation on March 3, 2011.

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### 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, 2011, and the number of meetings attended by each director is disclosed on page 21. 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. Ryszard K. Krauze, Mr. Adam Wilczega, Mr. Marcin Dukaczewski, Mr. Adam Polonek, Ms. Joanna Szymanska-Bulska, Mr. Slawomir Ziegert, Mr. Mateusz Kosecki, Mr. Adam Aleksandrowicz and Mr. Amol Shah had business dealings with the Group and the Company during the year, as described in note 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.

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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. To-date, there is no review of the Board and individual directors.

**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**

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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 Company recognises that females are underrepresented in senior leadership roles and as members of the board. 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.

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No measurable Objectives were specifically set by the Board during the year, other than the recruitment of the most suitable candidate for a position, regardless of the individuals's gender or background. However the Company provides training opportunities to its employees.

As an equal opportunity employer, during 2011, the Company is proud to have an employee population which is 47% female. Female representation amongst the Board of Directors was 22%.

The Company utilizes 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**

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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)
- Dr. Marian Gorecki (Independent director) - Resigned March 3, 2011
- Mr. Adam Wilczega (Non-independent director)
- Mr. Adam Polonek (Non-independent director)

The Chairman of the Audit Committee is an independent director. Dr. Marian Gorecki remained on the audit committee until his resignation from the Board of directors on March 3, 2011. Details of these directors' qualification, expertise, experience and attendance at Audit Committee meetings are set out in the directors' report on pages 18 to 20.

### 4.3 [Charter](#)

The Audit Committee does not have a formal Charter. The Audit Committee is of the opinion that as the Company is in the capital investment stage of its development where most of the transactions are by way of turn key projects, a formal Charter may not be adequate and effective. At such time when the Company's manufacturing facilities are operational and established, a formal Charter will be prepared to set out the role and responsibilities and procedures of the Audit committee.

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.

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### Principle 5

#### Make timely and balanced disclosure

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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](http://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

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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.

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## Principle 7

### Recognise and manage risk

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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.

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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; 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**

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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 non-executive directors:

Dr. Marian Gorecki (Chairman) - Resigned March 3, 2011  
Mr. Ryszard Krauze – Resigned March 22, 2011  
Mr. Adam Aleksandrowicz –Resigned January 10, 2012  
Mr. Marcin Dukaczewski – Appointed March 22, 2011  
Mr. Adam Tomasz Polonek – Appointed March 22, 2011

The Remuneration Committee should comprise entirely of non-executive directors and be chaired by an independent director. Dr. Marian Gorecki, Mr. Ryszard Krauze and Mr. Adam Aleksandrowicz remained on the Remuneration Committee until their resignations on March 3, 2011, March 22, 2011 and January 10, 2012 respectively. 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 18 to 20. 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 23 to 26 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.

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## 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, 2011, the statement of 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 41 to 102.

## 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 disclosed in Note 10 to the financial statements, the Group has included net assets of disposal group classified as held-for-sale and the Company has included non-current assets classified as held-for-sale as at December 31, 2011 with carrying amount of US\$2,000,000 and US\$2,000,000 (2010 : US\$10,000,000 and US\$11,652,000), respectively. As further set out in Note 10, the carrying amount of the Group's net assets relating to disposal groups and the Company's non-current assets classified as held-for-sale is stated at fair value less costs to sell (2010 : management's estimate of the transaction price). Singapore Financial Reporting Standard ("FRS") 105 Non-current Assets Held-for-Sale requires an entity to measure a disposal group and non-current assets classified as held-for-sale at lower of its carrying amount and fair value less costs to sell. For the year ended December 31, 2011, the management has provided impairment loss for the Group amounting to US\$7,055,000 (Note 10) on the net assets of SciGen (I.L.) Ltd ("SIL") and for the Company amounting to US\$11,998,000 (Note 10) on the non-current assets classified as held-for-sale based on fair value less costs to sell. We were unable to obtain sufficient appropriate audit evidence to enable us to conclude whether the current year impairment loss should be accounted for as an adjustment to impairment loss recorded in prior period or current year. We have been unable to determine adjustments, if any, that may be required to be made to the Group and the Company's comparatives of statement of financial position as at December 31, 2010, opening accumulated losses as at January 1, 2011 of the Group and the Company, and the Group's statement of comprehensive income and statement of cash flows for the year ended December 31, 2010 and December 31, 2011.
- (b) During the course of our audit, 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, 2011 and 2010. We are unable to obtain sufficient appropriate evidence over completeness of accruals for construction in progress cost incurred, recorded in other payables of the Group and accordingly we are unable to determine the adjustments required for the prior years and current year construction in progress and other payables for the Group.
- (c) As disclosed in Note 3(g) to the financial statements, a subsidiary in India has non-compliance issues with Foreign Exchange Management Act ("FEMA") issued by Reserve Bank of India ("RBI") and may be liable to penalty for non-compliance. As

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCIGEN LTD

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

at December 31, 2011, the Group has accrued penalty amounting to US\$860,000 (2010 : US\$1,032,000) recognised as part of the trade and other payables of the Group. We were unable to obtain sufficient appropriate audit evidence to support the management's estimate of the Group's accrual for the penalty payable to RBI as at December 31, 2011. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

- (d) As disclosed in Note 33 to the financial statements, our audit report for December 31, 2010 financial statements were also modified. Accordingly, we are unable to determine the adjustments, if any, that may be required to be made to the comparatives of the Group and the Company's statement of financial position as at December 31, 2010, the Group and the Company's opening accumulated losses as of January 1, 2011 and consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended December 31, 2010.

## Qualified Auditor's Opinion

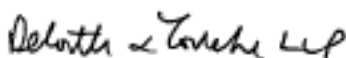
In our opinion, except for the effects of the matters described in the Bases for Qualified Auditor's Opinion paragraphs, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the carrying amounts of these assets and liabilities stated in the financial statements, 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, 2011 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

Without further qualifying our conclusion, 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 relating to their assessment of the recoverable amounts of the investment a subsidiary in India of the Company of US\$21,000,000 (Note 3(c)) and their evaluation of recoverability of the non-current assets of the Company and the Group totalling US\$8,280,000 (Note 3(b)(i)) and US\$20,859,000 respectively, comprising intangible assets which represent licences amounting to US\$8,280,000 (Note 3(b)(i)) of the Company and property, plant and equipment of a subsidiary in India amounting to US\$12,579,000 (Note (a)(iii)) and intangible assets of the Company which represent licences amounting to US\$8,280,000 (Note 3(b)(i)) of the Group.

## 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.



Public Accountants and  
Certified Public Accountants  
Singapore

March 30, 2012

# STATEMENTS OF FINANCIAL POSITION

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	Note	Group		Company	
		2011 US\$'000	2010 US\$'000 (Restated)	2011 US\$'000	2010 US\$'000 (Restated)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	1,997	3,926	566	932
Trade and other receivables	8	5,665	4,330	5,836	2,396
Inventories	9	1,958	1,079	299	189
		9,620	9,335	6,701	3,517
Assets classified as held-for-sale	10	11,312	10,800	5,460	11,652
Total current assets		20,932	20,135	12,161	15,169
<b>Non-current assets</b>					
Property, plant and equipment	11	12,880	22,792	61	84
Intangible assets	12	13,605	14,266	13,404	13,884
Lease prepayment	13	384	826	-	-
Long term prepayment	14	3,000	3,000	3,000	3,000
Deferred tax assets	15	7,319	7,540	7,140	7,366
Subsidiaries	16	-	-	21,017	30,771
Total non-current assets		37,188	48,424	44,622	55,105
<b>Total assets</b>		<b>58,120</b>	<b>68,559</b>	<b>56,783</b>	<b>70,274</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade and other payables	17	23,327	21,711	21,038	16,953
Bank loans	18	1	-	-	-
Loans from an outside party	18	6,136	-	3,000	-
		29,464	21,711	24,038	16,953
Liabilities directly associated with assets classified as held-for-sale	10	2,512	800	-	-
Total current liabilities		31,976	22,511	24,038	16,953

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	Note	Group		Company	
		2011 US\$'000	2010 US\$'000 (Restated)	2011 US\$'000	2010 US\$'000 (Restated)
<b>LIABILITIES AND CAPITAL DEFICIENCY</b>					
<b>Non-current liabilities</b>					
Other payables	17	8,358	7,370	8,358	7,370
Bank loans	18	-	11	-	-
Loan from ultimate holding company	18	74,527	73,727	74,527	73,727
Loans from an outside party	18	-	3,743	-	3,000
Total non-current liabilities		82,885	84,851	82,885	84,097
<b>Capital, reserves and non-controlling interests</b>					
Share capital	19	42,530	42,530	42,530	42,530
Translation reserves	20	961	1,313	-	-
Accumulated losses		(103,574)	(86,554)	(92,670)	(73,306)
Equity attributable to owners of the company		(60,083)	(42,711)	(50,140)	(30,776)
Non-controlling interests		3,342	3,908	-	-
Net capital deficiency		(56,741)	(38,803)	(50,140)	(30,776)
<b>Total liabilities and capital deficiency</b>		<b>58,120</b>	<b>68,559</b>	<b>56,783</b>	<b>70,274</b>

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	Note	Group	
		2011 US\$'000	2010 US\$'000
<b>Continuing Operations</b>			
Revenue	21	15,763	12,205
Other income		41	59
Changes in inventories of finished goods		886	295
Purchases		(7,638)	(5,273)
Employee benefits expense	24	(4,485)	(4,160)
Depreciation of property, plant and equipment	11	(691)	(451)
Amortisation of lease prepayment	13	(17)	(17)
Amortisation of intangible assets	12	(505)	(357)
Impairment loss on assets held-for-sale	11	(1,981)	-
Impairment loss on intangible assets	12	(192)	-
Write-off of intangible assets	12	(43)	(5)
(Loss)/Gain on disposal of property, plant and equipment, investment property and asset classified held-for-sale	24	(1)	411
Other operating expenses	23	(5,868)	(5,567)
Waiver of loan and payables from ultimate holding company	22	1,571	-
Finance income	25	37	103
Finance expense	25	(1,269)	(1,540)
<b>Loss before income tax</b>		<b>(4,392)</b>	<b>(4,297)</b>
Income tax (expense)/benefits	26	(272)	7,464
<b>(Loss)/Profit from continuing operations</b>		<b>(4,664)</b>	<b>3,167</b>
<b>Discontinued Operations</b>			
Loss from discontinued operations	27	(13,063)	(13,365)
<b>Loss for the year</b>	24	<b>(17,727)</b>	<b>(10,198)</b>
Exchange differences on translating foreign operations, representing other comprehensive (loss)/income for the period, net of tax		(211)	2,496
<b>Total comprehensive losses for the year</b>		<b>(17,938)</b>	<b>(7,702)</b>
Loss for the year attributable to:			
Equity holders of the Company		(17,020)	(9,753)
Non-controlling interests		(707)	(445)
<b>Loss for the year</b>		<b>(17,727)</b>	<b>(10,198)</b>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME(CONTINUED)

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	Note	Group	
		2011 US\$'000	2010 US\$'000
<b>Total comprehensive losses attributable to:</b>			
Equity holders of the Company		(17,372)	(7,389)
Non-controlling interests		(566)	(313)
<b>Total comprehensive losses for the year</b>		<b>(17,938)</b>	<b>(7,702)</b>
<b>(Loss)/Earnings per share</b>			
<b>From continuing and discontinued operations:</b>			
Basic loss per share (cents)	28	(3.082)	(1.766)
<b>From continuing operations:</b>			
Basic (loss)/earnings per share (cents)	28	(0.716)	0.654

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

See accompanying notes to financial statements.

## STATEMENTS OF CHANGES IN EQUITY

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	Share capital US\$'000	Translation reserves US\$'000	Accumulated losses US\$'000	Attributable to equity holders of the company US\$'000	Non-controlling interests US\$'000	Total US\$'000
<b>Group</b>						
At January 1, 2010	42,530	(1,051)	(76,801)	(35,322)	4,221	(31,101)
Total comprehensive income/(loss) for the year	-	2,364	(9,753)	(7,389)	(313)	(7,702)
At December 31, 2010	42,530	1,313	(86,554)	(42,711)	3,908	(38,803)
Total comprehensive loss for the year	-	(352)	(17,020)	(17,372)	(566)	(17,938)
At December 31, 2011	42,530	961	(103,574)	(60,083)	3,342	(56,741)

See accompanying notes to financial statements.



## STATEMENTS OF CHANGES IN EQUITY

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	Share capital US\$'000	Accumulated losses US\$'000	Net US\$'000
<b>Company</b>			
At January 1, 2010	42,530	(65,338)	(22,808)
Total comprehensive loss for the year	-	(7,968)	(7,968)
At December 31, 2010	42,530	(73,306)	(30,776)
Total comprehensive loss for the year	-	(19,364)	(19,364)
At December 31, 2011	42,530	(92,670)	(50,140)

See accompanying notes to financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	2011 US\$'000	2010 US\$'000
<b>Operating activities</b>		
Loss before income tax	(17,455)	(17,662)
Adjustments for:		
Depreciation of property, plant and equipment	691	1,570
Amortisation of lease prepayment	17	17
Amortisation of intangible assets	505	406
Loss/(Gain) on disposal of property, plant and equipment	1	(1)
Gain on disposal of investment property	-	(407)
Gain on disposal of asset held-for-sale	-	(3)
Allowance for doubtful debts	1	274
Intangible assets written-off	43	5
Waiver of loan and payables from ultimate holding company	(1,571)	-
Interest income	(37)	(46)
Interest expenses	1,195	1,552
Impairment loss on property, plant and equipment	6,213	6,080
Impairment loss on intangible assets	2,065	2,730
Write-down of inventories	950	-
Net foreign exchange losses	2,439	300
Operating cash flow before movement in working capital	(4,943)	(5,185)
Inventories	207	(593)
Trade and other receivables	(2,253)	(436)
Trade and other payables	3,222	3,271
Cash used in operations	(3,767)	(2,943)
Income taxes paid	(50)	(119)
Net cash flows used in operating activities	(3,817)	(3,062)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	2011 US\$'000	2010 US\$'000
<b>Investing activities</b>		
Interest received	37	46
Purchase of property, plant and equipment	(2,265)	(2,164)
Purchase of intangible assets	(73)	(514)
Advances paid	(3,000)	-
Proceeds from disposal of investment property	-	615
Proceeds from disposal of property, plant and equipment	3	4
Proceeds from disposal of asset held-for-sale	350	1,054
Net cash flows used in investing activities	(4,948)	(959)
<b>Financing activities</b>		
Interest paid	(207)	(80)
Repayment of bank loans	(9)	(8)
Loans from ultimate holding company	1,501	2,600
Loan from an outside party	5,393	750
Net cash flows from financing activities	6,678	3,262
Net decrease in cash and cash equivalents	(2,087)	(759)
Cash and cash equivalents at beginning of the year	3,926	4,889
Effect of exchange rate fluctuations on cash held	158	(204)
<b>Cash and cash equivalents at end of the year</b>	<b>1,997</b>	<b>3,926</b>

See accompanying notes to financial statements.

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## 1 GENERAL

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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 pharmaceutical products under exclusive licensing arrangements.

The Group had a net loss of US\$17,727,000 (2010 : US\$10,198,000) for the year ended December 31, 2011, out of which US\$13,063,000 was attributable to discontinued operations and, as of that date, the Group had net current liabilities of US\$11,044,000 (2010 : US\$2,376,000) and capital deficiency of US\$56,741,000 (2010 : US\$38,803,000).

The Group and the Company are dependent on Bioton S.A., 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.

Additional loans were provided by the ultimate holding company during the year amounting to US\$1,501,000 (2010 : US\$2,600,000). The ultimate holding company has also undertaken that it will not demand for settlement of the loans granted to the Company of US\$74,527,000 (2010 : US\$73,727,000), 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 and do not include any adjustments relating to recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that might result if the going concern basis is found to be inappropriate.

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, 2011 were authorised for issued by the Board of Directors on March 30, 2012.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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**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").

**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, 2011. 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.

### [FRS 24 \(Revised\) Related Party Disclosures](#)

FRS 24 (Revised) Related Party Disclosures has been adopted beginning January 1, 2011 and has been applied retrospectively. The revised Standard clarifies the definition of a related party and consequently the following additional party has been identified as related to the Group:

- Joint ventures of an investor who has significant influence over the Group.

In addition, the Group is required to disclose commitments between itself and its related parties.

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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:

- Amendments to FRS 1 Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income
- Amendments to FRS 107 Financial Instruments: Disclosures – Transfers of Financial Assets
- FRS 110 Consolidated Financial Statements
- FRS 112 Disclosure of Interests in Other Entities
- FRS 113 Fair Value Measurement

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:

### [Amendments to FRS 1 Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income \("OCI"\)](#)

The amendment on Other Comprehensive Income ("OCI") presentation will require the Group to present in separate groupings, OCI items that might be recycled i.e., reclassified to profit or loss (e.g., those arising from cash flow hedging, foreign currency translation) and those items that would not be recycled (e.g. revaluation gains on property, plant and equipment under the revaluation model). The tax effects recognised for the OCI items would also be captured in the respective grouping, although there is a choice to present OCI items before tax or net of tax.

Changes arising from these amendments to FRS 1 will take effect from financial years beginning on or after July 1, 2012, with full retrospective application.

When the Group adopts the amendments, it will have to present revaluation gains (if any) on property, plant and equipment and the corresponding tax effects separately from other OCI items that might be recycled to profit or loss.

### [Amendments to FRS 107 Financial Instruments: Disclosures – Transfers of Financial Assets](#)

The amendments to FRS 107 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Group does not anticipate that these amendments to FRS 107 will have a significant effect on the Group's disclosures regarding its existing arrangements for transfers of trade receivables. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

### [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, 2013, with full retrospective application.

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When the Group adopts FRS 110, entities it currently consolidates may not qualify for consolidation, and entities it currently does not consolidate may qualify for consolidation. The Group is currently estimating the effects of FRS 110 on its investments in the period of initial adoption.

### 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, 2013, and the Group is currently estimating extent of additional disclosures needed.

### FRS 113 Fair Value Measurement

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 Share-based Payment, FRS 17 Leases, net realisable value in FRS 2 Inventories and value-in-use in FRS 36 Impairment of Assets.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

FRS 113 will be effective prospectively from annual periods beginning on or after January 1, 2013. Comparative information is not required for periods before initial application.

The Group is currently estimating the effects of FRS 113 in the period of initial adoption.

**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.

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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 for deferred tax assets or liabilities which are recognised and measured in accordance with FRS 12 Income Taxes.

**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 rate 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.

#### Trade and other payables

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 overdrafts 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.

#### Loans from an outside party

Loans from an outside party include compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

#### 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.

NON-CURRENT ASSETS HELD-FOR-SALE - Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held-for-sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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:

Leasehold building	-	40 years
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.

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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 is 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.

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**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.

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### 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

#### Critical judgements in applying the Group's accounting policies

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 and assets classified as held-for-sale](#)

The Group has substantial investments in property, plant and equipment for its manufacturing facilities in Israel, India and China. Each of these manufacturing facilities, including the related property, plant and equipment, is a separate cash-generating unit.

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.

As disclosed in Note 10 to the financial statements, as at December 31, 2011, the Group has classified the net assets of the subsidiaries in Israel and China as held-for-sale (2010 : net assets subsidiary in Israel).

The recoverable amounts of assets classified as held-for-sale were estimated based on fair value less costs to sell. The recoverable amounts of all other assets 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. The following are the details of assessment for the recoverable amounts of the property, plant and equipment in Israel, China and India.

#### Assets held-for-sale

(i) Israel

In 2010, the commercial production in Israel has commenced. Based on management's assessment of the recoverable amount of the property, plant and equipment of a subsidiary in Israel which is based on fair value less costs to sell, an impairment loss of US\$4,232,000 (2010 : US\$6,080,000) (Note 10 (c)) have been recognised in the profit or loss of the Group for the year ended December 31, 2011. As at December 31, 2011, the carrying amount of the property, plant and equipment of a subsidiary in Israel amount to US\$NIL (2010 : US\$4,522,000) (Note 10 (a)).

## (ii) China

In 2010, the secondary packaging validation batches in China have commenced. Based on management's assessment of the recoverable amount of the property, plant and equipment of a subsidiary in China which is based on fair value less costs to sell, an impairment loss of US\$1,981,000 (2010 : US\$Nil) (Note 10 (c)) have been recognised in the profit or loss of the Group for the year ended December 31, 2011. As at December 31, 2011, the carrying amount of the property, plant and equipment of a subsidiary in China amount to US\$7,655,000 (Note 10 (a)) (2010 : US\$9,204,000 (Note 11)).

**Property, plant and equipment**

## (iii) India

For the year ended December 31, 2011, the management conducted additional sensitivity analysis in order to check the recoverable amount of the property, plant and equipment compared to the one done at the end of year 2010, where the base case for the assessment used by management remain similar to the one done at the year-end 2010. The major assumptions used in this sensitivity analysis for the year ended December 31, 2011, and influencing the future cash flows, are as follows:

- Commercial production commences in 2013, one year after the expected commissioning of the manufacturing facility by the turnkey vendor in 2012 (2010 : commercial production would commence in 2012).
- Sales volumes are derived only from the 5 countries where the Group has existing market presence for the sale of insulin (2010 : sales volumes are derived in 25 countries). The Group strategy assumptions' regarding entering new markets either through the regional distributors or local ones remain with no change to the sensitivity analysis for the year ended December 31, 2011 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.
- 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 (2010 : The value in use calculations use cash flow projections based on cash flows over the period of 10 years with terminal value). Sales from the 11th year to the 23rd 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 generic 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% (2010 : 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%. Subsequent to December 31, 2011, the actual WACC of the Company is 8.15% which would result in a favourable scenario for the estimation of value-in-use.

Based on the above data and assumptions, which were used to determine the estimated recoverable amount of the property, plant and equipment in India, supported by the signing of joint venture agreement in India, the management assessment confirms the non-impairment of property, plant and equipment in India during the year ended December 31, 2011.

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%, impairment loss will increase by US\$Nil (2010 : US\$Nil) for the Group. There is no impairment loss required for the Group if the assumed volume of units sold by the Group increases by 5%.

As at December 31, 2011, the carrying amount of the property, plant and equipment of a subsidiary in India amount to US\$12,579,000 (2010 : US\$13,280,000).

The carrying amounts of the Group and the Company's property, plant and equipment are disclosed in Note 11 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 other than for Sci-B-Vac™. 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 (2010 : US\$8,280,000) (Note 12). Detailed sensitivity analysis 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)(iii) 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\$4,550,000 (2010 : US\$4,890,000) (Note 12). The recoverable amount was estimated based on its value in use which includes discounting future cash flows generated from the continuing use of the licences and related development costs. The Company signed three (2010 : one) 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 fixed 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™.
- (iii) The directors and management consider that, in arriving at the recoverable amount of Sci-B-Vac™, the management made the best assessment they can, taking into account the conditions prevailing at December 31, 2011 and current information available to the management, including a conservative estimate of the recoverable amount. At the reporting date, the Sci-B-Vac™ licence and related development costs are



presented as held-for-sale following the decision to dispose these assets and focus on recombinant human insulin as its core product and investing in the development of insulin-related products. Based on the fair value to sell (less cost to sell, if any), the management provided impairment loss as the carrying amounts of licences and development costs relating to Sci-B-Vac™ is higher than its recoverable amount. As a result, for the year ended December 31, 2011, an impairment loss was recognised in the profit or loss of the Group amounting to US\$1,873,000 (2010 : US\$2,730,000) and of the Company amounting to US\$1,823,000 (2010 : US\$2,730,000).

- (iv) The management has estimated the recoverable amount of development costs of a subsidiary in Beijing with carrying amount of US\$192,000 (2010 : US\$199,000). The recoverable amount was estimated based on its value in use which includes discounting cash flows generated from the continuing use of the development costs. The management provided impairment loss as the carrying amount of the development costs of a subsidiary in Beijing is higher than its recoverable amount. The Group has provided impairment loss of US\$192,000 in 2011 (2010 : US\$Nil).

The carrying amounts of the Group and the Company's intangible assets are disclosed in Note 12 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 subsidiaries including the quasi-equity loans to subsidiaries 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\$21,000,000 (2010 : US\$24,160,000) using value in use approach as disclosed in Note 3(a)(iii) to the financial statements. The recoverable amounts of the investment in subsidiaries in Israel and China were estimated using fair value to sell approach as disclosed in Note 3(a)(i) and (ii) to the financial statements. The carrying amount of the investments in subsidiaries in Israel and China are disclosed in Note 10 to the financial statements. The impairment losses for the year ended December 31, 2011 amounting to US\$16,844,000 (2010 : US\$6,080,000) comprising of US\$3,430,000, US\$10,175,000 and US\$3,239,000 impairment losses for investment in subsidiaries in India, Israel and China respectively (2010 : US\$6,080,000 for investment a subsidiary in Israel).

The carrying amounts of the investments in subsidiaries are disclosed in Notes 10 and 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 or residual values of the Group's property, plant and equipment.

(e) [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.

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(f) [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.

(g) [Share application costs in a subsidiary](#)

A subsidiary in India received several remittances from the Company and Anglo Gulf Ltd ("Anglo Gulf"), 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 Anglo Gulf.

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\$17.6 million (INR953.11 million);
- 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\$18.3 million (INR995.52 million). These shares remain unissued as at December 31, 2011; and
- iii. Non-issue of convertible debenture against funds remitted into India by Anglo Gulf, within the prescribed period of 180 days from the respective dates of receipt of such funds totalling US\$1.46 million (INR79.08 million). These debentures remain unissued as at December 31, 2011.

Following the closing of the transaction, all the above declarations and issuance of shares mentioned in the points (i) to (iii) above towards RBI will be 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 in November 2010 and April 2011. 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 (2010 : estimate based on Independent Expert Report). An accrual of US\$860,000 (2010 : US\$1,032,000) 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 as at the end of the reporting period is adequate and based on best estimate to settle the obligation to RBI, if any.

(h) [Deferred tax assets valuation](#)

The Group and the Company carrying amount of deferred tax assets amounts to US\$7,319,000 (2010 : US\$7,540,000) and US\$7,140,000 (2010 : US\$7,366,000) respectively. 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<sup>TM</sup> 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	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>				
Loans and receivables (including cash and cash equivalents)	5,161	5,555	6,233	3,154
<b>Financial liabilities</b>				
Amortised cost	112,349	106,562	106,923	101,050

(b) [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.

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

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	
	2011	2010	2011	2010	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US \$'000	US\$'000	US\$'000	US\$'000	US\$'000
United States dollars	-	-	3,136	743	-	-	-	-
Singapore dollar	272	284	601	448	272	284	601	448
Australian dollar	24	24	4	4	24	24	4	4
Euro	-	-	23	975	-	-	11	11

### 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	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
United States dollars	(314)	(74)	-	-
Singapore dollar	(33)	(16)	(33)	(16)
Australian dollar	2	2	2	2
Euro	(2)	(98)	(1)	(1)

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 refers to the risk experienced by the Group as a result of the fluctuation in interest rate.

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 section (iv) of the Note.

### 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.

*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 (2010 : US\$73,727,000). 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
<b>Group and Company</b>		
<b>2011</b>		
Variable rate loans from ultimate holding company	(745)	745
<b>2010</b>		
Variable rate loans from ultimate holding company	(737)	737

(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 Group establishes an allowance for impairment that represents its estimate of losses in respect of trade and other receivables. The main components of this allowance is a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

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.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Management is of the view that there is no concentration of credit risk. Further details of credit risks on trade and other receivables are disclosed in Note 8.

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, 2011, the Group and the Company has available cash and cash equivalents totalling to US\$1,997,000 (2010 : US\$3,926,000) and US\$566,000 (2010 : US\$932,000), respectively, to finance its operations. The Group is dependent on its ultimate holding company for continued financial support.

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.

	<b>Weighted average effective interest rate</b>	<b>On demand or within 1 year</b>	<b>Within 2 to 5 years</b>	<b>Adjustment</b>	<b>Total</b>
	<b>%</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Group</b>					
<b>2011</b>					
Fixed interest rate loans	11.79	1	-	-	1
Fixed interest rate loans	6.00	6,136	-	-	6,136
Variable interest rate loans	1.31	-	77,494	(2,967)	74,527
Non-interest bearing	-	23,327	8,358	-	31,685
		<b>29,464</b>	<b>85,852</b>	<b>(2,967)</b>	<b>112,349</b>
<b>2010</b>					
Fixed interest rate loans	11.79	-	12	(1)	11
Fixed interest rate loans	6.00	-	3,743	-	3,743
Variable interest rate loans	1.35	-	77,789	(4,062)	73,727
Non-interest bearing	-	21,711	7,370	-	29,081
		<b>21,711</b>	<b>88,914</b>	<b>(4,063)</b>	<b>106,562</b>

Company	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US\$'000	US\$'000	US\$'000	US\$'000
<b>2011</b>					
Fixed interest rate loans	6.00	3,000	-	-	3,000
Variable interest rate loans from ultimate holding company	1.31	-	77,494	(2,967)	74,527
Non-interest bearing	-	21,038	8,358	-	29,396
		24,038	85,852	(2,967)	106,923
<b>2010</b>					
Fixed interest rate loans	6.00	-	3,000	-	3,000
Variable interest rate loans from ultimate holding company	1.35	-	77,789	(4,062)	73,727
Non-interest bearing	-	16,953	7,370	-	24,323
		16,953	88,159	(4,062)	101,050

(v) [Fair value of financial assets and financial liabilities](#)

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, provisions 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 financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and when such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the financial instrument.

Fair value is estimated by using a discounted cash flow model which includes some assumptions that are not supportable by observable market price or rates. Changes in these assumptions do not significantly change the fair value recognised.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

(c) 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, equity attributable to owners of the parent, comprising share capital, reserves and retained earnings. The Group's overall strategy remains unchanged from 2010.

**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 during the year are disclosed below.

	Group and Company	
	2011	2010
	US\$'000	US\$'000
<b>Ultimate holding company</b>		
Purchases of goods	3,431	2,740
Profit sharing on sales of insulin	565	137
Interest accrued for loan from ultimate holding company	988	1,472
Proceeds of loan from ultimate holding company	1,501	2,600
Waiver of loan and payables from ultimate holding company (Note 22)	(1,571)	-

The amount recognised in the period for bad or doubtful debts in respect of the amounts owed by related companies are disclosed in Note 8 to the financial statements.

The ultimate holding company entered into exclusive supply and distribution agreements ("Distribution Agreements") for Vietnam and India markets (2010 : China market). Following the execution of the 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 and repayable on demand unless otherwise stated.

Compensation of directors and key management personnel

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

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Short-term employee benefits	1,394	1,750	806	1,262
Post-employment benefits	157	123	30	23
	1,551	1,873	836	1,285

## 7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank and on hand	2,144	4,053	566	932
Fixed deposits	223	222	-	-
	2,367	4,275	566	932
Less: Cash and cash equivalents transferred to disposal group held-for-sale (Note 10)	(370)	(349)	-	-
	1,997	3,926	566	932

Fixed deposits bear average effective interest rate of 5.85% (2010 : 5.48%) per annum and for a tenure of approximately one to six months (2010 : 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	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore dollar	23	22	23	22
Australian dollar	24	24	24	24

**8 TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables	3,267	1,644	1,781	953
Allowance for doubtful debts	(275)	(274)	(271)	(271)
	2,992	1,370	1,510	682
Amounts due from subsidiaries - trade (Note 5)	-	-	3,668	2,781
Allowance for doubtful debts - trade (Note 5)	-	-	-	(1,435)
	-	-	3,668	1,346
Amounts due from subsidiaries - non-trade (Note 5)	-	-	105	125
Allowance for doubtful debts - non-trade (Note 5)	-	-	-	(105)
	-	-	105	20
Deposits	265	289	113	130
Other receivables	727	83	19	7
Staff advances	1	7	-	1
Amounts due from ultimate holding company (non-trade)	252	36	252	36
	4,237	1,785	5,667	2,222
Prepayments	1,439	1,927	169	174
Advances to suppliers	1,062	774	-	-
	6,738	4,486	5,836	2,396
Less: Trade and other receivables transferred to disposal group held-for-sale (Note 10)	(1,073)	(156)	-	-
	5,665	4,330	5,836	2,396

The trade and other receivables are unsecured, interest-free and are repayable on demand.

The average credit period on sales of goods is 60 days (2010 : 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.

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

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

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Thailand	1,044	185	1,044	184
Philippines	343	379	343	379
Australia	1,065	338	-	-
Korea	417	349	-	-
Others	123	119	123	119
	<b>2,992</b>	<b>1,370</b>	<b>1,510</b>	<b>682</b>

The Group's most significant customer accounts for US\$1,044,000 (2010 : US\$379,000) of the trade receivables carrying amount as at December 31, 2011.

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

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Not past due and not impaired	2,364	1,075	1,389	473
Past due but not impaired (i)	628	295	121	209
	<b>2,992</b>	<b>1,370</b>	<b>1,510</b>	<b>682</b>
Impaired receivables - collectively assessed (ii)	275	274	271	271
Less: Allowance for impairment	(275)	(274)	(271)	(271)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total trade receivables, net	<b>2,992</b>	<b>1,370</b>	<b>1,510</b>	<b>682</b>

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

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Past due for 0 to 30 days	190	169	121	87
Past due for 31 to 120 days	438	126	-	122
	<b>628</b>	<b>295</b>	<b>121</b>	<b>209</b>

These amounts are stated before any deduction for impairment losses.

(ii) Movement in the allowance for doubtful debts:

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Outside parties:</b>				
Balance at beginning of the year	274	-	271	-
Increase in allowance recognised in profit or loss (Note 24)	1	274	-	271
Balance at end of the year	275	274	271	271
<b>Subsidiaries (trade and non-trade):</b>				
Balance at beginning of the year	-	-	1,540	761
(Decrease)/Increase in allowance recognised in profit or loss	-	-	(1,540)	779
Balance at end of the year	-	-	-	1,540

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	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore dollar	249	262	249	262

## 9 INVENTORIES

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Raw materials and packing materials	-	541	-	-
Finished goods	2,058	2,688	299	189
	2,058	3,229	299	189
Less: Inventories transferred to disposal group held-for-sale (Note 10)	(100)	(2,150)	-	-
	1,958	1,079	299	189

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**10 ASSETS CLASSIFIED AS HELD-FOR-SALE**

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The assets held-for-sale relates to net assets of two subsidiaries, each located in Israel and China (2010 : one subsidiary located in Israel) and the Sci-B-Vac™ licences and related development costs (2010 : Sci-B-Vac™ licences and related development costs) of the Company (collectively known as "Assets classified as held-for-sale"). The presentation represents the Board's intention to dispose the Company's interests of 100% and 51% in SciGen (I.L.) Ltd ("SIL") and Hefei-SciGen-Bioton Biopharmaceutical Company Ltd ("HSBBC") respectively. The result of SIL was classified as discontinued operations in the consolidated statement of comprehensive income.

As at December 31, 2011, management measure the recoverable amount of the assets classified as held-for-sale based on the fair value less costs to sell. The fair value is based on the consideration agreed in the Sale and Purchase Agreements with the respective buyers of the assets classified as held-for-sale less the costs to sell. For the year ended December 31, 2010, the management measure the recoverable amount of the assets classified as held-for-sale based on management's estimate of the expected transaction price.

**Subsidiary in Israel Disposal Group**

As at December 31, 2011, the Group has included net assets of disposal groups classified as held-for-sale and the Company has included non-current assets included as held-for-sale as at December 31, 2011 amounting to US\$2,000,000 and US\$2,000,000 (2010 : US\$10,000,000 and US\$11,652,000) respectively. On February 14, 2012, the Board closed the transaction on sale of the Company's interest (100%) in SIL and the assignment of all licensing rights for the manufacture and sale of Sci-B-Vac™ to FDS Pharma LLP for a cash consideration of US\$2 million and a royalty income of 5% on future global sales.

**Subsidiary in China Disposal Group**

As at December 31, 2011, the Group has included the carrying amount of the net assets of HSBBC as held-for-sale amounting to US\$6,800,000 (2010 : US\$Nil) and the Company has included the carrying amount of the investment in HSBBC amounting to US\$3,460,000 (2010 : US\$Nil) as held-for-sale. This disposal group is not a discontinued operation as this does not represent a separate major line of business and accordingly, the results of HSBBC was not classified as part of discontinued operations in the consolidated statement of comprehensive income. On March 13, 2012, the Board announced that the Company has closed the transaction on the sale of the Company's interest (51%) of the equity of HSBBC, following the approvals from the relevant People's Republic of China ("PRC") authorities.

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

- (a) The total assets, net of impairment loss, of the disposal groups classified as held-for-sale are as follows:

	Note	Group		Company	
		2011	2010	2011	2010
		US\$'000	US\$'000	US\$'000	US\$'000
Investment in SIL	16	-	-	250	8,079
Investment in HSBBC	16	-	-	3,460	-
Property, plant and equipment	11	7,655	4,522	-	-
Intangible assets	12	1,750	3,623	1,750	3,573
Lease prepayment	13	364	-	-	-
Inventories	9	100	2,150	-	-
Trade and other receivables	8	1,073	156	-	-
Cash and cash equivalents	7	370	349	-	-
<b>Total assets classified as held-for-sale</b>		<b>11,312</b>	<b>10,800</b>	<b>5,460</b>	<b>11,652</b>

- (b) The total liabilities of the disposal groups classified as held-for-sale are as follows:

	Note	Group		Company	
		2011	2010	2011	2010
		US\$'000	US\$'000	US\$'000	US\$'000
Trade and other payables	17	2,512	800	-	-

- (c) The impairment losses recognised in profit or loss in relation to assets held-for-sale:

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Impairment loss on investment in SIL	-	-	10,175	6,080
Impairment loss on investment in HSBBC	-	-	2,940	-
Impairment loss on property, plant and equipment <sup>(1)</sup>	4,232	6,080	-	-
Impairment loss on inventories <sup>(1)</sup>	950	-	-	-
Impairment loss on property, plant and equipment of HSBBC <sup>(2)</sup>	1,981	-	-	-
Impairment loss on Sci-B-Vac™ and development costs <sup>(1)</sup>	1,873	2,730	1,823	2,730
	<b>9,036</b>	<b>8,810</b>	<b>14,938</b>	<b>8,810</b>

<sup>(1)</sup> Included as part of "loss on discontinued operations" in profit or loss.

<sup>(2)</sup> Included as part of "impairment loss on assets held-for-sale" in profit or loss.

**11 PROPERTY, PLANT AND EQUIPMENT**

	Leasehold buildings	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	US\$'000
<b>Group</b>							
Cost:							
At January 1, 2010	2,475	3,106	5,375	827	223	37,784	49,790
Additions	-	192	195	112	6	1,659	2,164
Disposals	-	-	(3)	(12)	(13)	-	(28)
Reclassifications	7,288	12	1,280	-	-	(8,580)	-
Transfer to non-current assets held-for-sale (Note 10)	(2,597)	(2,407)	(6,780)	(510)	(43)	(14,276)	(26,613)
Translation differences	139	177	365	48	9	1,804	2,542
At December 31, 2010	7,305	1,080	432	465	182	18,391	27,855
Additions	-	1,708	32	60	8	457	2,265
Disposals	-	(2)	-	-	(5)	-	(7)
Transfer to non-current assets held-for-sale (Note 10)	(7,580)	(1,883)	(23)	(77)	(125)	(805)	(10,493)
Translation differences	275	(140)	(16)	(16)	(3)	(2,669)	(2,569)
At December 31, 2011	-	763	425	432	57	15,374	17,051
Accumulated depreciation:							
At January 1, 2010	-	890	512	312	69	-	1,783
Depreciation charge for the year	225	267	873	172	33	-	1,570
Disposals	-	-	(1)	(11)	(13)	-	(25)
Transfer to non-current assets held-for-sale (Note 10)	(145)	(503)	(1,522)	(210)	(1)	(637)	(3,018)
Translation differences	149	104	283	46	5	637	1,224
At December 31, 2010	229	758	145	309	93	-	1,534
Depreciation charge for the year	355	183	47	75	31	-	691
Disposals	-	(1)	-	-	(2)	-	(3)
Transfer to non-current assets held-for-sale (Note 10)	(600)	(128)	(9)	(24)	(96)	-	(857)
Translation differences	16	(128)	(8)	(15)	(4)	-	(139)
At December 31, 2011	-	684	175	345	22	-	1,226
Accumulated impairment losses:							
At January 1, 2010	1,987	1,157	2,361	234	42	10,633	16,414
Impairment losses (Note 3)	-	451	1,397	46	-	4,186	6,080
Transfer to non-current assets held-for-sale (Note 10)	(1,987)	(1,608)	(3,758)	(280)	(42)	(11,398)	(19,073)
Translation differences	-	-	-	-	-	108	108
At December 31, 2010	-	-	-	-	-	3,529	3,529

NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	Leasehold buildings	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	US\$'000
Impairment losses (Note 3)	1,592	389	-	-	-	-	1,981
Transfer to non-current assets held-for-sale (Note 10)	(1,592)	(389)	-	-	-	-	(1,981)
Translation differences	-	-	-	-	-	(584)	(584)
At December 31, 2011	-	-	-	-	-	2,945	2,945
Carrying amount:							
At December 31, 2010	7,076	322	287	156	89	14,862	22,792
At December 31, 2011	-	79	250	87	35	12,429	12,880

Assets transferred to non-current assets held-for-sale with a carrying amount of US\$7,655,000 (2010 : US\$4,522,000 for SIL) relate to property, plant and equipment of a subsidiary in HSBBC (Note 10).

	Plant and machinery	Office furniture and fittings	Office equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>				
Cost:				
At January 1, 2010	18	107	89	214
Additions	-	1	20	21
Disposals	-	(1)	(9)	(10)
At December 31, 2010 and December 31, 2011	18	107	100	225
Accumulated depreciation:				
At January 1, 2010	18	41	62	121
Depreciation for the year	-	11	18	29
Write-offs	-	(1)	(8)	(9)
At December 31, 2010	18	51	72	141
Depreciation for the year	-	11	12	23
At December 31, 2011	18	62	84	164
Carrying amount:				
At December 31, 2010	-	56	28	84
At December 31, 2011	-	45	16	61



**12 INTANGIBLE ASSETS**

Group	Licences	Computer software	Development costs	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cost:</b>				
At January 1, 2010	26,038	70	2,412	28,520
Additions	32	4	478	514
Write-offs	-	-	(5)	(5)
Transfer to non-current assets held-for-sale (Note 10)	(12,407)	-	(1,387)	(13,794)
Translation differences	3	-	13	16
At December 31, 2010	13,666	74	1,511	15,251
Additions	-	-	73	73
Write-offs	-	-	(43)	(43)
Transfer to non-current assets held-for-sale (Note 10)	-	(6)	-	(6)
Translation differences	-	-	(34)	(34)
At December 31, 2011	13,666	68	1,507	15,241
<b>Amortisation:</b>				
At January 1, 2010	877	48	245	1,170
Amortisation charge for the year	218	20	169	407
Transfer to non-current assets held-for-sale (Note 10)	(599)	-	-	(599)
Translation differences	-	-	7	7
At December 31, 2010	496	68	421	985
Amortisation charge for the year	340	5	160	505
Transfer to non-current assets held-for-sale (Note 10)	-	(5)	-	(5)
Translation differences	-	-	(41)	(41)
At December 31, 2011	836	68	540	1,444
<b>Impairment losses:</b>				
At January 1, 2010	6,153	-	689	6,842
Impairment losses (Note 3)	2,730	-	-	2,730
Transfer to non-current assets held-for-sale (Note 10)	(8,883)	-	(689)	(9,572)
At December 31, 2010	-	-	-	-
Impairment losses (Note 3)	-	-	192	192
At December 31, 2011	-	-	192	192
<b>Carrying amount:</b>				
At December 31, 2010	13,170	6	1,090	14,266
At December 31, 2011	12,830	-	775	13,605

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	<b>Licences</b>	<b>Computer software</b>	<b>Development costs</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Company</b>				
Cost:				
At January 1, 2010	25,973	68	2,027	28,068
Additions	-	-	235	235
Transfer to non-current assets held-for-sale (Note 10)	(12,307)	-	(1,387)	(13,694)
At December 31, 2010	13,666	68	875	14,609
Additions	-	-	13	13
Write-off	-	-	(34)	(34)
At December 31, 2011	13,666	68	854	14,588
Amortisation :				
At January 1, 2010	877	46	-	923
Amortisation charge for the year	168	20	163	351
Transfer to non-current assets held-for-sale (Note 10)	(549)	-	-	(549)
At December 31, 2010	496	66	163	725
Amortisation charge for the year	340	2	117	459
At December 31, 2011	836	68	280	1,184
Impairment losses:				
At January 1, 2010	6,153	-	689	6,842
Impairment losses (Note 3)	2,730	-	-	2,730
Transfer to non-current assets held-for-sale (Note 10)	(8,883)	-	(689)	(9,572)
At December 31, 2010 and December 31, 2011	-	-	-	-
Carrying amount:				
At December 31, 2010	13,170	2	712	13,884
At December 31, 2011	12,830	-	574	13,404

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

In December 31, 2011, development costs of the Group amounting to US\$43,000 relating to insulin and breast implants were written-off as the management does not expect to launch the products in Malaysia and Australia respectively (2010: US\$5,000 were written-off in relation to development cost of a subsidiary in India). In December 31, 2011, development costs of the Company amounting to US\$34,000 relating to insulin were written off (2010 : US\$Nil).

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 8 to 15 years. The remaining useful life of the intangible assets on average is 14 years.

The amortisation expense has been included in the line item "Amortisation of intangible assets" in the profit or loss.

**Type of licences in respect of biologics**

	Cost	Cost	Duration of licences
	2011	2010	
	US\$'000	US\$'000	
Rights to market and distribute (i):			
- Sci-B-Vac™	-	-	10 - 20 years from the date of first approval for sales in specified group countries or from the date of repayment.
- SciLin™	1,119	1,119	
	1,119	1,119	
Rights to use technology to establish large scale production facility (ii):			
- Sci-B-Vac™	-	-	10 - 20 years from the date of approval in the licensed territory.
- SciLin™	4,267	4,267	
	4,267	4,267	
Right to use design plans to construct large scale production facilities	8,280	8,280	10 - 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.

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

### 13 LEASE PREPAYMENT

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Cost:				
At January 1	1,011	980	-	-
Transfer to non-current assets held-for-sale (Note 10)	(565)	-	-	-
Translation difference	(55)	31	-	-
At December 31	391	1,011	-	-
Amortisation:				
At January 1	185	163	-	-
Amortisation charge for the year	17	17	-	-
Transfer to non-current assets held-for-sale (Note 10)	(201)	-	-	-
Translation difference	6	5	-	-
At December 31	7	185	-	-
Carrying amount	384	826	-	-

Lease prepayment transferred to assets held-for-sale consist of land use rights with carrying amount of US\$364,000 (2010 : US\$362,000) held by a subsidiary situated in People's Republic of China.

The remaining leasehold land with carrying amount of US\$384,000 (2010 : US\$464,000) is held by a subsidiary situated in India.

### 14 LONG TERM PREPAYMENT

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
		(Restated)		(Restated)
Prepayment to contractor (Note 32)	3,000	3,000	3,000	3,000

During the year, 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 million. The sum was paid in advance for the work.

**15 DEFERRED TAX ASSETS**

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

	<b>Tax losses</b>	<b>Others temporary differences</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Group</b>			
At January 1, 2010	-	12	12
Credit to profit or loss for the year	7,276	252	7,528
At December 31, 2010	7,276	264	7,540
Credit/(Charge) to profit or loss for the year (Note 26)	13	(234)	(221)
At December 31, 2011	7,289	30	7,319
<b>Company</b>			
At January 1, 2010	-	-	-
Credit to profit or loss for the year	7,102	264	7,366
At December 31, 2010	7,102	264	7,366
Credit/(Charge) to profit or loss for the year	8	(234)	(226)
At December 31, 2011	7,110	30	7,140

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\$53,336,000 and US\$41,337,000 (2010 : US\$48,209,000 and US\$41,776,000) 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\$7,206,000 and US\$7,027,000 (2010 : unutilised tax losses US\$7,276,000 and US\$7,102,000) 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.

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

### 16 SUBSIDIARIES

	Company	
	2011	2010
	US\$'000	US\$'000
Unquoted equity shares, at cost	9,605	8,091
Less: Allowance for impairment loss	(4,655)	(1,416)
	4,950	6,675
Loans to subsidiaries	52,772	51,565
Less: Allowance for impairment loss	(32,995)	(19,390)
	19,777	32,175
Transfer to assets held-for-sale (Note 10)	(3,710)	(8,079)
	21,017	30,771

Movement in the impairment loss on unquoted equity shares:

	Company	
	2011	2010
	US\$'000	US\$'000
Balance at beginning of the year	1,416	1,416
Increase in impairment loss recognised in profit or loss	3,239	-
Balance at end of the year	4,655	1,416

Movement in the impairment loss on loans to subsidiaries:

	Company	
	2011	2010
	US\$'000	US\$'000
Balance at beginning of the year	19,390	13,310
Increase in impairment loss recognised in profit or loss	13,605	6,080
Balance at end of the year	32,995	19,390

Loans to subsidiaries which form part of the Company's net investments in subsidiaries, are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are a part of Company's net investment in subsidiaries, they are stated at cost.

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

During the financial year December 31, 2011, the Company transferred investment cost to assets held-for-sale consisting of investment in a subsidiary in China of US\$3,460,000 and loans receivable from a subsidiary in Israel of US\$250,000 (2010 : US\$8,079,000) (Note 10).

Name of subsidiary	Country of incorporation and operations	Proportion of ownership interest and voting power held		Principal activities
		2011	2010	
		%	%	
SciGen (Australia) Pty Ltd <sup>(1)</sup>	Australia	100	100	Sales and distribution
SciGen Korea Ltd <sup>(1)</sup>	Republic of Korea	100	100	Sales and distribution
SciGen (I.L.) Ltd <sup>(2) (5)</sup>	State of Israel	100	100	Manufacturing, sales and distribution
Hefei-SciGen-Bioton Biopharmaceutical Company Ltd <sup>(3) (4)</sup>	People's Republic of China	51	51	Manufacturing, sales and distribution
SciGen BioPharma Private Ltd <sup>(2)</sup>	Republic of India	100	100	Manufacturing, sales and distribution
SciGen (Beijing) Biotechnology Co., Ltd <sup>(1)</sup>	People's Republic of China	100	100	Sales and distribution

<sup>(1)</sup> 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.

<sup>(2)</sup> Audited by overseas practices of Deloitte & Touche Tohmatsu Limited for Group consolidation purposes only.

<sup>(3)</sup> Audited by overseas practices of Deloitte & Touche Tohmatsu Limited.

<sup>(4)</sup> Classified as held-for-sale as at December 31, 2011.

<sup>(5)</sup> Classified as held-for-sale as at December 31, 2011 and December 31, 2010.

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

### 17 TRADE AND OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Accrued interest payable to ultimate holding company (Note 5)	8,358	7,370	8,358	7,370
Trade payables to outside parties	1,137	994	612	475
Amounts due to ultimate holding company - trade (Note 5)	15,699	12,814	15,699	12,814
Amounts due to a subsidiary - non-trade (Note 5)	-	-	170	271
Amounts due to ultimate holding company - non-trade (Note 5)	2,991	3,605	2,991	2,641
Other payables	2,298	2,119	429	294
Accrued employee benefits	194	175	102	112
Accrued operating expenses	3,170	2,804	685	346
Deposit from purchaser of assets held-for-sale	350	-	350	-
	34,197	29,881	29,396	24,323
Less: Amount due for settlement after 12 months	(8,358)	(7,370)	(8,358)	(7,370)
Less: Trade and other payables transferred to disposal group held-for-sale (Note 10)	(2,512)	(800)	-	-
Amount due for settlement within 12 months	23,327	21,711	21,038	16,953

The average credit period on purchase of goods is 60 days (2010 : 60 days). No interest is charged on trade and other payables.

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 non-current accrued interest payable is stated at amortised cost. The fair value was determined based on discounted expected future principal cash flows, discounted at the effective interest rate of 1.31% (2010 : 1.35%) per annum at the reporting date. These amounts were subsequently measured at amortised cost using the effective interest rate method.

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	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore dollar	811	448	811	448
Australian dollar	4	4	4	4
Euro	23	975	11	11



**18 LOANS AND BORROWINGS**

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
		(Restated)		(Restated)
Loans from ultimate holding company (Note 5)	74,527	73,727	74,527	73,727
Secured bank loans	1	11	-	-
Loans from an outside party	6,136	3,743	3,000	3,000
Total	80,664	77,481	77,527	76,727
Less: Amount due for settlement after 12 months	(74,527)	(77,481)	(74,527)	(76,727)
Amount due for settlement within 12 months	6,137	-	3,000	-

The loans from ultimate holding company were made on normal commercial terms and conditions and bear interest of LIBOR 3 months + 1% (2010 : LIBOR 3 months + 1%) per annum. The loans and interests are due for repayment on December 31, 2015.

The bank loans are secured on property, plant and equipment with a carrying amount of US\$22,000 (2010 : US\$26,000) (Note 11).

#### Loans from an outside party

On March 15, 2010, the Company announced that it had signed an investment agreement with Anglo Gulf for the issue and allotment of new shares in SciGen BioPharma (a subsidiary in India), which is 100% owned by the Company and operating in India. This transaction involves a cash injection of US\$8 million by Anglo Gulf for 49.99% interest in the equity of the subsidiary in India. Following the combined sale of part of currently held shares in the subsidiary and issue of new shares in the subsidiary to Anglo Gulf, the Company will continue to retain control of the subsidiary.

The loans from an outside party include convertible debenture amounting to US\$3,136,000 (2010 : US\$743,000) as at December 31, 2011. The convertible debenture is convertible into shares of the subsidiary subject to Anglo Gulf's and SciGen BioPharma's completion of the conditions stated in the contract by March 31, 2012. The convertible debenture and loan will mature on March 31, 2012 at principal amount plus interest of 6% per annum. The contracted amount of US\$8 million is not fixed in the functional currency of the subsidiary. As at December 31, 2011, the net proceed received for the convertible debenture have been classified as financial liability in entirety.

The funds injected by Anglo Gulf will expedite the completion of the manufacturing facility of the subsidiary. The facility, when completed, will be manufacturing recombinant human insulin (bulk) and potentially other biotechnological products.

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

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	
	2011	2010	2011	2010
	%	%	%	%
Secured bank loans	11.79	11.79	-	-
Loans from ultimate holding company	1.31	1.35	1.31	1.35
Loans from an outside party	6.00	6.00	6.00	6.00

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	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Secured bank loans	1	12	-	-
Loans from ultimate holding company	77,494	77,789	77,494	77,789
Loans from an outside party	6,136	3,743	3,000	3,000

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

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
United States dollar	3,136	743	-	-

## 19 SHARE CAPITAL

	Group and Company			
	2011	2010	2011	2010
	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.

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

### 20 TRANSLATION RESERVES

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Foreign currency translation reserve	961	1,313	-	-

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.

### 21 REVENUE

	Group	
	2011	2010
	US\$'000	US\$'000
Sales of goods	15,198	12,068
Profit sharing on sales of insulin	565	137
	15,763	12,205

### 22 OTHER INCOME

	Group	
	2011	2010
	US\$'000	US\$'000
Waiver of loan and payables from ultimate holding company (Note 5)	(1,571)	-

As part the execution of the Sale and Purchase Agreement for the disposal of the net assets of HSBBC and the Company's 51% equity interest in HSBBC, the ultimate holding company has agreed to waive the loan and payables due from HSBBC. Accordingly, the waivers of loan and payables amounting to US\$1,571,000 (2010 : US\$Nil) are recognised in the Group's profit or loss as other income for the year ended December 31, 2011.

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

### 23 OTHER OPERATING EXPENSES

	Group	
	2011	2010
	US\$'000	US\$'000
Advertising and promotional expenses	1,663	1,648
Professional and consultancy fees	878	699
Travel and entertainment expenses	381	547
Insurance premium	293	271
Rental expenses	357	369
Regulatory and clinical research expenses	139	236
Administrative and communication expenses	612	472
Statutory compliance fee	175	146
Storage and distribution expenses	604	438
Property tax and license fees	69	57
Others	697	684
	<b>5,868</b>	<b>5,567</b>

### 24 LOSS FOR THE YEAR

The following items have been included in arriving at loss from operating activities before income tax:

	Group	
	2011	2010
	US\$'000	US\$'000
Allowance for doubtful debts	1	274
Loss/(Gain) on disposal of property, plant and equipment	1	(1)
Gain on disposal of investment property	-	(407)
Gain on disposal of asset held-for-sale	-	(3)
Operating lease expenses	357	360
Auditors' remuneration	175	146
Cost of inventories recognised as expense	(6,752)	(4,978)
Employee benefits expense (including directors' remuneration)		
Contributions to defined contribution plans, included in staff costs	82	126
Salaries and other benefits	4,403	4,034
	<b>4,485</b>	<b>4,160</b>

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

### 25 FINANCE INCOME AND EXPENSE

	Group	
	2011	2010
	US\$'000	US\$'000
Interest income received/receivable from:		
- banks	37	46
Unrealised exchange gain	-	57
Finance income	37	103
Interest expense paid/payable to:		
- banks	(201)	(13)
- ultimate holding company	(988)	(1,472)
- other entities	-	(55)
	(1,189)	(1,540)
Unrealised exchange loss	(80)	-
Finance expenses	(1,269)	(1,540)

### 26 INCOME TAX EXPENSES/(BENEFITS)

	Group	
	2011	2010
	US\$'000	US\$'000
Current year	51	64
Deferred tax expense/(benefit) (Note 15)	221	(7,528)
Total income tax expense/(benefit)	272	(7,464)

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

Domestic income tax calculated at 17% (2010 : 17%) of the assessable profit for the year. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdictions.

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Loss before income tax	(17,455)	(17,662)
Income tax benefits calculated at 17% (2010 : 17%)	(2,967)	(3,003)
Effect of revenue that is exempt from taxation	(428)	(1)
Effect of expenses that are not deductible in determining taxable profit	3,928	3,896
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	1,235	655
Effect of previously unrecognised and unused tax losses and tax offsets now recognised deferred tax assets	-	(7,528)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,190)	(878)
Utilisation of previously unrecognised tax losses	-	(435)
Others	(306)	(170)
Income tax expense/(benefit) recognised in profit or loss	272	(7,464)

The tax income expense on the results for the financial year ended December 31, 2011 for the Group was mainly due to tax on gain on disposal of investment property US\$51,000 (2010 : US\$76,000) by its subsidiary, SciGen BioPharma during the year. There is no tax expense on the results for the financial year for the Company as the Company has incurred losses for tax purposes.

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.

## 27 DISCONTINUED OPERATIONS

In November 2011, the Board of Directors signed agreements for the sale of the Company's 100% equity interest in SIL and for the assignment of licensing rights for the manufacture and sale of Sci-B-Vac™ to FDS Pharma LLP for a cash consideration of US\$2 million and a royalty income of 5% on future global sales. The sale was closed subsequent to year-end, on February 14, 2012, upon completion of the conditions precedent, on which date control of SIL was passed to FDS Pharma LLP.

For the year ended December 31, 2011, result of the segment was classified as discontinued operations in the consolidated statement of comprehensive income. The comparative result for year ended December 31, 2010 was similarly reclassified. Its assets and liabilities were classified as assets held-for-sale as at December 31, 2011 and December 31, 2010.

During the year ended December 31, 2011, the segment incurred net cash outflow from operating activities of US\$2,712,000 (2010 : US\$3,149,000), net cash outflow from investing activities of US\$10,000 (2010 : US\$152,000) and net cash inflow from financing activities of US\$2,694,000 (2010 : US\$3,150,000).

Loss attributable to discontinued operations is summarised as follows:

	Group	
	2011	2010
	US\$'000	US\$'000
Revenue	912	164
Other income	380	465
Expenses	(3,740)	(4,386)
Other operating expenses <sup>(1)</sup>	(8,252)	(9,241)
Finance income	1	1
Finance expenses <sup>(2)</sup>	(2,364)	(368)
Results from operating activities	(13,063)	(13,365)
Income tax	-	-
Loss for the year	(13,063)	(13,365)

<sup>(1)</sup> Impairment loss relating to discontinued operations amounted to US\$7,055,000 (2010 : US\$8,810,000) was recognised during the year and was included as other operating expenses.

	Group	
	2011	2010
	US\$'000	US\$'000
<b><sup>(2)</sup> Finance expenses</b>		
Interest expense paid/payable to:		
- banks	(6)	(12)
Unrealised exchange loss	(2,358)	(356)
Finance expenses	(2,364)	(368)

The carrying amounts of the assets and liabilities of SIL as at the end of the reporting period are disclosed in Note 10 to the financial statements.

**28 (LOSS)/EARNINGS PER SHARE****From continuing and discontinued operations**

The calculation of the basic loss per share attributable to the ordinary owners of the Company is based on the following data:

		Group	
		2011	2010
		US\$'000	US\$'000
(i)	Losses for the purposes of basic loss per share	(17,020)	(9,753)
		2011	2010
		Number of ordinary shares	
		'000	'000
(ii)	Weighted average number of ordinary shares for the purposes of basic loss per share	552,270	552,270

**From continuing operations**

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

		Group	
		2011	2010
		US\$'000	US\$'000
	Losses for the year attributable to owners of the Company	(17,020)	(9,753)
<b>Less:</b>			
	Losses for the year from discontinued operations	(13,063)	(13,365)
	(Losses)/earnings for the purposes of basic loss/(earnings) per share from continuing operations	(3,957)	3,612

**From discontinued operation**

Basic loss per share for the discontinued operations is US\$2.36 cents per share (2010 : US\$2.42 cents per share), based on the losses for the year from discontinued operation of US\$13,063,000 (2010 : US\$13,365,000) and the denominator detailed above for the basic loss per share.

Fully diluted loss per ordinary share is the same as the basic loss per ordinary share as there is no dilutive shares outstanding at the end of the financial year ended December 31, 2011 and December 31, 2010.



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**29 SEGMENT INFORMATION**

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Segment information is presented in respect of the Group's geographical 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 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**

Includes sales and marketing and manufacturing activities.

**Korea**

Includes sales and marketing activities.

**Thailand**

Includes sales and marketing activities.

**Israel**

Includes sales and marketing and manufacturing activities.

**Vietnam**

Includes sales and marketing activities.

**Philippines**

Includes sales and marketing activities.

**China**

Includes sales and marketing and manufacturing activities.

**Others**

Comprises operations carried on in Indonesia and Pakistan. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2011 or 2010.

**Major customers**

Revenue from two customers, namely from Thailand and Philippines, represent approximately US\$4,891,000 (2010 : US\$3,895,000 from Vietnam and Thailand respectively) of the Company's total revenue.

# NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

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

	Singapore	Australia	India	Korea	Thailand	Vietnam	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	US\$'000
<b>For year ended Dec 31, 2011</b>													
<b>Revenue</b>													
Sales to external customers	7	7,278	7	2,520	3,390	31	1,501	48	981	-	15,763	912	16,675
Inter-segment sales	3,378	(1,877)	-	(1,501)	-	-	-	-	-	-	-	-	-
Total sales revenue	3,385	5,401	7	1,019	3,390	31	1,501	48	981	-	15,763	912	16,675
<b>Results</b>													
EBITDA	(35)	991	(1,070)	431	405	(23)	370	(1,313)	673	(2,376)	(1,947)	(10,700)	(12,647)
Depreciation & amortisation	-	(92)	(94)	(7)	-	-	(1)	(538)	-	(481)	(1,213)	-	(1,213)
Interest expense	-	(84)	(661)	51	-	-	(1)	82	-	(656)	(1,269)	(2,364)	(3,633)
Interest income	-	18	17	1	-	-	-	1	-	-	37	1	38
	(35)	833	(1,808)	476	405	(23)	368	(1,768)	673	(3,513)	(4,392)	(13,063)	
Loss from operating activities before income tax													(17,455)
Income tax expense													(272)
Loss for the year													(17,727)
Non-controlling interest													707
Loss attributable to equity holders													(17,020)

	Singapore	Australia	India	Korea	Thailand	Vietnam	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	US\$'000
<b>As at Dec 31, 2011</b>												
<b>Segment Assets</b>												
Total non-current assets	-	404	12,963	30	-	-	2	7	-	-	16,463	29,869
Deferred tax assets	-	179	-	-	-	-	-	-	-	-	7,140	7,319
Total current assets	2	2,652	2,448	1,630	1,044	10	560	8,729	846	118	2,893	20,932
Segment assets	2	3,235	15,411	1,660	1,044	10	562	8,736	846	118	26,496	58,120
<b>Segment liabilities</b>												
Segment liabilities	-	(426)	(5,031)	(140)	-	-	(157)	(1,916)	(596)	(2)	(106,593)	(114,861)

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

NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	Singapore	Australia	India	Korea	Thailand	Vietnam	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	US\$'000
<b>For year ended Dec 31, 2011</b>												
<b>Other segment information</b>												
Capital expenditure on property, plant and equipment ("PPE") / intangible assets ("IA")	-	127	1,577	17	-	-	-	604	-	-	13	2,338
<b>Material non-cash items</b>												
Impairment loss on PPE	-	-	-	-	-	-	-	(1,981)	(4,232)	-	-	(6,213)
Impairment loss on IA	-	-	-	-	-	-	-	(192)	(1,873)	-	-	(2,065)
Write-off of IA	-	(9)	-	-	-	-	-	-	-	-	(43)	(43)
Write-off of inventories	-	-	-	-	-	-	-	-	(950)	-	-	(950)

# NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	Singapore	Australia	India	Korea	Thailand	Vietnam	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	US\$'000
<b>For year ended Dec 31, 2010</b>													
<b>Revenue</b>													
Sales to external customers	2	4,868	-	1,668	2,213	1,682	1,351	-	421	-	12,205	164	12,369
Inter-segment sales	2,553	(1,346)	-	(1,207)	-	-	-	-	-	-	-	-	-
Total sales revenue	2,555	3,522	-	461	2,213	1,682	1,351	-	421	-	12,205	164	12,369
<b>Results</b>													
EBITDA	(24)	1,281	(692)	71	298	268	243	(631)	231	(3,080)	(2,035)	(11,829)	(13,864)
Depreciation & amortisation	-	(41)	(111)	(7)	-	-	(2)	(282)	-	(382)	(825)	(1,169)	(1,994)
Interest expense	-	-	(11)	-	-	-	(1)	-	-	(1,528)	(1,540)	(368)	(1,908)
Interest income	-	108	13	29	-	-	-	5	-	(52)	103	1	104
	(24)	1,348	(801)	93	298	268	240	(908)	231	(5,042)	(4,297)	(13,365)	
Loss from operating activities before income tax													(17,662)
Income tax expense													7,464
Loss for the year													(10,198)
Non-controlling interest													445
Loss attributable to equity holders													(9,753)

	Singapore	Australia	India	Korea	Thailand	Vietnam	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	US\$'000
<b>As at Dec 31, 2010</b>												
<b>Segment Assets</b>												
Total non-current assets	-	374	13,744	20	-	-	3	9,777	-	-	16,966	40,884
Deferred tax assets	-	174	-	-	-	-	-	-	-	-	7,366	7,540
Total current assets	2	1,629	3,515	1,250	184	4	494	838	7,227	119	4,873	20,135
Segment assets	2	2,177	17,259	1,270	184	4	497	10,615	7,227	119	29,205	68,559
<b>Segment liabilities</b>												
Segment liabilities	-	(122)	(3,642)	(102)	(55)	-	(100)	(2,409)	(800)	-	(100,132)	(107,362)

\* EBITDA - Earnings before interest, Taxation, Depreciation and Amortisation

NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

	Singapore	Australia	India	Korea	Thailand	Vietnam	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	US\$'000
<b>For year ended Dec 31, 2010</b>												
<b>Other segment information</b>												
Capital expenditure on property, plant and equipment ("PPE")/ intangible assets ("IA")	-	311	381	5	-	-	-	1,571	152	-	258	2,678
<b>Material non-cash items</b>												
Impairment loss on PPE	-	-	-	-	-	-	-	-	(6,080)	-	-	(6,080)
Impairment loss on IA	-	-	-	-	-	-	-	-	(2,730)	-	-	(2,730)
Write-off of IA	-	-	(5)	-	-	-	-	-	-	-	-	(5)

**30 COMMITMENTS**

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

- (a) Operating lease commitments

**The Group as lessee**

	Group	
	2011	2010
	US\$'000	US\$'000
Minimum lease payments under operating leases recognised as an expense in the year	357	360

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.

At December 31, 2011, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Within 1 year	357	482	190	176
After 1 year but within 5 years	170	370	105	255
	527	852	295	431

- (b) Capital commitments

	Group		Company	
	2011	2010	2011	2010
	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	6,200	6,200	-	-

This capital commitment will be funded from the US\$8 million capital injection by Anglo-Gulf.

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**31 EVENTS AFTER THE REPORTING PERIOD**

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(i) Change in the Board of Directors

On January 12, 2012, the Board of Directors ("Board") announced the resignation of Mr. Adam Aleksandrowicz as the Director and Chief Financial Officer ("CFO") of the Company. In replacement, the Board appointed Mr. Adam Polonek as the Director and CFO of the Company. Mr. Polonek also serves as the CFO and member of the Managing Board of Bioton S.A., the ultimate holding company.

(ii) Recombinant Human Insulin Licence for Additional Territories

On January 16, 2012, the Board announced that the Company has renegotiated the terms of its licensing agreement with Ferring S.A. and Bio-Technology General (Israel) Ltd. for the manufacture and sale of recombinant human insulin, resulting in an expansion of marketing rights.

Following the re-negotiation, the Company will have access to 40 countries ; 21 countries on exclusive basis and 19 countries on a semi-exclusive basis.

The scope of the transaction is as follows:

- Company will maintain exclusive rights to 9 countries
- Company will obtain additional 12 countries on an exclusive basis
- Company will obtain additional 8 countries on a semi-exclusive basis
- Company will obtain 50% of royalties receivable by Ferring from 11 countries for which the licence is converted from exclusive to semi-exclusive condition

This is a significant commercial transaction as it will enable the Company to enter into the growing recombinant human insulin markets in the Middle East and Africa.

(iii) Partner for the Commercialisation of Recombinant Human Insulin

On January 30, 2012, the Board announced that the Company has signed a Memorandum of Understanding with Actavis Group PTC ("Actavis") for the sale of recombinant human insulin in 12 markets ("Territories") of Asia-Pacific, Middle East and Africa regions.

Actavis will pay the Company a consideration of up to (Euro) €1.4 million including €1.0 million at the signing of the final agreements. Both parties expect that the sales of insulin by Actavis shall commence on the turn of 2012 and 2013. The profits from the sale of insulin in the Territories will be shared on an equal basis.

(iv) Closing of transaction for sale of 100% interest in SciGen (I.L.) Ltd ("SIL")

On February 14, 2012, the Board closed the transaction on sale of the Company's interest (100%) in SIL and the assignment of all licensing rights for the manufacture and sale of Hepatitis B Vaccine to FDS Pharma LLP for a cash consideration of US\$2 million and a royalty income of 5% on future global sales.

(v) Sale of the 51% interest in Hefei-SciGen-Bioton-Biopharmaceutical Company Ltd ("HSBBC")

On February 27, 2012, the Board announced that the Company has concluded an Equity Interest Transfer Agreement for sale of the Company's interest (51%) in HSBBC to Mr. Xichen Gao for a cash consideration of US\$3.46 million. The sale is conditional upon the fulfilment of conditions precedent, which includes the receipt of approval from the relevant People's Republic of China ("PRC") authorities.

The rationale for the sale of the investment is due to the Group's focus on sales of recombinant human insulin under the trademark ScilIn™ through the long-term distribution arrangement established in China with Bayer HealthCare. The Group has the assurance that increased production capacity of human insulin in Bioton's facility is able to meet the growing demand of the China market. The sale of HSBBC shall decrease operating costs of the Group in the short-term.

- (vi) Closing of transaction for sale of 51% interest in HSBBC

On March 13, 2012, the Board announced that the Company has closed the transaction on the sale of the Company's interest (51%) of the equity of HSBBC, following the approvals from the relevant People's Republic of China ("PRC") authorities.

### 32 RETROSPECTIVE RESTATEMENT OF ERROR

Certain restatements have been made to the prior year's financial statements to correct the following errors in both the Group and the Company:

- (a) Recognition of long term prepayment paid to a supplier for design plan  
 (b) Recognition of non-current liability owing to a third party

Comparative figures have been amended in the statement of financial position of the Group and of the Company and consolidated statement of cashflows to conform to the current year's presentation. As the transaction occurred during the year ended December 31, 2010, there was no impact to opening accumulated losses as at January 1, 2010 and as such, the comparatives figures as at December 31, 2009 was not presented.

The error has no impact on the Group's statement of comprehensive income and Group's statement of changes in equity.

The items in statement of financial position of the Group and of the Company as at December 31, 2010 were restated as follows:

	Note	Group	
		Previously reported	After restatement
		US\$'000	US\$'000
Long term prepayment	a	-	3,000
Non-current loan from outside party	b	(743)	(3,743)

	Note	Company	
		Previously reported	After restatement
		US\$'000	US\$'000
Long term prepayment	a	-	3,000
Non-current loan from outside party	b	-	(3,000)

Notes:

- (a) Correction of long term prepayment paid in December 2010 but not recognised.  
 (b) Correction of non-current loan owing to outside party received in December 2010 but not recognised.



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**33 BASES FOR QUALIFIED REPORT IN 2010**

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The following are the bases for our qualified opinion for the year ended December 31, 2010:

- (a) As disclosed in Note 10 to the financial statements, the Group has included net assets of a disposal group classified as held-for-sale and the Company has included non-current assets classified as held-for-sale as at December 31, 2010 amounting to US\$10,000,000 and US\$11,652,000, respectively. We were unable to obtain sufficient appropriate audit evidence to support the management's estimate of the fair value less costs to sell of the Group's net assets of a disposal group classified as held-for-sale and the Company's non-current assets classified as held-for-sale and, accordingly, we were unable to determine whether the fair value less costs to sell of these assets as at December 31, 2010 is at least equal to its carrying amount. In the event that the carrying amount of these assets exceeds the fair value less costs to sell, it would be necessary for the carrying amount of these assets to be written down.
- (b) As disclosed in Note 3(a) to 3(c) to the financial statements, the recoverability of the carrying amounts of the following non-current assets is dependent on the ability of the Group and of the Company to achieve certain matters.
  - i. The non-current assets of the Group totaling US\$21,560,000 comprising property, plant and equipment amounting to US\$13,280,000 of a subsidiary in India and intangible assets which represent licences amounting to US\$8,280,000 of the Company; and
  - ii. The non-current assets of the Company totaling US\$32,440,000 comprising investment in a subsidiary in India amounting to US\$24,160,000 and intangible assets which represent licences amounting to US\$8,280,000 of the Company.

Significant assumptions were used by management to estimate the recoverable amounts of the non-current assets. We were unable to obtain sufficient appropriate audit evidence to support management assumption used to project the revenues which are used to assess the recoverable amount of these assets and, accordingly, we were unable to determine whether the recoverable amounts of these non-current assets are at least equal to their carrying amounts. In the event that the carrying amounts of the assets exceed their recoverable amount, it would be necessary for the carrying amounts of the assets to be written down to their recoverable amounts.

- (c) During the course of our audit, we identified several instances of unrecorded capital expenditure for construction in progress which was incurred by a subsidiary in India in 2007 and 2008 but was recorded subsequent to the financial year ended December 31, 2010. We were unable to obtain sufficient appropriate evidence over completeness of accruals for construction in progress cost incurred, recorded in other payables. We were unable to determine the adjustments required for the prior years and current year construction in progress and other payables for the Group.

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

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### Shareholder information

The shareholder information set out below was applicable as at 28 February 2012.

#### 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	59,089	116
1,001	-	5,000	245,500	97
5,001	-	10,000	456,271	59
10,001	-	100,000	7,424,436	205
100,001 and over			544,085,024	58
			552,270,320	535

There were 282 holders of less than a marketable parcel of ordinary shares.

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

### 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>	2,055,760	0.37%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,178,208	0.21%
4	MR BERNARD STAUNTON <THE STAUNTON SUPER A/C>	1,116,138	0.20%
5	CITICORP NOMINEES PTY LIMITED	674,575	0.12%
6	DR ANDREW TAN	597,455	0.11%
7	BEDEL & SOWA CORP PTY LTD	500,000	0.09%
8	DANKAB PTY LTD <DANKAB P/L SUPER FUND A/C>	499,410	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>	254,732	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%
		538,281,047	97.47%

### Substantial shareholders

Substantial holder in the Company is set out below:

## NOTES TO FINANCIAL STATEMENTS

SciGen Ltd and its Subsidiaries Financial Report, Year ended 31 December 2011

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	<b>Number held</b>	<b>Percentage of issued shares</b>
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.

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