



# **SciGen Limited**

## **ASX (Appendix 4E) Preliminary Final Report**

### **For the Twelve Months Ended 31 December 2013**

(ABRN 101 318 852)

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

Current Reporting Period: Twelve months ended 31 December 2013

Previous Corresponding Period: Twelve months ended 31 December 2012

# SCIGEN LIMITED

## APPENDIX 4E – PRELIMINARY FINAL REPORT

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### Results For Announcement To The Market For The Year Ended 31 December 2013

#### Revenue and Net Loss

The table below allows a comparison of the business performance for the 12 months ended 31 December 2013 with the 12 months ended 31 December 2012.

	<u>Current financial year</u> 12 Months ended 31 December 2013 US\$ '000	<u>Previous financial year</u> 12 Months ended 31 December 2012 US\$ '000
Revenue from ordinary activities (continuing operations)	20,790	18,150
Loss from ordinary activities after related income tax	(707)	(414)
Profit for the year (including discontinued operations) attributable to members	411	4,669

		<u>Percentage Change</u>		<u>Amount US\$ '000</u>
Revenue from ordinary activities (continuing operations)	Up	14.5%	To	20,790
Loss from ordinary activities after related income tax	Up	70.8%	To	(707)
Profit for the year (including discontinued operations) attributable to members	Down	91.2%	To	411

#### Revenue

Revenue surpassed US\$20 million milestone, capping at US\$20,790,000 for the year ended 31 December 2013. Revenue grew by 14.5% year-on-year, on the back of improved performance from our subsidiaries in Australia and Korea as well as our distribution partners in Thailand and Philippines. Significant proportion of the increase in revenue was contributed by Zonegran and Omnitrope which registered growth of 257% and 21% respectively, coupled with revenue from new products in Korea. New products comprising Heri Injection (Thymosin  $\alpha$ 1), Zinc-I, Zinc-S and Balancelyte F were launched in mid-2013 and demand for these products expanded over the months following aggressive marketing initiatives by the Korean team.

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

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### Results For Announcement To The Market For The Year Ended 31 December 2013

#### Net Loss

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

In tandem with revenue growth, gross margin rose by 17.3% (equivalent to US\$1,751,000) to US\$11,858,000. Profit before interest and tax was US\$1,597,000, a 66% improvement from profit before interest and tax in preceding year of US\$962,000. After net finance expense of US\$1,738,000 (2012 : US\$1,176,000) and income tax of US\$566,000 (2012 : US\$200,000), the Group posted loss for the year amounting to US\$707,000 (2012 : US\$414,000).

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

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

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

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### Results For Announcement To The Market For The Year Ended 31 December 2013

During the year, registration of products were granted or achieved in the regions denoted by √ in the table below.

The Group achieved the following registrations as at the end of the year in the table below :

Country	SciTropin™ (Sandoz)	Sci Locyte™ (INTAS)	SciLin™ (Bioton)	Pedimed™ (Pierre Fabre)	Strataderm™ Stratamed™ (StratPharma)	Zonegran™ (Eisai)	Gensupen™ (Bioton)	Heri Injection (Hainan Zhonghe Co)	Zinc-I / Zinc-S (Shine Medical)	Balanceyte-F (Shine Medical)
<b>Australia</b>	Registered	-	-	Registered	Registered	Registered	-	-	-	-
<b>China</b>	-	-	Registered	-	-	-	Registered	-	-	-
<b>Hong Kong</b>	Registered	-	Registered	-	-	-	-	-	-	-
<b>India</b>	Registered	-	Registered	-	-	-	-	-	-	-
<b>Indonesia</b>	-	-	Registered	-	-	-	-	-	-	-
<b>Korea</b>	Registered	-	-	-	-	-	-	√	Registered	Registered
<b>Malaysia</b>	Registered	-	-	-	-	-	-	-	-	-
<b>Myanmar</b>	-	-	Registered	-	-	-	-	-	-	-
<b>Pakistan</b>	-	-	Registered	-	-	-	-	-	-	-
<b>Philippines</b>	Registered	Registered	Registered	-	-	-	Registered	-	-	-
<b>Singapore</b>	Registered	-	-	-	-	-	-	-	-	-
<b>Thailand</b>	Registered	-	Registered	-	-	-	Registered	-	-	-
<b>Vietnam</b>	Registered	-	Registered	-	-	-	-	-	-	-

#### Dividend

No dividends were paid during the year ended 31 December 2013 and directors do not recommend that a payment be made for the year ended 31 December 2013.

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For The Year Ended 31 December 2013**

	<b>Note</b>	<b>12 Months Ended 31 December 2013 US\$ '000</b>	<b>12 Months Ended 31 December 2012 US\$ '000</b>
<b>Continuing Operations</b>			
Revenue		20,790	18,150
Other income (net)		158	122
Changes in inventories of finished goods		347	(257)
Purchases		(9,280)	(7,786)
Staff costs		(4,281)	(4,465)
Depreciation of property, plant and equipment		(89)	(135)
Amortisation of lease prepayment		(4)	(4)
Amortisation of intangible assets		(374)	(498)
Write-off of intangible assets		-	(17)
Write-off of property, plant and equipment		(10)	-
Write-off of inventories		(25)	-
Loss on disposal of property, plant and equipment		(2)	(3)
Gain on sale of subsidiary		-	768
Other expenses		(5,633)	(4,913)
Profit before interest and tax		1,597	962
Finance income	3	22	49
Finance expense	3	(1,760)	(1,225)
<b>Loss before income tax</b>		(141)	(214)
Income tax expense		(566)	(200)
<b>Loss from Continuing Operations</b>		(707)	(414)
<b>Discontinued Operations</b>			
Profit from Discontinued Operations (net of income tax)	4	-	4,557
<b>(Loss)/ Profit for the year</b>		(707)	4,143
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations, net of tax		(1,552)	(190)
Exchange differences reclassified to profit or loss, for the year on disposal of subsidiaries		-	(5,282)
<b>Total comprehensive losses for the year</b>		(2,259)	(1,329)
<b>(Loss)/Profit for the year attributable to:</b>			
Equity holders of the Company		411	4,669
Non-controlling interest		(1,118)	(526)
<b>(Loss)/Profit for the year</b>		(707)	4,143
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company		(429)	(529)
Non-controlling interest		(1,830)	(800)
<b>Total comprehensive loss for the year</b>		(2,259)	(1,329)

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For The Year Ended 31 December 2013**

	<b>Note</b>	<b>12 Months Ended 31 December 2013 <u>US\$ '000</u></b>	<b>12 Months Ended 31 December 2012 <u>US\$ '000</u></b>
<b>Earnings per share</b>			
<b>From continuing and discontinued operations :</b>			
Basic earnings per share (cents)	14	<u>0.074</u>	<u>0.845</u>
<b>From continuing operations :</b>			
Basic earnings per share (cents)	14	<u>0.074</u>	<u>0.020</u>

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

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, the Report and Financial Statements for the twelve months ended 31 December 2013, and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.*

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## APPENDIX 4E – PRELIMINARY FINAL REPORT

### Consolidated Statement of Financial Position As At 31 December 2013

ASSETS	<u>Note</u>	31 December 2013 <u>US\$ '000</u>	31 December 2012 <u>US\$ '000</u>
<b>Current Assets</b>			
Cash and cash equivalents		1,665	1,799
Trade and other receivables		5,007	9,914
Inventories		2,214	1,829
<b>Total current assets</b>		<u>8,886</u>	<u>13,542</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	14,262	15,400
Intangible assets	6	13,151	13,116
Lease prepayments	7	330	377
Restricted long-term fixed deposits	8	41	-
Long-term prepayments	9	3,000	3,000
Other receivables		51	-
Deferred tax assets		6,993	7,140
<b>Total non-current assets</b>		<u>37,828</u>	<u>39,033</u>
<b>Total assets</b>		<u>46,714</u>	<u>52,575</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables		13,797	20,812
Income tax payable		388	-
<b>Total current liabilities</b>		<u>14,185</u>	<u>20,812</u>
<b>Non-Current Liabilities</b>			
Bank loan	10	1,617	-
Loans from ultimate holding company	11	74,527	74,527
Other payables	12	11,806	10,398
<b>Total non-current liabilities</b>		<u>87,950</u>	<u>84,925</u>
<b>Capital, reserves and non-controlling interests</b>			
Share capital		42,530	42,530
Capital reserves	13	551	551
Translation reserves		(5,077)	(4,237)
Accumulated losses		(98,244)	(98,655)
<b>Capital deficiency</b>		<u>(60,240)</u>	<u>(59,811)</u>
Non-controlling interests		4,819	6,649
<b>Net capital deficiency</b>		<u>(55,421)</u>	<u>(53,162)</u>
<b>Total liabilities and equity</b>		<u>46,714</u>	<u>52,575</u>

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, the Report, the Financial Statements for the twelve months ended 31 December 2013, and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.*

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**Consolidated Statement of Changes in Equity**  
**For The Year Ended 31 December 2013**

	Share capital	Capital reserves	Translation reserve	Accumulated losses	Total attributable to equity holders	Non- controlling interests	Net capital deficiency
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2012	42,530	-	961	(103,324)	(59,833)	3,342	(56,491)
Total comprehensive loss for the year	-	-	(5,198)	4,669	(529)	(800)	(1,329)
Disposal of subsidiary	-	-	-	-	-	(3,342)	(3,342)
Transactions arising from disposal of interest In a subsidiary	-	551	-	-	551	7,449	8,000
Balance at 31 December 2012	42,530	551	(4,237)	(98,655)	(59,811)	6,649	(53,162)
Balance at 1 January 2013	42,530	551	(4,237)	(98,655)	(59,811)	6,649	(53,162)
Total comprehensive loss for the year	-	-	(840)	411	(429)	(1,830)	(2,259)
Balance at 31 December 2013	42,530	551	(5,077)	(98,244)	(60,240)	4,819	(55,421)

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**Consolidated Statement of Cash Flows**  
**For The Year Ended 31 December 2013**

	12 Months to 31 December 2013 <u>US\$ '000</u>	12 Months to 31 December 2012 <u>US\$ '000</u>
<b>Operating Activities</b>		
<b>(Loss)/Profit before income taxes</b>	(141)	4,343
Adjustments for:		
Depreciation of property, plant and equipment	89	135
Amortization of intangible assets	374	498
Amortization of leasehold prepayment	4	4
Write-down of inventories	-	12
Write-off of intangible assets	-	17
Write-off of property, plant and equipment	10	-
Write-off of inventories	25	-
Gain on sale of subsidiary	-	(768)
Gain on sale of discontinued operation	-	(4,705)
Loss on disposal of property, plant and equipment	2	3
Allowance for doubtful debts	5	1
Interest income	(22)	(49)
Interest expense	1,343	1,196
Net foreign exchange losses	417	29
	<u>2,247</u>	<u>(3,627)</u>
<b>Operating cash flow before working capital changes</b>	2,106	716
<b>(Increase)/Decrease in working capital</b>		
Inventories	(385)	129
Trade and other receivables (Note A)	3,360	712
Trade and other payables (Note A)	(7,070)	(1,006)
	<u>(1,989)</u>	<u>551</u>
<b>Cash (used in)/from operations</b>	(1,989)	551
Income taxes paid	(31)	(5)
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(2,020)</u>	<u>546</u>
<b>Investing Activities</b>		
Interest received	22	49
Proceeds from disposal of property, plant & equipment	1	8
Proceeds from disposal of asset-held-for-sale (Note B)	1,495	150
Purchase of property, plant & equipment	(725)	(2,749)
Purchase of intangible assets	(429)	(22)
<b>Net cash inflow/(outflow) from investing activities</b>	<u>364</u>	<u>(2,564)</u>
<b>Financing Activities</b>		
Interest paid	(179)	(91)
Restricted long-term fixed deposits	(41)	-
Repayment of bank loans	-	(2)
Proceeds from bank loans (Note C)	1,617	-
Loans from outside parties	-	1,950
<b>Net cash inflow from financing activities</b>	<u>1,397</u>	<u>1,857</u>
Net decrease in cash and cash equivalents	(259)	(161)
Cash and cash equivalents at beginning of the year	1,799	1,997
Effect of exchange rate fluctuation on cash and cash equivalents	125	(37)
<b>Cash and cash equivalents at end of the year</b>	<u><b>1,665</b></u>	<u><b>1,799</b></u>

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### Consolidated Statement of Cash Flows For The Year Ended 31 December 2013

**Note A (Non-cash transaction for operating activities):**

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

**Note B :**

In addition to the information disclosed in Note 4 to the consolidated financial statements, proceeds amounting to US\$1,495,000 were received in the current financial year in accordance to the terms of the sales agreement.

**Note C :**

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

*The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, the Report and Financial Statements for the twelve months ended 31 December 2013, and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.*

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### **Notes To The Consolidated Financial Information For The Year Ended 31 December 2013**

1. **GOING CONCERN**
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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2013

#### 1. Going Concern

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

During the year ended 31 December 2013, the Group incurred a loss of US\$707,000 (2012 : profit of US\$4,143,000 including discontinued operations) and had negative operating cash flow of US\$2,020,000 (2012 : positive operating cash flow of US\$546,000) . At the year end the Group had net current liabilities of US\$5,299,000 (2012 : US\$7,270,000).

No additional loans were provided by Bioton during the year (2012 : Nil). As at 31 December 2013, the Group has a loan from Bioton of US\$74,527,000 (2012 : US\$74,527,000). The Group has projected to be in a net current liabilities position for at least the next twelve months from the reporting date.

#### 2. Basis of Preparation

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

The significant accounting policies adopted are consistent with those applied in the Group’s consolidated financial statements for the year ended 31 December 2012, except that the Group has adopted all the new Financial Reporting Standards (“FRS”) and Interpretation of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning 1 January 2013. The adoption of these new/revised FRSs and INT FRS does not result in changes to the Group accounting policies and has no material effects on the amounts reported for the current or prior years’ financial statements.

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

- FRS 27 (Revised) Separate Financial Statements
- FRS 28 (Revised) Investments in Associates and Joint Ventures
- FRS 110 Consolidated Financial Statements
- FRS 111 Joint Arrangements
- FRS 112 Disclosure of Interests in Other Entities
- Amendments to FRS 32 Financial Instruments - Presentation : Offsetting Financial Assets and Liabilities
- Amendments to FRS 36 Impairment of Assets relating to Recoverable Amount Disclosures for Non-Financial Assets

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

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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2013

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

#### United States Dollars Presentation

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

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

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

### 3. Additional disclosure for Statement of Profit or Loss and Other Comprehensive Income

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

	<b>12 Months Ended 31 December 2013 <u>US\$ '000</u></b>	<b>12 Months Ended 31 December 2012 <u>US\$ '000</u></b>
Interest income received from :		
- Banks	22	49
Finance income	22	49
Interest expense paid/payable to :		
- Banks	(370)	(85)
- Third party	(10)	(4)
- Ultimate holding company	(963)	(1,107)
	(1,343)	(1,196)
Exchange loss	(417)	(29)
Finance expenses	(1,760)	(1,225)

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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2013

#### 4. Discontinued Operations

In the preceding year, the Company closed the transaction for sale for 100% of Company's interest in SciGen (I.L.) Ltd ("SIL") and assignment of licensing rights for the manufacture of Hepatitis B vaccine (Sci-B-Vac™) to FDS Pharma LLP for a total consideration of US\$2 million and royalty income of 5% on future global sales. The proceeds on the disposal of net assets of SIL was US\$250,000 and the Group's Sci-B-Vac™ license amount was US\$1,750,000. The sale of investment will allow the Group to focus on sales of recombinant human insulin and human growth hormones.

Results attributable from discontinued operations for the year ended 31 December 2012 were as follows :

	<b>12 Months Ended 31 December 2013 <u>US\$ '000</u></b>	<b>12 Months Ended 31 December 2012 <u>US\$ '000</u></b>
Revenue	-	217
Other income	-	8
Expenses	-	(271)
Other operating expenses	-	(145)
Finance income	-	45
Finance expenses	-	(2)
Loss from operating activities	-	(148)
Income tax	-	-
Loss from operating activities, net of income tax	-	(148)
Other gain on disposal of a subsidiary relating to discontinued operations <sup>(1)</sup>	-	4,705
Profit for the year	-	4,557

<sup>(1)</sup> The disposal of SIL generated other gain amounting to US\$4,705,000, this comprises of reversal to profit on loss of the related translation reserve resulting from foreign exchange changes at the date of the transaction amounting to US\$4,557,000 and profit on disposal of SIL amounting to US\$148,000.

#### 5. Property, Plant and Equipment

During the year, the Group acquired property, plant and equipment of approximately US\$725,000 (2012 : US\$2,749,000) mainly for the investment in Pune, India.

It also disposed of certain of its property, plant and equipment with carrying amount of US\$3,000 for proceeds of US\$1,000 (2012: carrying amount of US\$11,000 for proceed of US\$8,000).

During the year, the Group wrote-off property, plant and equipment with carrying value of US\$10,000 (2012 : Nil).

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**For The Year Ended 31 December 2013**

**6. Intangible Assets**

	<u>Licences</u> <u>US\$ '000</u>	<u>Computer</u> <u>software</u> <u>US\$ '000</u>	<u>Development</u> <u>costs</u> <u>US\$ '000</u>	<u>Total</u> <u>US\$ '000</u>
<u>Cost</u>				
At 1 January 2012	13,666	68	1,508	15,242
Additions	-	7	15	22
Write-off	-	-	(17)	(17)
Translation differences	-	-	5	5
At 31 December 2012	13,666	75	1,511	15,252
Additions	-	-	429	429
Translation differences	-	-	(49)	(49)
At 31 December 2013	13,666	75	1,891	15,632
<u>Accumulated amortisation</u>				
At 1 January 2012	836	68	541	1,445
Amortisation charge for the year	340	-	158	498
Translation differences	-	-	(1)	(1)
At 31 December 2012	1,176	68	698	1,942
Amortisation charge for the period	217	2	155	374
Translation differences	-	-	(35)	(35)
At 31 December 2013	1,393	70	818	2,281
<u>Impairment losses</u>				
At 1 January 2012	-	-	192	192
Translation differences	-	-	2	2
At 31 December 2012	-	-	194	194
Translation differences	-	-	6	6
At 31 December 2013	-	-	200	200
<u>Carrying amount</u>				
At 31 December 2012	12,490	7	619	13,116
At 31 December 2013	12,273	5	873	13,151

**7. Lease Prepayments**

Lease prepayments as at 31 December 2013 and 31 December 2012 pertain to leasehold land held by a subsidiary situated in India.

**8. Restricted Long-Term Fixed Deposits**

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

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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2013

#### 9. Long-Term Prepayments

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

#### 10. Bank Loan

A subsidiary in India, SciGen BioPharma Pvt Ltd ("SciGen BioPharma") was granted a term loan facility of US\$6.5 million in June 2013.

<u>Secured – at amortised cost</u>	<u>2013</u> <u>US\$ '000</u>	<u>2012</u> <u>US\$ '000</u>
Bank loan	1,617	-

Repayment will commence from 30 September 2015 and will continue until 30 September 2021. The bank loan carries interest rate at 6 months LIBOR plus 450bps per annum. The loan is secured on land and building, movable fixed assets and all present and future current assets of the subsidiary. The loan was further supported by a corporate guarantee from a related company, MJ BioPharm Private Ltd. At 31 December 2013, the Group had available US\$4.9 million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. During the year, the group used interest rate swaps to manage its exposure to interest rate movements on its bank borrowing by swapping this borrowing from floating rates to fixed rates. The group did not recognise derivative financial instrument relating to interest rate swap as the amount is not material.

The following table details the contractual maturity for non-derivative financial liability :

Group 2013	Weighted average effective interest rate %	Within 1 year <u>US\$'000</u>	Within 2 to 5 years <u>US\$'000</u>	More than 5 years <u>US\$'000</u>	Adjustment <u>US\$'000</u>	Total <u>US\$'000</u>
Variable interest rate loans	2.4	-	767	1,021	(171)	1,617
		-	767	1,021	(171)	1,617
<b>2012</b>						
Variable interest rate loans	-	-	-	-	-	-
		-	-	-	-	-

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

	<u>2013</u> <u>US\$ '000</u>	<u>2012</u> <u>US\$ '000</u>
Bank loan	1,788	-

# SCIGEN LIMITED

## APPENDIX 4E – PRELIMINARY FINAL REPORT

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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2013

#### 11. Loan from Ultimate Holding Company

The loans from ultimate holding company bear interest of LIBOR 3 months + 1% (2012 : LIBOR 3 months + 1%) per annum. The loans and interest payable are due for repayment on 31 December 2015. The effective interest rate for the loan is 1.29% (2012 : 1.48%) per annum.

#### 12. Other Payables

Other payables consist of :

	<b>2013</b>	<b>2012</b>
	<b><u>US\$ '000</u></b>	<b><u>US\$ '000</u></b>
Interest payable to ultimate holding company	10,427	9,465
Amounts due to a related company	1,379	933
	<u>11,806</u>	<u>10,398</u>

Interest payable to ultimate company is due for repayment on 31 December 2015.

Amounts due to a related company, MJ BioPharm Private Ltd., bears interest of 7.8% and is due for repayment after the commencement of commercialised production at manufacturing facility in Pune, India.

#### 13. Capital Reserves

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

# SCIGEN LIMITED

## APPENDIX 4E – PRELIMINARY FINAL REPORT

### Notes To The Consolidated Financial Information For The Year Ended 31 December 2013

#### 14. Earnings Per Share

##### From continuing and discontinued operations

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

	12 Months Ended 31 December 2013 <u>US\$ '000</u>	12 Months Ended 31 December 2012 <u>US\$ '000</u>
(i) Profit for the purposes of basic earnings per share	411	4,669
	<b>Number of shares</b>	
	<b>('000)</b>	<b>('000)</b>
(ii) Weighted average number of ordinary shares for the purposes of basic earnings per share	552,270	552,270

##### From continuing operations

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

	12 Months Ended 31 December 2013 <u>US\$ '000</u>	12 Months Ended 31 December 2012 <u>US\$ '000</u>
Profit for the year attributable to owners of the Company	411	4,669
<b>Less :</b>		
Profit for the year from discontinued operations	-	4,557
Profit for the purposes of basic earnings per share from continued operations	411	112

#### 15. Net Tangible Liabilities Per Share

	2013 <u>(US¢ per share)</u>	2012 <u>(US¢ per share)</u>
Net tangible liabilities per share	(13.683)	(13.294)

# SCIGEN LIMITED

## APPENDIX 4E – PRELIMINARY FINAL REPORT

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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2013

#### 16. Segment Information

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses and head office assets and liabilities (primarily intangible assets and deferred tax assets, loans from ultimate holding company).

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

The Group's reportable segments are as follows:

##### **Singapore**

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

##### **Australia**

Includes sales and marketing activities.

##### **India**

Includes sales and marketing and manufacturing activities.

##### **Korea**

Includes sales and marketing activities.

##### **Thailand**

Includes sales and marketing activities.

##### **Israel**

Disposal of subsidiary was completed in February 2012. The segment was classified as discontinued operations for year ended 2012.

##### **Philippines**

Includes sales and marketing activities.

##### **China**

Includes regulatory activities.

##### **Others**

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

##### **Major customers**

Revenue from two end-customers, from Thailand and Philippines, represent approximately US\$5,892,000 (2012 : US\$5,639,000 from Thailand and Philippines) of the Company's total revenue.

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**Notes To The Consolidated Financial Information**  
**For The Year Ended 31 December 2013**

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

	<u>Singapore</u>	<u>Australia</u>	<u>India</u>	<u>Korea</u>	<u>Thailand</u>	<u>Philippines</u>	<u>China</u>	<u>Others</u>	<u>Unallocated</u>	<u>Total</u>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>For year ended 31 Dec 2013</b>										
<b>Revenue</b>										
Sales to external customers	19	9,288	-	3,916	4,162	1,730	-	1,675	-	<b>20,790</b>
Inter-segment sales	<u>4,343</u>	<u>(2,477)</u>	<u>-</u>	<u>(1,866)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total sales revenue	<u>4,362</u>	<u>6,811</u>	<u>-</u>	<u>2,050</u>	<u>4,162</u>	<u>1,730</u>	<u>-</u>	<u>1,675</u>	<u>-</u>	<u>20,790</u>
<b>Results</b>										
Segment results	<u>(34)</u>	<u>1,772</u>	<u>(2,237)</u>	<u>986</u>	<u>407</u>	<u>396</u>	<u>(106)</u>	<u>1,440</u>	<u>(2,765)</u>	<u>(141)</u>
Income tax expense										<u>(566)</u>
Profit for the year										<u>(707)</u>
Non-controlling interest										<u>1,118</u>
Profit attributable to equity holders										<u>411</u>
<b>As at 31 Dec 2013</b>										
<b>Segment Assets</b>										
Total non-current assets	-	233	14,498	2	-	2	2	-	16,098	<b>30,835</b>
Deferred tax assets	-	-	-	-	-	-	-	-	6,993	<b>6,993</b>
Total current assets	<u>4</u>	<u>2,857</u>	<u>1,394</u>	<u>2,196</u>	<u>735</u>	<u>581</u>	<u>89</u>	<u>53</u>	<u>977</u>	<u>8,886</u>
Total assets	<u>4</u>	<u>3,090</u>	<u>15,892</u>	<u>2,198</u>	<u>735</u>	<u>583</u>	<u>91</u>	<u>53</u>	<u>24,068</u>	<u>46,714</u>
<b>Segment liabilities</b>										
Total liabilities	<u>-</u>	<u>(729)</u>	<u>(5,266)</u>	<u>(411)</u>	<u>-</u>	<u>(49)</u>	<u>(2)</u>	<u>-</u>	<u>(95,678)</u>	<u>(102,135)</u>

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**Notes To The Consolidated Financial Information**  
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	<u>Singapore</u>	<u>Australia</u>	<u>India</u>	<u>Korea</u>	<u>Thailand</u>	<u>Philippines</u>	<u>China</u>	<u>Others</u>	<u>Unallocated</u>	<u>Total</u>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>For year ended 31 Dec 2013</b>										
<b>Other segment information</b>										
Capital expenditure on property, plant and equipment / intangible assets	<u>-</u>	<u>23</u>	<u>682</u>	<u>2</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>445</u>	<u>1,154</u>
<b>Material non-cash items</b>										
Write-off of property, plant and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>8</u>	<u>10</u>
Write-off of inventories	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>25</u>

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	<u>Singapore</u>	<u>Australia</u>	<u>India</u>	<u>Korea</u>	<u>Thailand</u>	<u>Philippines</u>	<u>China</u>	<u>Others</u>	<u>Unallocated</u>	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>
	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 31 Dec 2012</b>												
<b>Revenue</b>												
Sales to external customers	26	8,124	-	3,045	4,046	1,593	-	1,316	-	18,150	217	18,367
Inter-segment sales	3,010	(2,064)	-	(946)	-	-	-	-	-	-	-	-
Total sales revenue	<u>3,036</u>	<u>6,060</u>	<u>-</u>	<u>2,099</u>	<u>4,046</u>	<u>1,593</u>	<u>-</u>	<u>1,316</u>	<u>-</u>	<u>18,150</u>	<u>217</u>	<u>18,367</u>
<b>Results</b>												
Segment results	(27)	1,609	(1,708)	573	472	454	(141)	795	(2,241)	(214)	4,557	4,343
Income tax expense												(200)
Profit for the year												4,143
Non-controlling interest												526
Profit attributable to equity holders												<u>4,669</u>
<b>As at 31 Dec 2012</b>												
<b>Segment Assets</b>												
Total non-current assets	-	330	15,531	3	-	3	5	-	-	16,021		31,893
Deferred tax assets	-	-	-	-	-	-	-	-	-	7,140		7,140
Total current assets	4	3,137	1,346	1,262	733	613	27	-	343	6,077		13,542
Total assets	<u>4</u>	<u>3,467</u>	<u>16,877</u>	<u>1,265</u>	<u>733</u>	<u>616</u>	<u>32</u>	<u>-</u>	<u>343</u>	<u>29,238</u>		<u>52,575</u>
<b>Segment liabilities</b>												
Total liabilities	<u>-</u>	<u>(357)</u>	<u>(3,231)</u>	<u>(163)</u>	<u>-</u>	<u>(80)</u>	<u>-</u>	<u>-</u>	<u>(16)</u>	<u>(101,890)</u>		<u>(105,737)</u>

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**For The Year Ended 31 December 2013**

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

# SCIGEN LIMITED

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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2013

#### 17. Other Significant Information

##### (a) Launch of New Products in Korea

A subsidiary in Korea, SciGen Korea Ltd (“SciGen Korea”) launched a range of new products supplied by Shine Medical and Hainan Zhonghe Co. in mid-2013. Following the successful penetration into Korean market, sales of the products consisting of Balancelyte-F, Zinc-I, Zinc-S and Heri Injection (Thymosin α1) have been steadily increasing over the months.

To complement the sales of local products, SciGen Korea obtained general wholesaler certificate during the year. This certificate allows the subsidiary to purchase & distribute directly in Korea, eliminating the commissions payable to a third-party wholesaler.

##### (b) New Territory for Insulin

During the year, the Company concluded a distribution agreement for the sale of insulin in Myanmar. Supply to Myanmar will commence in February 2014 following successful registration of the product and subsequent favourable government tender outcome.

#### 18. Reclassifications and Comparative Figures

Certain reclassifications have been made to the prior year’s financial statements to enhance comparability with the current year’s financial statements. As a result, certain line items have been amended in the consolidated statement of financial position and the related notes to the financial statements.

	As previously <u>reported</u> US\$ '000	As <u>reclassified</u> US\$ '000
<u>Consolidated Statement of Financial Position</u>		
<b>Current Liabilities</b>		
Trade and other payables	21,745	20,812
<b>Non-Current Liabilities</b>		
Other payables	<u>9,465</u>	<u>10,398</u>

Accordingly, there is no impact on financial year 2012 profit for the year and earnings per share.

#### 19. Information on Audit or Review

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

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