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

INDEPENDENT AUDITORS' REVIEW REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

SCIGEN LTD AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REVIEW REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

C O N T E N T S

Results for Announcement to the Market
For the Period Ended 30 June 2013
(Previous corresponding period: Six months ended 30 June 2012)

Revenue and Net Loss

		Percentage change		Amount
		%		US$'000
Revenue from ordinary activities	Up	20	To	9,746
Loss from ordinary activities after tax attributable to members	Down	71	To	(191)
Net loss for the period attributable to members (30 June 2012: including profit on discontinued operations of US$4,557,000)	Up	105	To	(191)

Note:

In the comparatives for 2012, the gain on disposal of SciGen (I.L.) including the operating income and expenses for the period were classified as discontinued operations.

Revenue

For the first half year of 2013, revenue for the Group expanded by a remarkable 20% amidst stiff competition in many countries in Asia. The growth in revenue was primarily contributed by our subsidiary in Australia and our distribution partner in Thailand, posting an aggregate improvement of 17%.

The introduction of Gensupen™ (an insulin injection syringe patented by our ultimate holding company) and pentips, have boosted the Group's product portfolio, accounting for a major part of the increased revenue in Thailand. Overall, medical devices (Gensupen™ and pentips) expanded by 278% from the corresponding period of preceding year.

The Group remains committed on sales of core products of recombinant human insulin (SciLin™) and human growth hormones (SciTropin A™ and Omnitrope™), where combined revenue of both products for the six-month period expanded at a rate of 10%.

Profit sharing income from our ultimate holding company further enhanced revenue by US$588,000 for the period, driven by a surge in sales of insulin to their partners in China and India. The unprecedented quantum of profit sharing income for first six-months is comparable to entire year of 2012 and is anticipated to exceed US$1 million this year as sales to China and India remain robust.

Results

Improvement in revenue for the period ended 30 June 2013 was slightly insufficient to match the prior year's gain on disposal of a subsidiary in China, Hefei-SciGen-Bioton-Biopharmaceutical Company Ltd, of US$768,000 resulting in loss from ordinary activities after tax to rise by 10%. In spite of the above, loss from ordinary activities after tax attributable to members declined from US$659,000 in 2012 to US$191,000 as allocation of losses to non-controlling interest escalated. Share of losses by another investee in a subsidiary in India, rose as the investee shared 49.99% of the entire six-month losses in the current year compared to late second quarter last year.

In the preceding year, the gain from disposal of a subsidiary in Israel, SciGen (I.L.) Ltd including the operating income and expenses for the period was classified as discontinued operations at US$4,557,000. Without such gain in the current period, results attributable to members decreased from a net profit of US$3,898,000 in previous year to a net loss of US$191,000.

Dividend

The directors do not propose to pay dividends for the six-month period ended 30 June 2013. No dividends have been paid, declared or proposed since the end of the Company's preceding financial year.

SCIGEN LTD AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS

The directors present their report together with the condensed consolidated interim financial statements for the period ended 30 June 2013.

1 DIRECTORS

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

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

2 REVIEW OF OPERATIONS

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

	Segment Revenue		**Segment Results**	
	30 June 2013	**30 June 2012**	**30 June 2013**	**30 June 2012**
	US$'000	US$'000	US$'000	US$'000
Continuing operations				
Singapore	2,400	1,295	(11)	(8)
Australia	3,432	2,955	747	474
India	199	150	(868)	(1,248)
Korea	297	751	193	269
Thailand	2,130	1,818	201	207
Philippines	771	810	89	270
China	329	45	278	(92)
Others	188	302	100	290
Total for continuing operations	9,746	8,126	729	162
Discontinued operations				
Israel	-	217	-	4,557
Total for all segments	9,746	8,343	729	4,719
Unallocated revenue less unallocated expenses			(1,320)	(824)
(Loss) Profit before income tax			(591)	3,895
Income tax expense			(136)	-
(Loss) Profit for the period			(727)	3,895

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

Following the divestment of overheads-intensive subsidiaries located in Israel and China, we are focused on marketing and sales activities within the distribution markets of Asia and Australia. Pursuant to the re-negotiation of recombinant human insulin licensing agreement with Ferring S.A. and Bio-Technology General (Israel) Ltd, the Group has access to 40 countries and continues to explore business partnerships with reputable pharmaceutical companies.

The final development stage of our biotechnological production facility in India is on-going and together with our partner, we hope to have it completed by end of the year with commercial sales by mid-2014.

During the period, we were able to overcome regulatory issues in the markets that we are present and as at the end of the period, the Group achieved the following status of registration:

Country	SciTropin™ (Sandoz)	Sci-Locyte™ (INTAS)	SciLin™ (Bioton)	Pedimed™ (Pierre Fabre)	Strataderm™/ Stratamed™ (Strat Pharma)	Zonegran™ (Eisai)	Gensupen™ (Bioton)
Australia	Registered	–	–	Registered	Registered	Registered	–
China	–	–	Registered	–	–	–	Registered
Hong Kong	Registered	–	Registered	–	–	–	–
India	Registered	–	Registered	–	–	–	–
Indonesia	–	–	Registered	–	–	–	–
Korea	Registered	–	–	–	–	–	–
Malaysia	Registered	–	–	–	–	–	–
Myanmar	–	–	Registered	–	–	–	–
Pakistan	–	–	Registered	–	–	–	–
Philippines	Registered	Registered	Registered	–	–	–	Registered
Singapore	Registered	–	–	–	–	–	–
Thailand	Registered	–	Registered	–	–	–	Registered
Vietnam	Registered	–	Registered	–	–	–	–

ON BEHALF OF BOARD OF DIRECTORS

Slawomir Ziegert
Chairman, Chief Executive Officer & Director

Adam Tomasz Polonek
Chief Financial Officer & Director

Singapore
26 August 2013

STATEMENT OF DIRECTORS

In the opinion of the directors,

(a) the unaudited condensed consolidated interim financial statements of the Group set out on pages 9 to 30 are drawn up so as to give a true and fair view of the state of affairs of the Group as at 30 June 2013 and of the results, changes in equity and cash flows of the Group for the six-month period ended 30 June 2013; and

(b) at the date of this statement, having regard to the financial support provided by the ultimate holding company and that the ultimate holding company has confirmed that it will not demand for settlement of the loans given to the Company within the next twelve months, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

ON BEHALF OF BOARD OF DIRECTORS

Slawomir Ziegert
Chairman, Chief Executive Officer & Director

Adam Tomasz Polonek
Chief Financial Officer & Director

26 August 2013

Deloitte & Touche LLP
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SCIGEN LTD AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of SciGen Ltd (the "Company") and its subsidiaries (the "Group") which comprise the condensed consolidated interim statement of financial position of the Group as at 30 June 2013, and the related condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2013 and a summary of significant accounting policies and other explanatory notes as set out on pages 9 to 30.

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

Scope of Review

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

Deloitte.

Bases for Qualified Conclusion

(a) During the course of our review, we identified several instances of unrecorded liabilities which were incurred by a subsidiary in India but were recorded subsequent to the financial period ended 30 June 2013 and financial year ended 31 December 2012. We were unable to obtain sufficient appropriate evidence over the completeness of accruals for construction in progress cost and expenses incurred, recorded in other payables of the Group. Consequently, we were unable to determine the adjustments required for the prior year and current period construction in progress, other payables and profit or loss of the Group.

(b) Our review report on the condensed consolidated interim financial statements for the six-month period ended 30 June 2012 and our audit report on the financial statements for the financial year ended 31 December 2012 were also qualified on the same basis as described in paragraph (a). Consequently, we were unable to determine the adjustments, if any, that may be required to be made to the comparatives of the condensed consolidated interim statement of financial position as at 31 December 2012, the opening accumulated losses as of 1 January 2013 and the condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2012.

Qualified Conclusion

Based on our review, with the exception of the matters described in the Bases for Qualified Conclusion paragraphs, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with FRS 34.

Emphasis of Matter

We draw attention to Note 5 (a) of the condensed consolidated interim financial statements, wherein management has disclosed critical accounting judgements and key sources of estimation uncertainty in the determination of the carrying amounts of certain non-current assets of the Group totalling US$25,395,000 (31 December 2012 : US$26,434,000) comprising property, plant and equipment of a subsidiary in India amounting to US$14,115,000 (31 December 2012 : US$15,154,000), certain intangible assets of the Group which represent licences amounting to US$8,280,000 (31 December 2012 : US$8,280,000) and long-term prepayment to an outside party amounting to US$3,000,000 (31 December 2012 : US$3,000,000). Our conclusion is not modified in respect of this matter.

Limitation of Use

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

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

26 August 2013

SCIGEN LTD AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Note	30 June 2013 US$'000 **(Unaudited)**	31 December 2012 US$'000 **(Audited)**
ASSETS			
Current assets			
Cash and cash equivalents		1,466	1,799
Trade and other receivables		5,379	9,914
Inventories		2,430	1,829
Total current assets		9,275	13,542
Non-current assets			
Property, plant and equipment	7	14,297	15,400
Intangible assets	8	12,917	13,116
Lease prepayment		344	377
Long-term prepayments	9	3,000	3,000
Deferred tax assets		7,140	7,140
Total non-current assets		37,698	39,033
Total assets		46,973	52,575
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		17,379	21,745
Income tax payable		127	-
Total current liabilities		17,506	21,745
Non-current liabilities			
Other payables		9,949	9,465
Loans from ultimate holding company	10	74,527	74,527
Total non-current liabilities		84,476	83,992

SCIGEN LTD AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (Cont'd)
As at 30 June 2013

		30 June 2013 US$'000 **(Unaudited)**	31 December 2012 US$'000 **(Audited)**
Capital, reserves and non-controlling interests			
Share capital		42,530	42,530
Capital reserves	11	551	551
Translation reserves		(4,847)	(4,237)
Accumulated losses		(98,846)	(98,655)
Equity attributable to owners of the Company		(60,612)	(59,811)
Non-controlling interests		5,603	6,649
Net capital deficiency		(55,009)	(53,162)
Total liabilities, net of capital deficiency		46,973	52,575

See accompanying notes to financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six-month period ended 30 June 2013

	Note	Six months ended 30 June 2013 US$'000 (Unaudited)	Six months ended 30 June 2012 US$'000 (Unaudited)
Continuing operations			
Revenue		9,746	8,126
Other income		94	90
Changes in inventories of finished goods		13	182
Purchases		(4,341)	(3,790)
Staff costs		(2,216)	(2,266)
Depreciation of property, plant and equipment		(50)	(77)
Amortisation of lease prepayment		(2)	(3)
Amortisation of intangible assets		(184)	(248)
Other operating expenses		(3,063)	(2,828)
Other gain on sale of subsidiary	12	-	768
Finance income	13	14	40
Finance expense	13	(602)	(656)
Loss from continuing activities before income tax		(591)	(662)
Income tax expense		(136)	-
Loss from continuing operations		(727)	(662)
Discontinued operations			
Profit from discontinued operations	14	-	4,557
(Loss) Profit for the period	13	(727)	3,895
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, representing other comprehensive income for the period		(1,120)	(188)
Exchange differences reclassified to profit or loss, for the period on disposal of subsidiary		-	(5,282)
Total comprehensive loss for the period		(1,847)	(1,575)
(Loss) Profit for the period attributable to:			
Owners of the Company		(191)	3,898
Non-controlling interests		(536)	(3)
(Loss) Profit for the period		(727)	3,895

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Cont'd)
For the six-month period ended 30 June 2013

	Note	Six months ended 30 June 2013 US$'000 **(Unaudited)**	30 June 2012 US$'000 **(Unaudited)**
Total comprehensive loss attributable to:			
Owners of the Company		(801)	(1,572)
Non-controlling interests		(1,046)	(3)
Total comprehensive loss for the period		(1,847)	(1,575)
(Loss) Earnings per share			
From continuing and discontinued operations:			
Basic (loss) earnings per share (cents)	15	(0.13)	0.71
From continuing operations:			
Basic loss per share (cents)	15	(0.13)	(0.12)

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

See accompanying notes to financial statements.

SCIGEN LTD AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2013

	Share capital US$'000	Capital reserves US$'000	Translation reserves US$'000	Accumulated losses US$'000	Attributable to owners of the Company US$'000	Non–controlling interests US$'000	Total US$'000
At 1 January 2012	42,530	-	961	(103,574)	(60,083)	3,342	(56,741)
Total comprehensive income (loss) for the period	-	-	(5,470)	3,898	(1,572)	(3)	(1,575)
Disposal of subsidiary	-	-	-	-	-	(3,342)	(3,342)
Transactions arising from disposal of interest in a subsidiary	-	1,516	-	-	1,516	6,484	8,000
At 30 June 2012	42,530	1,516	(4,509)	(99,676)	(60,139)	6,481	(53,658)
At 1 January 2013	42,530	551	(4,237)	(98,655)	(59,811)	6,649	(53,162)
Total comprehensive loss for the period	-	-	(610)	(191)	(801)	(1,046)	(1,847)
At 30 June 2013	42,530	551	(4,847)	(98,846)	(60,612)	5,603	(55,009)

See accompanying notes to financial statements.

SCIGEN LTD AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2013

	30 June 2013 US$'000 **(Unaudited)**	30 June 2012 US$'000 **(Unaudited)**
Operating activities		
(Loss) Profit before income tax	(591)	3,895
Adjustments for:		
Depreciation of property, plant and equipment	50	77
Amortisation of lease prepayment	2	3
Amortisation of intangible assets	184	248
Loss on disposal of property, plant and equipment	2	2
Gain on sale of subsidiary	-	(768)
Gain on sale of discontinued operation	-	(4,705)
Property, plant and equipment written-off	10	-
Inventory written-off	21	-
Interest income	(14)	(40)
Interest expense	602	656
Net foreign exchange loss	339	319
Operating cash flow before movement in working capital	605	(313)
Inventories	(622)	(281)
Trade and other receivables (Note A)	575	1,446
Trade and other payables (Note A)	(1,129)	(997)
Net cash flows used in operating activities	(571)	(145)
Investing activities		
Interest received	14	40
Purchase of property, plant and equipment	(229)	(2,018)
Purchase of intangible assets	(2)	(10)
Proceeds from disposal of property, plant and equipment	1	8
Proceeds from the sale of assets classified as held-for-sale	500	150
Net cash flows from (used in) investing activities	284	(1,830)

SCIGEN LTD AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (Cont'd)
For the six-month period ended 30 June 2013

	30 June 2013 US$'000 **(Unaudited)**	30 June 2012 US$'000 **(Unaudited)**
Financing activities		
Interest paid	(118)	(88)
Repayment of bank loans	-	(2)
Loan from an outside party	-	1,950
Net cash flows (used in) from financing activities	(118)	1,860
Net decrease in cash and cash equivalents	(405)	(115)
Cash and cash equivalents at beginning of the period	1,799	1,997
Effect of exchange rate fluctuations on cash held	72	(4)
Cash and cash equivalents at end of the period	1,466	1,878

Note A:

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.

See accompanying notes to financial statements.

1 GENERAL

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

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

The principal activities of the Group and of the Company are those relating to the sales and marketing, manufacture and distribution of biopharmaceutical products under exclusive licensing arrangements.

For the period ended 30 June 2013, the Group had a net loss of US$727,000 (30 June 2012 : net profit of US$3,895,000, including result on discontinued operations). As at 30 June 2013, the Group had net current liabilities of US$8,231,000 (31 December 2012 : US$8,203,000) and capital deficiency of US$55,009,000 (31 December 2012 : US$53,162,000).

Management of the Company consider that it is appropriate for the Group to prepare its condensed consolidated interim financial statements on a going concern basis as the Group has received an undertaking from the ultimate holding company to continue to provide the Group with financial and other support as necessary for the next twelve months to enable the Group to continue as a going concern and to support their operating and investing activities for at least another twelve months from the date of the condensed consolidated interim financial statements as at 30 June 2013.

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 until its maturity, which are due for repayment on 31 December 2015.

The condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2013 were authorised for issued by the Board of Directors on 26 August 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements has been prepared in accordance with the same accounting policies and methods of computation that were applied in the audited financial statements of the Group for the year ended 31 December 2012.

In the current financial period, the Group have adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2013. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current and prior periods.

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

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 36 *Impairment of Assets (Amendments relating to Recoverable Amount Disclosures for Non-Financial Assets)*
- FRS 39 *Financial Instruments: Recognition and Measurement (Consequential amendments arising from Investment Entities (Amendments to FRS 27, FRS 110, FRS 112))*
- FRS 107 *Financial Instruments: Disclosures (Consequential amendments arising from Investment Entities (Amendments to FRS 27, FRS 110, FRS 112))*
- FRS 110 *Consolidated Financial Statements (Amendments relating to Investment Entities)*
- FRS 112 *Disclosure of Interest in Other Entities (Amendments relating to Investment Entities)*
- Amendments to FRS 32 *Financial Instruments: Presentation*

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

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 except for the following:

FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements*

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

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

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

The Group is currently estimating the effects of FRS 110 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 1 January 2014, and the Group is currently estimating extent of additional disclosures needed.

Amendments to FRS 32 *Financial Instruments: Presentation*

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

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

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

3 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

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

Transactions between subsidiaries have been eliminated on consolidation. Transactions with the ultimate holding company during the period are disclosed in Note 4 below.

4 OTHER RELATED PARTY TRANSACTIONS

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

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

	30 June 2013 US$'000 **(Unaudited)**	30 June 2012 US$'000 **(Unaudited)**
Ultimate holding company		
Purchases of goods	1,718	1,794
Profit sharing income from sales of insulin	(588)	(212)
Interest accrued for loan from ultimate holding company	485	573
Payment for purchases of goods	3,175	2,518

Compensation of directors and key management personnel

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

	30 June 2013 US$'000 **(Unaudited)**	30 June 2012 US$'000 **(Unaudited)**
Income paid or payable, or otherwise made available, to directors by the entities in the Group and the Company	236	212

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Group's accounting policies

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

Assessment of recoverability of Property, Plant and Equipment of a subsidiary in India, certain Intangible Assets of the Group and long-term prepayment to an outside party

In determining whether the non-current assets of the Group totalling US$25,395,000 (31 December 2012 : US$26,434,000) comprising the property, plant and equipment of a subsidiary in India amounting to US$14,115,000 (31 December 2012 : US$15,154,000), certain intangible assets of the Group which represent licences amounting to US$8,280,000 (31 December 2012 : US$8,280,000) and long-term prepayment to an outside party amounting to US$3,000,000 (31 December 2012 : US$3,000,000) is impaired requires an estimation of the value-in-use. The value-in-use requires the management to estimate the future cash flows expected to arise from the subsidiary and a suitable discount rate of 12.2% (2012 : 12.2%) per annum in order to calculate the present value.

For the period ended 30 June 2013, the management prepared discounted cash flows, where the base case for the assessment used by management remains similar to the one done at the year-end 2012. The major assumptions used for the discounted cash flows, are as follows:

- Commercial production commences in 2014, one year after the expected commissioning of the manufacturing facility by the main contractor in 2013.

- Sales volumes are derived only from the 5 countries where the Group has existing market presence for the sale of insulin. 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 six-month period ended 30 June 2013 and are the main assumption regarding decision on conducting the investment in SciGen BioPharma Private Ltd ("SciGen Biopharma") and increase the capacity of Active Pharmaceutical Ingredient production of recombinant human insulin.

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

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

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

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

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

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

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

- Discount rates of 12.2% (2012 : 12.2%) per annum were applied in determining the recoverable amounts of the licences. In addition to the risk free rate of return, management has considered additional risk factors such as market risk, execution risk and industry risk. The weighted average cost of capital ("WACC") was assumed by management at 12.2% which is similar discount rate used 2 years ago. Management opted not to update the discount rate. Subsequent to June 30, 2013, the actual WACC of the Company is 7.1% 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, intangible asset and long-term prepayment made to an outside party, the management's assessment confirms the non-impairment of property, plant and equipment in India, intangible assets of the Group and long-term prepayment made to an outside party for the period ended 30 June 2013.

Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the non-current assets will be recovered in full. The management closely monitored, and adjustments will be made in future periods, if future market activity indicates that such adjustments are appropriate. On the base case scenario of discounted cash flow, should the assumed volume of units sold by the Group decrease by 5%, the impairment loss will increase by US$Nil (2012 : US$Nil). There is no impairment loss (2012 : $Nil) required by the Group if the assumed volume of units sold by the Group increase by 5%.

(b) The subsidiary in India received several remittances from the Company and an investor between June 2006 to August 2012. Foreign Exchange Management Act ("FEMA") issued by Reserve Bank of India ("RBI") requires allotment of shares or debentures on funds received from the Company and an investor.

The following are the non-compliances on the FEMA:

i. Non-declaration to the RBI on the receipt of funds from the Company on issue of equity shares amounting to US$16.0 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$16.7 million (INR995.52 million). These shares have now been issued; and

iii. Non-issue of convertible debenture against funds remitted into India by an investor, within the prescribed period of 180 days from the respective dates of receipt of such funds totalling US$1.4 million (INR83.64 million). These shares have now been issued.

Following the closing of the transaction, all the above declarations and issuance of shares mentioned in the points (i) to (iii) above towards RBI were conducted in the course of year 2012. In order to comply with the provision of RBI, the subsidiary in India has filed the relevant forms with RBI for the allotment of shares during the year. In view of the late submission of the share application forms, the subsidiary in India is liable to a penalty, payable to RBI. Based on the prevailing practices and matters dealt with by RBI, the management estimated the penalty at 5% of the sum involved, estimate based on Independent Expert Report. An accrual of US$830,000 (2012 : US$904,000) in respect of the penalty is recognised in the trade and other payables of the Group at the end of the reporting period. Management is of the view that the amount recognised in the financial statements of the Group as at the end of the reporting period is adequate and based on best estimate to settle the obligation to RBI, if any.

(c) The Group reviews the estimated useful lives of intangible assets regularly. During the financial year, management determined that the useful lives of intangible assets related to insulin products are extended to 20 years, in order to reflect the periods of useful lives of insulin products licenses as well as to unify the approach within the Bioton Group starting from 1 January 2013. Management is of the view that this move reflects the pattern/period in which the licence future economic benefits are expected by the Group.

The financial effect of this reassessment, assuming the intangible assets are held until the end of their estimated useful lives, is to decrease the consolidated amortisation expense in the current financial period by US$62,000.

(d) The Group's carrying amount of deferred tax assets amounts to US$7,140,000 (2012 : US$7,140,000). The deferred tax assets are recognised for unused tax losses and some temporary tax differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies. The Group has expected profits from the ultimate holding company for contracts for the use of SciLin™ licence and development costs which in the view of the management supports the recognition of deferred tax assets as appropriate.

6 SEASONAL OPERATIONS

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

7 PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2013, the Group acquired property, plant and equipment and capitalised construction cost of approximately US$6,000 and US$223,000 (31 December 2012 : US$39,000 and US$2,710,000) respectively. The increase in capitalised construction cost is attributable to a subsidiary in India.

Property, plant and equipment with carrying amount of US$3,000 was disposed for proceeds of US$1,000 during the period ended 30 June 2013 (31 December 2012 : Carrying amount of US$11,000 was disposed for proceeds of US$8,000).

Property, plant and equipment with carrying value of US$10,000 was written-off during the period ended 30 June 2013 (31 December 2012 : Nil) following the down-sizing of corporate office in Singapore.

8 INTANGIBLE ASSETS

During the six-month period ended 30 June 2013, the Group capitalised development costs of approximately US$2,000 (31 December 2012 : US$14,000). No intangible assets were written off for the six-month period 30 June 2013 (31 December 2012 : US$17,000).

9 LONG-TERM PREPAYMENTS

The Company paid a third party contractor to acquire the rights to enhanced design plans relating to construction of large scale production facility in India for a sum of US$3,000,000 (31 December 2012 : US$3,000,000). The sum was paid in advance for the work.

10 LOANS FROM ULTIMATE HOLDING COMPANY

The loans from ultimate holding company bear interest of LIBOR 3 months + 1% (31 December 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 1.30% (31 December 2012 : 1.48%) per annum.

11 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.

12 OTHER GAIN ON SALE OF SUBSIDIARY

On 13 March 2012, the Company closed the transaction of sale of 51% of Company's interest in Hefei-SciGen-Bioton-Biopharmaceutical Company Ltd ("HSBBC") for a consideration of US$3.46 million. Included in trade and other receivables are outstanding balance for the sale of HSBBC amounting to US$Nil (2012 : US$3.46 million).

For the period ended 30 June 2012, the sale transaction generated other gain amounting to US$768,000. This comprises of reversal to profit or loss of related translation reserve resulting from foreign exchange changes at the date of the transaction amounting to US$725,000 and profit on disposal of HSBBC amounting to US$43,000.

13 (LOSS) PROFIT FOR THE PERIOD

	30 June 2013 US$'000 **(Unaudited)**	30 June 2012 US$'000 **(Unaudited)**
Loss on disposal of property, plant and equipment	2	2
Property, plant and equipment written-off	10	-
Foreign exchange loss	(339)	(440)
Finance income:		
Interest received from banks	14	40
Finance expense:		
Interest expense paid to banks/others	(117)	(83)
Interest expense payable to ultimate holding company	(485)	(573)
	(602)	(656)

14 DISCONTINUED OPERATIONS

On 14 February 2012, 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^{TM}) to FDS Pharma LLP for a total consideration of US$2 million and royalty income of 5% on future global sales. The proceed on the disposal of net assets of SIL is US$250,000 and the Group's Sci-B-Vac^{TM} license amount is US$1,750,000.

For the period ended 30 June 2012, result of the segment was classified as discontinued operations in the condensed consolidated interim statement of comprehensive income.

During the six-month period ended 30 June 2012, the segment incurred net cash outflow from operating activities of US$66,000, net cash inflow from investing activities of US$Nil and net cash outflow from financing activities of US$2,000.

Profit attributable to discontinued operations is summarised as follows:

	14 February 2012 US$'000 **(Unaudited)**
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 [1]	4,705
Profit for the period	4,557

[1] 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. No tax charge or credit arose on the transaction.

15 (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	30 June 2013 US$'000 **(Unaudited)**	30 June 2012 US$'000 **(Unaudited)**
(i) (Loss) Profit for the purposes of basic (loss) earnings per share	(191)	3,898

	30 June 2013 '000 Number of ordinary shares	30 June 2012 '000 Number of ordinary shares
(ii) Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	552,270	552,270

From continuing operations

Calculation of the basic (loss) earnings per share from continuing operations attributable to the ordinary owners of the Company is based on the following data:

	30 June 2013 US$'000 **(Unaudited)**	30 June 2012 US$'000 **(Unaudited)**
(Loss) Profit for the period attributable to owners of the Company	(191)	3,898
Less: Profit for the period from discontinued operations	-	4,557
Loss for the purposes of basic loss per share from continuing operations	(191)	(659)

From discontinued operations

Basic earnings per share for the discontinued operations is US$Nil (30 June 2012 : Basic earnings per share of US$0.83 cents) based on profit for the period from discontinued operations of US$Nil (30 June 2012 : Profit of US$4,557,000) and 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 six-month period ended 30 June 2013 and 30 June 2012.

16 SEGMENT INFORMATION

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

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

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

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly 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 manufacturing activities. Manufacturing activities have yet to commence.

Korea
Includes sales and marketing activities.

Thailand
Includes sales and marketing activities.

Israel
Includes sales, marketing and manufacturing activities before its disposal in February 2012. For comparative, the segment is classified as discontinued operations for six-month period ended 30 June 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 for the six-month periods ended 30 June 2013 or 30 June 2012.

Major customers
Revenue from two distributors, namely from Thailand and Philippines, represent approximately US$2,901,000 (30 June 2012 : US$2,628,000 from Thailand and Philippines) of the Group's total revenue.

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

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Others	Unallocated	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
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
For the six-month period ended 30 June 2013												
Revenue												
Sales to external customers	16	4,601	199	1,512	2,130	771	329	188	-	9,746	-	9,746
Inter-segment sales	2,384	(1,169)	-	(1,215)	-	-	-	-	-	-	-	-
Total sales revenue	2,400	3,432	199	297	2,130	771	329	188	-	9,746	-	9,746
Results												
Segment results	(11)	747	(868)	193	201	89	278	100	(1,320)	-	-	(591)
Income tax expense												(136)
Loss for the period												(727)
Non-controlling interest												536
Loss attributable to equity holders												(191)
Other segment information												
Depreciation and amortisation	-	42	15	1	-	1	1	-	176	236	-	236
Additions to intangible assets and property, plant and equipment	-	-	224	2	-	1	1	-	3	231	-	231

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Israel	Others	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
As at 30 June 2013											
Segment Assets											
Total non-current assets (excluding deferred tax assets)	-	253	14,459	2	-	3	3	-	-	15,838	30,558
Deferred tax assets	-	-	-	-	-	-	-	-	-	7,140	7,140
Total current assets	5	2,249	1,245	1,843	637	515	60	-	70	2,651	9,275
Segment assets	5	2,502	15,704	1,845	637	518	63	-	70	25,629	46,973
Segment liabilities	-	(337)	(3,511)	(183)	-	(59)	(1)	-	-	(97,891)	(101,982)

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Others	Unallocated	Continuing Operations	Discontinued Operations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
For the six-month period ended 30 June 2012												
Revenue												
Sales to external customers	17	3,552	150	1,432	1,818	810	45	302	-	8,126	217	8,343
Inter-segment sales	1,278	(597)	-	(681)	-	-	-	-	-	-	-	-
Total sales revenue	1,295	2,955	150	751	1,818	810	45	302	-	8,126	217	8,343
Results												
Segment results	(8)	474	(1,248)	269	207	270	(92)	290	(824)	(662)	4,557	3,895
Income tax expense												-
Loss for the period												3,895
Non-controlling interest												3
Loss attributable to equity holders												3,898
Other segment information												
Depreciation and amortisation	-	50	35	1	-	1	1	-	240	328	-	328
Additions to intangible assets and property, plant and equipment	-	15	1,988	-	-	-	-	-	25	2,028	-	2,028

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

17 COMMITMENTS

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

(a) Operating lease commitments

The Group as lessee

	30 June 2013 US$'000 **(Unaudited)**	31 December 2012 US$'000 **(Audited)**
Minimum lease payments under operating leases recognised as an expense during the period	167	329

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

At 30 June 2013, the Group has commitments for future minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2013 US$'000 **(Unaudited)**	31 December 2012 US$'000 **(Audited)**
Within 1 year	311	177
After 1 year but within 5 years	556	26
	867	204

(b) Capital commitments

	30 June 2013 US$'000 **(Unaudited)**	31 December 2012 US$'000 **(Audited)**
Capital expenditure contracted but not provided for in the condensed consolidated interim financial statements is as follows:		
Acquisition of assets	76	76

SUPPLEMENTARY APPENDIX 4D INFORMATION

NTA backing

	30 June 2013 (cents)	31 December 2012 (cents)
Net liabilities backing per ordinary share	(9.96)	(9.63)

Controlled entities acquired or disposed of

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

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

Additional dividend/distributions information
There are no dividends or distributions declared or paid during or subsequent to the six-month period ended 30 June 2013.

Dividend/distribution reinvestment plans
There are no dividends or distribution reinvestment plans during or subsequent to the six-month period ended 30 June 2013.

Associates and Joint Venture entities
There are no investments in associates or joint venture entities as at 30 June 2013 or subsequent to the six-month period ended 30 June 2013.

Foreign Accounting Standards
This six-month period ended report for the interim reporting period ended 30 June 2013 has been prepared in accordance with Singapore Financial Reporting Standards 34 Interim Financial Reporting.