



SCIGEN LTD ANNUAL REPORT 2014



SciGen Ltd (“SciGen”) is a biopharmaceutical company involved in co-developing and marketing genetically engineered biopharmaceutical products for human healthcare.

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We remain steadfast in exploring and integrating growth initiatives and have other products comprising anti-hypertensive drugs, complementary anti-diabetic medication and devices in the pipeline.



Our global restructuring exercise continued into 2014 to enable the Group to harness synergy across its core subsidiaries. In line with the strategy, SciGen BioPharma Pvt. Ltd. ("SBPL"), was disposed to an unrelated party in last quarter of the year. Following the divestment, the Group no longer holds investment in insulin manufacturing facility and now directs its resources to the distribution network within the Asia Pacific region. We believe that our lean business structure is necessary to enhance agility and facilitates the drive for sustainable performance.

Amidst the competitive landscape and regulatory hurdles of the pharmaceutical industry, our subsidiaries and distribution partners remained focus in building their market presence and this was evident as Group revenue surpassed preceding year by 14%. For the financial year in review, the Group posted revenue of US\$23.6 million as compared to US\$20.8 million in 2013.

Among the four product lines which registered the highest growth were SciLin[®] (insulin), Heri Injection[®] (immune regulator containing thymosin alpha 1), Zinc-I[®] and Zinc-S[®] (zinc sulfate hydrate in oral and injectable solutions respectively) and Zonegran[®] (adjunctive anti-epileptic drug). Cumulatively, these four product lines raked in close to US\$10.0 million of Group revenue for the year. Profit sharing income from our ultimate holding company, Bioton S.A. ("Bioton"), however, declined by 59% year-on-year, on the back of lower sales to China and India. To enhance productivity of sales force, sales of Pedimed[®] (diabetic foot cream) and Seruderm[®] (anti-wrinkle serum) were discontinued in Australia following lacklustre demand.

Despite the commendable 14% growth in revenue, profit before interest and tax from continuing operations rose by a modest 2% to US\$3.3 million. Growth in profit was impeded by rise in prices of human growth hormones and larger proportion of insulin sold to countries with low gross margins. To partially mitigate the adverse impact, cost reduction measures and efficient utilisation of resources were enhanced across the subsidiaries. Net of interest and tax, profit from continuing operations for the financial year was US\$1.6 million compared to profit for the preceding year of US\$1.5 million.



Loss from discontinued operations amounted to US\$3.3 million, an increase from 2013 of US\$2.2 million. Losses from discontinued operations comprised results from ordinary activities of SBPL for the periods prior to disposal, as well as the loss incurred by the Group upon the divestment of the subsidiary.

DIVESTMENT OF A SUBSIDIARY

The divestment of SBPL follows intermittent delays experienced during the construction of manufacturing facility in India, which inevitably drove up cost to completion. The sale transaction was formally closed in October 2014, relieving the Group of the requirement to further fund the construction costs and preparation for the commissioning of the manufacturing facility.

Cash consideration of US\$7.0 million from the divestment was utilised to meet working capital requirements. Moving forward, the management of Bioton has assured the Group of sufficient production capacity in its recently upgraded facility to support our insulin requirement.

DELIVERING OUR COMMITMENT

Following the divestment of its manufacturing-based subsidiaries over the past three years, the Group is devoted to its sales and marketing activities in Asia Pacific. In the process of creating value to stakeholders, we are committed to develop and position the Group for a long term sustainable growth through collaboration with our business partners and striving for workforce competency.

In third quarter 2015, we will cease sales of one brand of human growth hormones in Australia following expiry of distribution contract. As of first quarter 2015, the team in Australia has launched two new products (therapeutic joint restoration injection and amniotic fluid leak detector) as substitutions. Revenues from these new launches represent a fraction of the ceased product, nevertheless, the team is working relentlessly on other potential opportunities.

We remain steadfast in exploring and integrating growth initiatives and have other products comprising anti-hypertensive drugs, complementary anti-diabetic medication and devices in the pipeline. In the expansion of our distribution network to emerging countries, we are engaged in negotiations to draw partnership with reputable local pharmaceutical companies.

CORPORATE GOVERNANCE

The Group reinforces integrity, transparency and accountability as the cornerstones for good corporate governance. To safeguard stakeholders' interests, we will continue to emphasise, review and enhance our internal control environment and management of corporate assets.

OUTLOOK

In the last two years, the pharmaceutical industry was rife with multi-billion-dollar consolidation deals as pharmaceutical players sought merger and acquisition synergies amidst escalating research and development costs, drug patent expirations and stringent regulatory scrutiny. Competition from generic drugs following expiry of patents have exacerbated pricing competition within the industry.

Against the backdrop mentioned above coupled with the expiry of distribution contract for one brand of human growth hormones and volatile currency movement, we anticipate a challenging year ahead for the Group. With the support from our stakeholders and the dedication of our employees, we will continue to intensify our efforts to fortify our product portfolio and seize opportunities to venture into profitable territories.

ACKNOWLEDGEMENT

I would like to record my gratitude to our shareholders for their unwavering support and confidence in the Group throughout the years. I would also like to express my heartfelt appreciation to the Board of Directors for their wise counsel as well as our business partners and employees for their commitments and contributions to the Group.

Slawomir Ziegert

Chairman and Chief Executive Officer

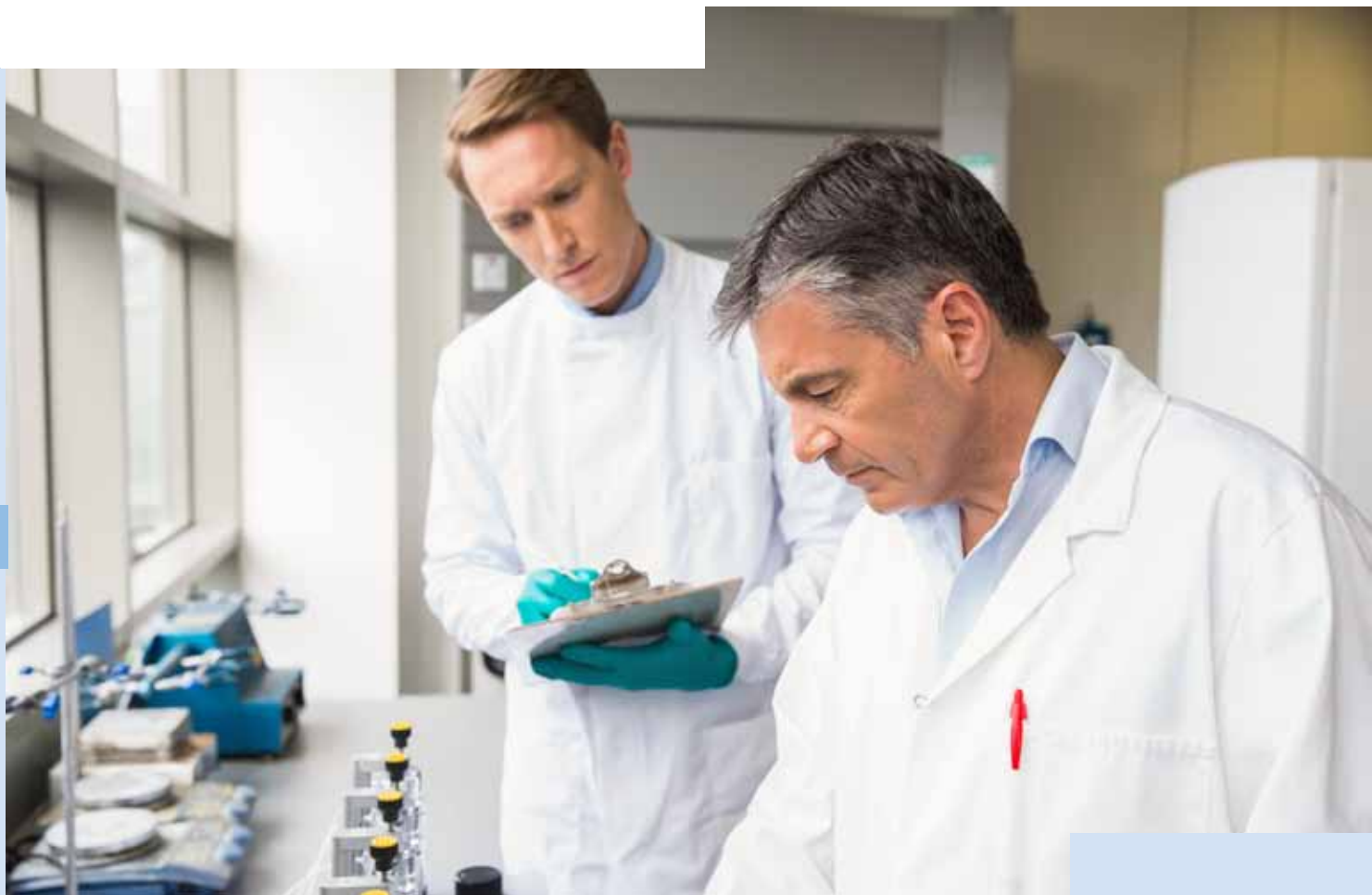


SciGen Ltd (“SciGen”) is a biopharmaceutical company involved in co-developing and marketing genetically engineered biopharmaceutical products for human healthcare. SciGen focuses in the areas of gastroenterology, endocrinology and immunology.

Its product portfolio consists of biosimilar products such as recombinant human insulin, recombinant human growth hormone and recombinant Granulocyte Colony Stimulating Factor (GCSF), which have undergone substantial clinical development. SciGen has since incorporated new products into its portfolio in the recent years. These products include thymosin alpha 1 injectable drug, zinc supplements, anti-hypertensive drugs, medical devices and oral rehydration solution. In first quarter of 2015, new launches include therapeutic injection to restore joint function and non-invasive test for amniotic fluid leaks.

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





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

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

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

SciGen's strategy is to focus on biosimilar products which have undergone much of the clinical development and trials required to bring new drugs to market. This minimises the risks associated with early stage product development.

SCIIGEN PRODUCTS

What is SciLin®

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

Diseases and conditions targeted by SciLin®

Insulin is used in treating diabetes.

Global Market for SciLin®

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

⁽¹⁾ Source : IMS MAT FEB 2011



What is SciTropin A®

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

SciTropin A® is indicated for the treatment of:

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



What is SciLocyte®

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

Diseases and conditions targeted by SciLocyte®

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





What is Zinc - S Injection

Zinc – S contains zinc sulfate hydrate and comes as an injectable solution. It is essential for total parenteral nutrition.

Important features of Zinc - S

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

What is Zinc –I™ Syrup

Zinc – I™ contains zinc sulfate monohydrate and comes as an oral solution.

It is used for treating and preventing zinc deficiency, psoriasis and diarrhea.

Important features of Zinc –I™

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

What is Heri Injection

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

Important features of Heri Injection

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

What is Zonegran®

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

Important features of Zonegran®

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

What is Gensupen™

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

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



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SCIGEN LTD ANNUAL REPORT 2014

Directors**Executive Chairman and Chief Executive Director**

Slawomir Ziegert
Executive Chairman and Chief Executive Officer

Executive Directors

Adam Tomasz Polonek
Chief Financial Officer
Member, Audit Committee

Jenny Low
Senior Vice President & Corporate Secretary

Non-Executive Directors

Kenneth Gross
Non-Executive Director
Chairman, Audit Committee

Mateusz Patryk Kosecki
Non-Executive Director

Adam Wilczega
Non-Executive Director
Member, Audit Committee

Marcin Dukaczewski
Non-Executive Director

Secretaries

Lai Leng Wong

Jenny Low
Senior Vice President & Corporate Secretary

Principal registered office in Singapore	152 Beach Road, #26-07/08 Gateway East, Singapore 189721
Principal registered office in Australia	Suite 1, 13B Narabang Way, Belrose, NSW 2085, Australia
Share and debenture registers	Computershare Investor Services Pty Limited Level 5, 115 Grenfell Street, Adelaide, South Australia, 5000, Australia Ph: 1300 556 161 (within Australia) Ph: (61) 3 9615 5970 (outside Australia) Fax: (61) 8 8236 2305 Website: www.computershare.com
Auditors	Deloitte & Touche LLP 6 Shenton Way, OUE Downtown 2 #33-00 Singapore 068809 Partner-in-charge: Sanjay Sharma
Solicitors	Allen & Gledhill Norton Rose
Bankers	DBS Bank Ltd Kookmin Bank Ltd Citibank Korea ANZ Bank Ltd Westpac Banking Corporation Agricultural Bank of China
Stock exchange listings	SciGen Ltd (the “Company” or “SciGen”) is a public company incorporated in Singapore. Shares are held by Chess Depository Nominees in Australia and are publicly traded on the Australian Stock Exchange in the form of CHESS Units of Foreign Securities (CUFS) on a 1 CUFS for 1 fully paid ordinary share basis.
Website address	www.scigenltd.com
Currency	The annual report is prepared in United States dollars.

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2014.

Directors

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

Mr. Slawomir Ziegert

Mr. Adam Tomasz Polonek

Ms. Jenny Low

Mr. Kenneth Gross

Mr. Adam Wilczega

Mr. Marcin Dukaczewski

Mr. Mateusz Patryk Kosecki

Mr. Amol Jashvant Shah (*resigned April 25, 2014*)

Ms. Joanna Szymanska-Bulska (*resigned June 6, 2014*)

Principal activities

During the year, the principal activities of the Group and the Company consisted of sales, marketing and business development of pharmaceutical and recombinant technology derived products.

Dividends

Due to the capital requirements of the Company, the directors have not declared a dividend for the financial year ended December 31, 2014. No dividends have been paid, declared or proposed since the end of the Company's preceding financial year.

Results and review of operations and activities

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

	Segment revenue		Segment results	
	Year	Year	Year	Year
	ended	ended	ended	ended
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore	67	19	(24)	(34)
Australia	9,225	9,288	2,020	2,104
Korea	6,321	3,916	1,707	907
Thailand	4,875	4,162	477	407
Philippines	1,726	1,730	405	398
India	-	-	-	-
China	-	-	(98)	(104)
Others	1,391	1,675	820	1,440
Total for continuing operations	23,605	20,790	5,307	5,118
Unallocated expenses			(1,972)	(1,845)
Profit before finance expense and income tax			3,335	3,273
Finance income			19	15
Finance expense			(1,103)	(1,192)
Profit before income tax			2,251	2,096
Income tax expense			(631)	(566)
Profit from continuing operations			1,620	1,530
Discontinued operations			(3,322)	(2,237)
Net loss for the year			(1,702)	(707)

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

SciGen Ltd registered a double-digit growth in revenue for the fourth consecutive year, posting sales of US\$23,605,000 for the current year. This represents a growth of US\$2,815,000 or 14% compared to the preceding year of US\$20,790,000, primarily contributed by our subsidiary in Korea and our partner in Thailand. Revenue growth was further accentuated by penetration into Myanmar during the first quarter of 2014.

Demand for new products comprising Thymosin alpha 1 and paediatric supplements which were launched last year in Korea have been phenomenal and sales of these products constituted 14% of total group revenue for the year. Apart from the new products, significant proportion of the increase in revenue was attributable to sales of insulin in Asia and sales of adjunctive anti-epileptic drug in Australia which rose by 22% and 38% respectively. Following an assessment of product viability, sales of anti-wrinkle serum and diabetic foot cream were discontinued in Australia.

We remain committed to business development and launches of several new products are in the pipeline for the coming year.

Results from ordinary activities of a subsidiary in India, SciGen BioPharma Pvt. Ltd. ("SBPL"), were classified as discontinued operations in consolidated statement of profit or loss and other comprehensive income to reflect component of an entity that has been disposed of and which represents a separate major line of business or geographical area of operations. The comparative result for the year ended 31 December 2013 was similarly reclassified. The sale transaction was completed on 7 October 2014 and represented a change in Group's strategy after undue delays and increased costs for the completion of the manufacturing facility.

Gross margin rose by 8% to US\$12,787,000 from US\$11,857,000 in prior year, partially below the growth rate of revenue. In percentage terms, gross margin declined from 57% in 2013 to 54% resulting from increase in costs of human growth hormones and higher proportion of insulin sales to countries with lower margin.

Profit before interest and tax from operating activities was US\$3,335,000 from preceding year of US\$3,273,000. After net finance expense of US\$1,084,000 (2013 : US\$1,177,000) and income tax of US\$631,000 (2013 : US\$566,000), the Group posted profit from ordinary activities amounting to US\$1,620,000 (2013 : US\$1,530,000) for the year.

Profit from ordinary activities after related income tax improved by 6% from the preceding year primarily attributable to :

- Improvement in gross margin of US\$930,000 with higher revenue.
- Increase in other income which comprises marketing commission, insurance compensation, government incentives and royalty income by US\$89,000.
- Savings in storage and distribution and insurance expenses of US\$178,000 as a result of re-negotiating cost-efficient contracts
- Lower finance costs of US\$89,000
- Higher advertising and promotional expenses incurred by subsidiaries, primarily for new products amounting to US\$1,121,000
- Higher income tax expense of US\$65,000.

Loss on discontinued operations totalled US\$3,322,000 and comprised loss from the ordinary activities of the discontinued operation for the year of US\$1,793,000, loss on disposal of 50.01% interest in SBPL of US\$1,273,000 and additional costs of disposal relating to a subsidiary in Israel amounting to US\$256,000.

Loss for the year after discontinued operations amounted to US\$1,702,000 (2013 : US\$707,000). Loss attributable to members after tax and discontinued operations was US\$806,000 in contrast to preceding year's profit of US\$411,000 as a 73% of the loss on discontinued operations was attributable to members.

Despite the encouraging revenue figures for the year and the divestments of overheads-intensified subsidiaries over the last few years, 2015 will be a challenging year for the Group, in the light of expiry of contracts, pricing pressure amid budget austerity and volatile currency movements.

Earnings per share

	Group	
	Year ended 31/12/2014 US cents	Year ended 31/12/2013 US cents
Basic earnings per share	<u>(0.146)</u>	<u>0.074</u>

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

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

Directors' interests in shares and debentures

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

Directors' receipt and entitlement to contractual benefits

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

Share options

(a) Options to take up unissued shares

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

(b) Options exercised

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

(c) Unissued shares under option

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

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

- (a) The Group is steadfast in focusing on business development, particularly in expanding its range of product portfolio to customers. Working closely with the team in ultimate holding company, Bioton S.A. ("Bioton"), the Group has various new products in pipeline, comprising anti-hypertensive drugs, anti-diabetic medication and devices, as well as therapeutic injection to restore joint function.
- (b) The Group continues its collaboration with Bioton in exploring opportunities of venturing into new territories in Asia Pacific. To improve its market presence, the Group strives to source for new business partnerships with local distributors in emerging markets.

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

Going concern

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

Information on directors

Director	Experience
Mr. Slawomir Ziegert (Age 49)	<p>Mr. Slawomir Ziegert, is a medical doctor, graduate of the Medical University in Gdańsk. He has been connected with the pharmaceutical industry for over sixteen years, working in Poland and abroad for such concerns as Eli Lilly, Egis Group (a part of Servier Group) and Ipsen. He has enormous business experience covering different sectors of the pharmaceutical industry, including biotechnology, in particular business development within the scope of endocrinology and treatment of diabetes. From 1993 to 2004 he worked in the Polish branch of Eli Lilly, one of the world's leading pharmaceutical concerns and manufacturers of recombinant human insulin and insulin analogues, where he was responsible for the development of diabetes business, relations with the diabetes environment and governmental affairs.</p> <p>In 1998 to 2000, he was also Eli Lilly's Country Manager in Slovakia, supervising, among others, the development of sale of insulins and antibiotics. In 2004 to 2005 he was CEO of Egis Pharmaceuticals (a part of Servier Group) where he was responsible for the Baltic States area. In 2006 to 2009 he was CEO of Ipsen Poland. Working for Ipsen Poland, he was responsible for introduction of somatostatin analogue and IgF1 to the Polish market and for improvement of efficiency of marketing and sales activities. He is fluent in English, Russian, German and Slovak.</p> <p>Since November 9, 2009 he has been holding the position of the President of the Managing Board of Bioton S.A. and is CEO of the Company.</p>
Adam Tomasz Polonek (Age 38)	<p>Mr Adam Polonek is a graduate of the Economic Faculty at Academy of Economics in Poland. Mr. Polonek joined Bioton S.A. in 2006 as Deputy Finance Director and since April 2009 as the Finance Director. Mr. Polonek was appointed to the position of Chief Financial Officer of SciGen Ltd in January 2013 and holds finance-related positions in other subsidiaries of SciGen and the Bioton Group.</p> <p>Since December 21, 2011, he has been holding the position of the Chief Financial Officer and Member of the Management Board of Bioton S.A.</p> <p>Mr. Polonek's professional experience includes successful career in one of the leading investment bank in CEE Europe, CAIB Financial Advisers, which is part of the leading banking Group Unicredit in Europe. During Mr. Polonek's career, he was involved in several Corporate Finance transactions and he has vast experience in stock exchange markets.</p>

Information on directors

Director	Experience
Ms. Jenny Low (Age 63)	<p>Ms. Jenny Low is the Senior Vice President & Corporate Secretary of the Company. Ms. Low, who has been with the company for over 20 years, is the longest service staff member and has been involved in many areas of the Company's operations, including the listing of the Company in ASX. Prior to her appointment as the Senior Vice President in October 2006, Ms. Low was the Chief Financial Officer of the Company.</p> <p>Ms. Low, a Chartered Accountant, held senior accountancy positions in various companies in both Malaysia and Singapore. With over 30 years of accounting experience, Ms. Low is well versed with accounting practices and tax laws of the Asia-Pacific region. Before joining SciGen in September 1991, Ms. Low was with Abacus Distribution Systems Pte Ltd, a company owned jointly by the major airline companies in Asia.</p>
Mr. Kenneth Gross (Age 85)	<p>Mr. Kenneth Gross co-founded Goldmark Plastic Compounds in 1957. The Company has since become a major distributor of plastic raw materials within the United States. In addition, Mr. Gross holds a number of directorships in various companies involved in chemical, metals, engineering resins and lubricating oils.</p>
Mr. Adam Wilczega (Age 60)	<p>Mr. Adam Wilczega is a graduate of Warsaw School of Economics, where he obtained the title of MSc in economics. Moreover, in 1991 he completed managers training in Japan. His professional career started in 1979 at PTHZ Varimex in Warsaw where he worked as a section manager until 1984. In 1984 to 1989 he was employed as a director of Technical and Trade Information Centre in Cairo, Egypt. Then, in the period 1989 to 1991 he held the position of the Director of PTHZ Varimex in Warsaw.</p> <p>In 1991 to 1996 he was the president of the managing board of Future Trading Co. Sp. z o.o. (limited liability company) in Warsaw. He has been working in Bioton S.A. since 1996, when he became director for foreign co-operation and a Member of the Managing Board. Since 1998 he has been the president of the managing board of Bioton Trade Sp. z o.o. He is a member of the board of directors of SciGen Ltd. From 1997 till January 15, 2009, he was holding the post of the President of the Managing Board of Bioton S.A.. Since January 15, 2009 he has been Vice President of the Managing Board and since March 2009, he has been holding the post of Director for Foreign Markets of the Company.</p>

Information on directors

Director	Experience
Marcin Dukaczewski (Age 36)	<p>Mr. Marcin Dukaczewski was trained in International Political and Economical Relations at the Warsaw University. Mr. Dukaczewski holds the position of Vice President of the Management Board of Prokom Investments - a Polish private-equity fund. Mr. Dukaczewski also serves as the Chairman of the Supervisory Boards of companies listed on the Warsaw Stock Exchange: Bioton (biotechnology) and Petrolinvest (oil & gas exploration) and is a member of the Supervisory Board of Polnord (real estate development).</p> <p>Mr. Dukaczewski is also a member of the Supervisory Board of Biolek (veterinary products), Silurian (shale gas exploration) and a member of the Board of Directors of Biolek, Inc in Canada.</p>
Mateusz Patryk Kosecki (Age 40)	<p>Mr. Mateusz Kosecki is a graduate of the Executive MBA Program of European University, Montreux, Switzerland. Mr Kosecki is the Foreign Markets Director of Bioton S.A. and is responsible for the operations of the company on overseas market. Mr. Kosecki is also the Vice President of Biolek Sp z o.o., a member of Bioton Group. Biolek develops innovative and specialized feed additives for animals and innovative food supplements for human use. Mr. Kosecki possesses extensive experience in international business. From 1995 to 1996 he worked as the Marketing Manager in Lenex Company in Sofia, Bulgaria. From 1997 to 2001 he was Head of Foreign Corporate Governance and Operations of Ciech S.A., the biggest Polish chemical holding company. He has been connected with pharmaceutical industry for 10 years. From 2002 to 2006, as the Country Manager for Russia of the Polish pharmaceutical company Ciech Polfa, and from 2006 to 2009 as Regional Director for Eastern Europe in Bioton S.A.</p>
Joanna Szymańska-Bulska (Age 51) (Resigned June 6, 2014)	<p>Ms. Joanna Szymańska-Bulska is the Member of the Management Board and the Foreign Markets Director of Bioton S.A.. She has over 17 years of experience in pharmaceutical industry and distribution. During her career, Ms. Szymańska-Bulska held several management and senior management positions in Ciba Geigy, Novartis, Phoenix Pharma Aktiengesellschaft, Phoenix Pharma PL ("PPL"), mainly in the field of sales and marketing. For one year, she was appointed to the position of the Advisor of the Polish Minister of Health. She has also served as Member of the Polish Pharmacy Chamber and Member of the Supervisory Board of the PKPP Pharmacy and Chemistry Chamber. Before joining Bioton S.A., Ms. Szymańska-Bulska was a Chairman of the international Management Board and CEO of PPL for six years where she had overall responsibility for PPL.</p>

Information on directors

Director	Experience
Amol Jashvant Shah (Age 49) (Resigned April 25, 2014)	Mr. Amol Shah is the managing director of MJ Biopharm Pvt. Ltd., an Indian based company possessing a modern facility in Mumbai for manufacturing of life saving products including Insulin. He focuses on overall supervision of the company and the development of strategic business alliances. From 1990 to 1995 he worked as a Director at Anglo Gulf Limited in Dubai where he was responsible for setting up of a new facility for manufacture of pesticides in Jebel Ali, Dubai and managing of new business collaboration with multinational companies.

Information on Company Secretaries

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

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

Meetings of directors

The numbers of meetings of the Company's Board of directors and of each board committee held during the financial year ended December 31, 2014, and the numbers of meetings attended by each director were:

Full meetings of directors	Directors		Meetings of committees		Remuneration	
	A	B	Audit		A	B
			A	B		
Mr. Slawomir Ziegert	2	3	-	-	-	-
Mr. Adam Tomasz Polonek	3	3	2	2	-	-
Mr. Kenneth Gross	3	3	2	2	-	-
Mr. Adam Wilczega	-	3	2	2	-	-
Mr. Mateusz Patryk Kosecki	2	3	-	-	-	-
Ms. Jenny Low	3	3	-	-	-	-
Mr. Marcin Dukaczewski	3	3	-	-	-	-
Ms. Joanna Szymańska-Bulska (resigned June 6, 2014)	-	1	-	-	-	-
Mr. Amol Jashvant Shah (resigned April 25, 2014)	-	1	-	-	-	-

A = Number of meetings attended

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

Key management personnels' emoluments

The Remuneration Committee, comprising the following directors:

- Mr. Marcin Dukaczewski
- Mr. Adam Tomasz Polonek

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

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

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

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

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

Details of remunerations

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

The key management personnel of the Company include the directors as per pages 17 to 20 above and the following executive officers, which also includes the following highest paid executives of the entity:

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

The key management personnel of the Group are the directors of SciGen Ltd (see pages 17 to 20 above) and those executives that are involved in the decision making of the Company and the Group. This includes these Group executives who received the highest remuneration for the financial year ended December 31, 2014. The executives are:

- Jean-Claude Balducci - *Country Manager - Australia & New Zealand*
- Marcus Poh - *Regional Marketing Manager*
- Edward Thomas - *Business Development Executive*
- Chander Shekhar Sharma - *Business Development Executive*
- Yvonne Lim - *Group Financial Controller*

Key management personnel of Company

Year ended December 31, 2014

Name	Short-term employee benefits			Post-employment benefits		Termination benefits	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement and insurance benefits	Amount	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Non-executive directors							
Mr. Kenneth Gross	27,017	-	-	-	-	-	27,017
Sub-total non-executive directors	27,017	-	-	-	-	-	27,017
Executive director							
Ms. Jenny Low	246,981	16,316	6,230	4,806	-	-	274,333
Other key management personnel							
Mr. Marcus Poh	125,201	14,729	1,407	10,847	-	-	152,184
Ms. Yvonne Lim	105,644	8,642	475	9,378	-	-	124,139
Ms. Liza Domingo	90,808	11,917	8,289	35	-	-	111,049
Ms. Hedy Ong	71,027	5,568	1,623	6,553	-	-	84,771
Ms. Li Minyi	42,828	3,412	2,101	5,875	-	-	54,216
Total	709,506	60,584	20,125	37,494	-	-	827,709

Key management personnel of Company

Year ended December 31, 2013

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

Key management personnel of the Group

Year ended December 31, 2014

Name	Short-term employee benefits			Post-employment benefits		Termination benefits	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement and insurance benefits	Amount	
	US\$	US\$	US\$	US\$	US\$	US\$	
Non-executive directors							
Mr. Kenneth Gross	27,017	-	-	-	-	-	27,017
Mr. Tim Holden	7,222	-	-	-	-	-	7,222
Sub-total non-executive directors	34,239	-	-	-	-	-	34,239
Executive directors							
Ms. Jenny Low	246,981	16,316	6,230	4,806	-	-	274,333
Mr. Henry Dong-Ha Pyun	159,277	22,970	13,857	2,072	-	-	198,176
Other key management personnel							
Mr. Jean-Claude Balducci	268,795	30,470	-	28,119	-	-	327,384
Mr. Marcus Poh	125,201	14,729	1,407	10,847	-	-	152,184
Mr. Edward Thomas	109,281	28,866	-	12,937	-	-	151,084
Mr. Chander Shekhar Sharma	117,192	10,156	-	11,937	-	-	139,285
Ms. Yvonne Lim	105,644	8,642	475	9,378	-	-	124,139
Total	1,166,610	132,149	21,969	80,096	-	-	1,400,824

Key management personnel of the Group

Year ended December 31, 2013

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

Insurance of officers

During 2014, the Company paid a premium of US\$34,046 (2013 : US\$48,275) to insure the directors and officers of the Company and its controlled entities, and the managers of each of the divisions of the Group and the Company.

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

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

Auditors

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

ON BEHALF OF THE DIRECTORS


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


.....
Adam Polonek
Chief Financial Officer & Director

Singapore
March 31, 2015

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 44 to 112 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, with the continued financial support from its ultimate holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF BOARD OF DIRECTORS



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



.....
Adam Polonek
Chief Financial Officer & Director

Singapore
March 31, 2015

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

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

PRINCIPLE 1

Lay solid foundations for management and oversight

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

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

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

Roles of the Chairman and CEO

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

Role of the Board

- (a) The directors are responsible for the direction and supervision of SciGen's business and for its overall corporate governance. This includes ensuring that internal controls and reporting procedures are adequate and effective. The directors recognise the need to maintain the highest standards of behaviour, ethics and accountability.
- (b) The primary functions of the Board include:
- (1) formulating and approving objectives, strategies and long-term plans for SciGen's continued development and operation, in conjunction with management;
 - (2) appointing and removing the chief executive officer;
 - (3) where appropriate, approving the appointment and the removal of senior executives;
 - (4) monitoring the implementation of these objectives, strategies and long-term plans to ensure SciGen, to the best of its ability, delivers shareholder value;
 - (5) approval and monitoring the progress of major capital expenditure, acquisitions and disposals;
 - (6) monitoring SciGen's overall performance and financial results, including adopting annual budgets and approving SciGen's financial statements;
 - (7) ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;
 - (8) selecting and reviewing the performance of the CEO and reviewing the performance of senior operating management;
 - (9) ensuring significant business risks are identified and appropriately managed;
 - (10) ensuring that SciGen meets the statutory, regulatory and reporting requirements of the ASX and requirements under Australia and Singapore corporations law;
 - (11) ensuring that SciGen, its directors, officers, employees and associates are aware of and comply with all relevant laws and regulations;
 - (12) reporting to shareholders on performance;
 - (13) deciding the payment of dividends to shareholders; and
 - (14) reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance.

- (c) The Board consists of the Chairman and CEO, two executive directors, and four other non-executive directors. The term of directors' appointments is governed by SciGen's Constitution. At least one third of directors must retire and seek re-election at each Annual General Meeting of SciGen. Mr. Kenneth Gross having attained the age of 70 years, is required to seek re-election annually, under the provision of the Singapore Companies Act.
- (d) The Board has established an Audit Committee and a Remuneration Committee. From time to time, the Board may determine to establish specific purpose sub-committees to deal with specific issues.

1.2 Process for evaluating the performance of senior executives

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

PRINCIPLE 2

Structure the Board to add value

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

A majority of the Board should be independent directors

Board members

Details of the members of the Board, their experience, expertise, qualifications are set out in the directors' report in pages 17 to 20. At the date of this report, the Board comprises seven (7) directors, three (3) being executive directors and four (4) being non-executive directors. Of the four (4) non-executive directors, one (1) of whom is deemed independent under the principles set out in the Guidelines.

Directors' independence

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

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

- Mr. Kenneth Gross

Independent professional advice

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

Commitment

The number of meetings of the Company's Board of directors and of each board committee held during the year ended December 31, 2014, and the number of meetings attended by each director is disclosed on page 21. It is the Company's practice to allow its executive directors to accept appointments outside the company with prior written approval of the Chairman.

Conflict of interests

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

Performance assessment

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

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

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

2.1 The Chair should be an independent director

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

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

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

2.3 The Board should establish a Nomination Committee

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

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

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

Induction and education

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

Access to information

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

The Board and the Company Secretary

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

PRINCIPLE 3

Promote ethical and responsible decision-making

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

3.1 Establish and Disclosure of a Code of Conduct

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

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

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

3.2 Diversity Policy

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

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

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

The proportion of female employees to male employees within the Group as of December 31, 2014 was 66% female and 34% male. 75% of senior leadership positions are held by females and 14% of SciGen’s directors are female (0% of non-executive directors).

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

3.3 Policy concerning trading in the Company's securities

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

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

PRINCIPLE 4

Safeguard integrity in financial reporting

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

4.1 The Board should establish an Audit Committee

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

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

4.2 Structure of the Audit Committee

The Audit Committee comprises 3 members:

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

The Chairman of the Audit Committee is an independent director. Details of these directors' qualification, expertise, experience and attendance at Audit Committee meetings are set out in the directors' report on pages 17 to 21.

4.3 Charter

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

The CEO, Chief Financial Officer (“CFO”) and external auditors are invited to attend Audit Committee Meetings at the discretion of the Audit Committee. Time is allocated for the Audit Committee to meet with the external auditors without management being present. The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The responsibilities of the Audit Committee are to:

- (a) assist the Board to discharge fiduciary responsibilities with regard to the Company's accounting, control and reporting practices by monitoring the internal control environment and management over corporate assets;
- (b) review internal controls and any changes thereto approved and submitted by the Company's CFO;
- (c) provide assurance regarding the quality and reliability of financial information used by the Board to enable the Board to maintain confidence in the financial reports;
- (d) oversee the activities of the external auditors of the Company and to review the Company's risk management policies, internal control processes, financials, operating results and accounting policies;
- (e) review and recommend to the Board the adoption of the Company's annual financial statements; and
- (f) liaise with and review the performance of the external auditor, who may be invited to attend Audit Committee meetings to discuss financial matters and business risk.

External auditors

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

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

PRINCIPLE 5

Make timely and balanced disclosure

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

5.1 Establish written policies to ensure compliance with ASX Listing Rule

Disclosure requirement

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

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

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

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

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

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

PRINCIPLE 6

Respect the rights of shareholders

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

6.1 Communications Policy

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

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

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

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

PRINCIPLE 7

Recognise and manage risk

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

7.1 Policies for oversight and management of material business risks

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

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

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

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

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

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

7.2 Risk Management and internal control system

Risk assessment and management

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

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

Internal Audit

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

7.3 Assurances from CEO and CFO

Corporate reporting

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

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Group and Company and are in accordance with relevant accounting standards, except for the matters qualified in the auditors' report; and
- that the above statements are founded on a sound system of risk management and internal compliance and control and which implement the policies adopted and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material aspects.

PRINCIPLE 8

Remunerate fairly and responsibly

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

8.1 Remuneration Committee

The Remuneration Committee currently consists of the following directors:

Mr. Marcin Dukaczewski
Mr. Adam Tomasz Polonek

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

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

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

Details of these directors' qualifications, experience and attendance at Remuneration Committee meetings are set out in the directors' report on pages 17 to 21. During the year, the Remuneration Committee did not meet.

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

Further information on directors' remuneration is set out in the directors' report on pages 23 to 26 and Note 6 to the financial statements.

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

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

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of SciGen Ltd (the "Company") and its subsidiaries (the "Group") which comprises the statements of financial position of the Group and the Company as at December 31, 2014, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 112.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Bases for Qualified Auditor's Opinion

During the year, the Company disposed of its subsidiary in India, SciGen BioPharma Pvt. Ltd. on October 7, 2014.

- (a) The financial statements for the year ended December 31, 2013 were qualified with regards to an inability to obtain sufficient appropriate evidence on construction in progress and accrued liabilities recorded by this subsidiary. Consequently, as a result of our prior year qualification, we are unable to verify the accuracy of the net loss from discontinued operations of \$3,322,000 recorded in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2014.
- (b) Our audit report for December 31, 2013 was qualified as we were unable to perform any satisfactory alternative procedures to confirm the completeness of accruals for construction in progress costs incurred by its subsidiary in India, recorded in other payables of the Group as at December 31, 2013. Consequently, we were unable to determine the adjustments, if any, that may be required to be made to the Group's consolidated financial statements for December 31, 2014 and 2013.

Qualified Auditor's Opinion

In our opinion, except for the possible effects of the matters described in the Bases for Qualified Auditor's Opinion paragraphs, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

March 31, 2015

	Note	Group			Company	
		Dec 31,	Dec 31,	Jan 1,	Dec 31,	Dec 31,
		2014	2013	2013	2014	2013
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
			(Restated)	(Restated)		
ASSETS						
Current assets						
Cash and cash equivalents	7	2,759	1,665	1,799	1,098	275
Trade and other receivables	8	4,110	5,007	9,914	3,010	5,010
Inventories	9	2,525	2,214	1,829	474	230
Assets classified as held for sale	10	11,280	-	-	11,280	-
Total current assets		20,674	8,886	13,542	15,862	5,515
Non-current assets						
Property, plant and equipment	11	138	14,262	15,400	36	46
Intangible assets	12	4,423	13,151	13,116	4,371	13,054
Lease prepayment	13	-	330	377	-	-
Other assets	14	-	92	-	-	-
Long term prepayment	15	-	3,000	3,000	-	3,000
Deferred tax assets	16	6,923	6,993	7,140	6,923	6,993
Subsidiaries	17	-	-	-	-	3,202
Total non-current assets		11,484	37,828	39,033	11,330	26,295
Total assets		32,158	46,714	52,575	27,192	31,810
LIABILITIES AND CAPITAL DEFICIENCY						
Current liabilities						
Trade and other payables	18	4,541	15,176	21,745	3,796	11,096
Income tax payable		310	388	-	-	-
Total current liabilities		4,851	15,564	21,745	3,796	11,096

	Note	Group			Company	
		Dec 31,	Dec 31,	Jan 1,	Dec 31,	Dec 31,
		2014	2013	2013	2014	2013
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
			(Restated)	(Restated)		
LIABILITIES AND CAPITAL DEFICIENCY						
Non-current liabilities						
Other payables	18	11,359	10,427	9,465	11,359	10,427
Loans and borrowings	19	74,527	76,144	74,527	74,527	74,527
Total non-current liabilities		85,886	86,571	83,992	85,886	84,954
Capital, reserves and non-controlling interests						
Share capital	20	42,530	42,530	42,530	42,530	42,530
Capital reserve	21	-	551	551	-	-
Translation reserves	21	(1,341)	(5,077)	(4,237)	-	-
Accumulated losses		(99,768)	(98,962)	(99,373)	(105,020)	(106,770)
Equity attributable to owners of the company		(58,579)	(60,958)	(60,529)	(62,490)	(64,240)
Non-controlling interests		-	5,537	7,367	-	-
Net capital deficiency		(58,579)	(55,421)	(53,162)	(62,490)	(64,240)
Total liabilities, net of capital deficiency		32,158	46,714	52,575	27,192	31,810

Note :

The restatements of comparative figures were made to non-controlling interests and accumulated losses to account for the Group's share of land transfer fee and share application costs, in accordance to the investment agreement between the Company and Anglo Gulf Limited.

See accompanying notes to financial statements.

	Note	Group	
		2014	2013
		US\$'000	US\$'000
			(Restated)
Continuing Operations			
Revenue	22	23,605	20,790
Other income		226	141
Changes in inventories of finished goods		257	349
Purchases		(11,075)	(9,280)
Employee benefits expense	24	(3,602)	(3,628)
Depreciation of property, plant and equipment	11	(58)	(68)
Amortisation of intangible assets	12	(434)	(374)
Write-off of property, plant and equipment	11	-	(10)
Write-off of inventories		(11)	(25)
Write-off of intangible assets		(48)	-
Loss on disposal of property, plant and equipment	24	-	(2)
Other operating expenses	23	(5,525)	(4,620)
Profit before finance expense and income tax		3,335	3,273
Finance income	25	19	15
Finance expense	25	(1,103)	(1,192)
Profit before income tax		2,251	2,096
Income tax expense	26	(631)	(566)
Profit from continuing operations		1,620	1,530
Discontinued Operations			
Loss from discontinued operations, net of income tax	27	(3,322)	(2,237)
Loss for the year	24	(1,702)	(707)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(131)	(1,552)
Exchange differences reclassified to profit or loss for the year, on disposal of subsidiary	27	3,903	-
Other comprehensive income/(loss) for the year		3,772	(1,552)
Total comprehensive profit/(loss) for the year		2,070	(2,259)

	Note	Group	
		2014	2013
		US\$'000	US\$'000
			(Restated)
(Loss)/Profit for the year attributable to:			
Equity holders of the Company		(806)	411
Non-controlling interests		(896)	(1,118)
Loss for the year		(1,702)	(707)
Total comprehensive loss attributable to:			
Equity holders of the Company		2,930	(429)
Non-controlling interests		(860)	(1,830)
Total comprehensive profit/(loss) for the year		2,070	(2,259)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	28	(0.146)	0.074
From continuing operations:			
Basic earnings per share (cents)	28	0.293	0.277

Note:

Certain reclassifications have been made to the prior year's consolidated statement of profit or loss and other comprehensive income to enhance comparability with the current year's consolidated statement of profit or loss and other comprehensive income to reflect the disposal of a subsidiary in India, SciGen BioPharma Pvt. Ltd.

See accompanying notes to financial statements.

	Share capital	Capital reserve	Translation reserves	Accumulated losses	Attributable to equity holders of the company	Non- controlling interests	Net capital deficiency
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group							
At January 1, 2013 (Restated)	42,530	551	(4,237)	(99,373)	(60,529)	7,367	(53,162)
Total comprehensive loss for the year							
Loss for the year	-	-	-	411	411	(1,118)	(707)
Other comprehensive income for the year	-	-	(840)	-	(840)	(712)	(1,552)
Total	-	-	(840)	411	(429)	(1,830)	(2,259)
At December 31, 2013 (Restated)	42,530	551	(5,077)	(98,962)	(60,958)	5,537	(55,421)
Total comprehensive loss for the year							
Loss for the year	-	-	-	(806)	(806)	(896)	(1,702)
Other comprehensive income for the year	-	-	3,736	-	3,736	36	3,772
Total	-	-	3,736	(806)	2,930	(860)	2,070
Transactions with owners, recognised directly in equity							
Disposal of subsidiary (Note 27)	-	(551)	-	-	(551)	(4,677)	(5,228)
At December 31, 2014	42,530	-	(1,341)	(99,768)	(58,579)	-	(58,579)

See accompanying notes to financial statements.

	Share capital US\$'000	Accumulated losses US\$'000	Net capital deficiency US\$'000
Company			
At January 1, 2013	42,530	(107,398)	(64,868)
Profit for the year, representing total comprehensive income for the year	-	628	628
At December 31, 2013	42,530	(106,770)	(64,240)
Profit for the year, representing total comprehensive income for the year	-	1,750	1,750
At December 31, 2014	42,530	(105,020)	(62,490)

See accompanying notes to financial statements.

	2014 US\$'000	2013 US\$'000
Operating activities		
(Loss)/Profit before income tax	(1,068)	(141)
Adjustments for:		
Depreciation of property, plant and equipment	69	89
Amortisation of lease prepayment	3	4
Amortisation of intangible assets	434	374
Loss on disposal of property, plant and equipment	-	2
Allowance for doubtful debts	5	5
Property, plant and equipment written-off	-	10
Inventories written-off	11	25
Intangible assets written-off	48	-
Loss on sale of discontinued operation	1,273	-
Interest income	(22)	(22)
Interest expenses	1,186	1,343
Net foreign exchange losses	221	297
Operating cash flow before movement in working capital	2,160	1,986
Inventories	(342)	(385)
Trade and other receivables	680	3,360
Trade and other payables (<i>Note A</i>)	(9,371)	(6,950)
Cash used in operations	(6,873)	(1,989)
Income taxes paid	(636)	(31)
Net cash flows used in operating activities	(7,509)	(2,020)

	2014	2013
	US\$'000	US\$'000
Investing activities		
Interest received	22	22
Purchase of property, plant and equipment	(278)	(725)
Purchase of intangible assets	(34)	(429)
Proceeds from disposal of property, plant and equipment	-	1
Proceeds from disposal of discontinued operation, net of cash (<i>Note A</i>)	6,487	1,495
Net cash flows from investing activities	6,197	364
Financing activities		
Interest paid	(121)	(179)
Restricted long term fixed deposit	-	(41)
Proceeds from bank loans (<i>Note B</i>)	2,415	1,617
Net cash flows from financing activities	2,294	1,397
Net increase/(decrease) in cash and cash equivalents	982	(259)
Cash and cash equivalents at beginning of the year	1,665	1,799
Effect of exchange rate fluctuations on cash held	112	125
Cash and cash equivalents at end of the year	2,759	1,665

Note A :

During the year, proceeds from disposal of discontinued operation amounting to US\$7,000,000 was utilised to reduce the trade and other payables owing to the ultimate holding company. The proceeds from disposal of discontinued operation herein exclude the cash and cash equivalent of the discontinued operation, amounting to US\$513,000.

The comparative figure relates to proceeds on disposal of a subsidiary in Israel, SciGen (I.L.) Ltd., in accordance to the terms of the sales agreement of 2012.

Note B :

Proceeds from loan amounting to US\$2,415,000 were received in favour of a subsidiary in India which was classified as discontinued operation. The loan was eliminated upon disposal of discontinued operation on 7 October 2014.

See accompanying notes to financial statements.

1 GENERAL

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

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

The principal activities of the Group and the Company are those relating to the manufacture and distribution of biopharmaceutical products under exclusive licensing arrangements. The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

As at December 31, 2014, the Group's and Company's current assets exceed their current liabilities by US\$15,823,000 (2013 : current liabilities exceed their current assets by \$6,678,000) and US\$12,066,000 (2013 : current liabilities exceed their current assets by US\$5,581,000) respectively. The Group and Company have net capital deficiency of US\$58,579,000 (2013 : US\$55,421,000) and US\$62,490,000 (2013 : US\$64,240,000) respectively as of that date and the Group incurred a net loss of US\$1,702,000 (2013 : US\$707,000) during the financial year. Notwithstanding these conditions, on the account of continued financial support from the ultimate holding company, the directors do not believe that there are any material uncertainties surrounding the ability of the Group and Company to operate on a going concern basis, as disclosed in Note 4 (iv) to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2014 were authorised for issue by the Board of Directors on March 31, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - On 1 January 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and relevant to its operations.

The adoption of these new/revised FRSs and INT FRSs did not result in any substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

Impact of the application of FRS 110

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities*. FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee. Some guidance included in FRS 110 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

There is no impact to the Group following the adoption of FRS 110.

Impact of the application of FRS 111

FRS 111 replaces FRS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in FRS 28 (as revised in 2011). FRS 111 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under FRS 111, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under FRS 111 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, FRS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under FRS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

There is no impact to the Group following the adoption of FRS 111 as the Group does not have joint arrangements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

AT THE DATE OF AUTHORISATION of these financial statements, the following new/revised FRSs and amendments to FRSs that are relevant to the Group and the Company were issued but not effective:

- Amendments to FRS 19 (2011) Defined Benefit Plans: Employee Contributions
- Improvements to Financial Reporting Standards (January 2014)
- Improvements to Financial Reporting Standards (February 2014)
- Amendments to FRS 27 Equity Method in Separate Financial Statements
- Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative
- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers
- Improvements to FRSs (November 2014)

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

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

Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The Group is currently assessing the effects of FRS 1 in the period of initial adoption.

FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group is currently assessing the effects of FRS 109 in the period of initial adoption.

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue* and the related Interpretations when it becomes effective.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: identify the contracts with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. In addition, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial year beginning on or after 1 January 2017, with retrospective application required.

The Group is currently assessing the effects of FRS 115 in the period of initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company (a) has power over the investee, (b) is exposed, or has rights, to variable returns from its involvement with the investee; and (c) has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

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

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

Effective interest method

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

Loans and receivables

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity instruments

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

OFFSETTING ARRANGEMENTS - Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The Group as lessor

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

The Group as lessee

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

INTANGIBLE ASSETS -

Intangible assets acquired separately

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Internally-generated intangible assets - research and development costs

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

Sale of goods

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interest income

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

Dividend income

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

Profit sharing

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

Rental income

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

(a) Impairment of property, plant and equipment

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

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

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

In the preceding years, the Group had substantial investments in property, plant and equipment for its manufacturing facility in India. Pursuant to the disposal of the subsidiary in India, SciGen BioPharma Pvt. Ltd. ("SBPL"), carrying value of property, plant and equipment in India as at December 31, 2014 was US\$Nil (2013 : US\$14,077,000). The disposal transaction was completed on 7 October 2014 (Note 27).

The carrying amounts of the Group and the Company's property, plant and equipment are disclosed in Note 11 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Impairment of intangible assets

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

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

The recoverable amounts of the licences and development costs were estimated based on its value in use for all products. Value in use was determined by discounting the future cash flows generated from the continuing use of the intangible assets.

The management has estimated the recoverable amount of the licences for SciLin[®]. with carrying amount of US\$3,778,000 (2013 : US\$3,994,000) (Note 12). The recoverable amount was estimated based on its value in use which includes discounting future cash flows generated from the continuing use of the licences. The Company signed three (2013 : three) profit sharing agreements with its ultimate holding company, whereby the Company will receive a share of the revenues from the use of the SciLin[®] licence in the countries wherein the Group has the licence and rights to distribute the product. The Company expected profit from its ultimate holding company for contracts with annual sale for the next fifteen years with projected fee for the use of SciLin[®] licence and development cost which confirms the non-impairment of the licences and related development costs for SciLin[®].

The carrying amounts of the Group and the Company's intangible assets are disclosed in Note 12 to the financial statements.

(c) Impairment of subsidiaries

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

The management reviewed the recoverable amount of its investment in a subsidiary in China. The subsidiary remained inactive. During the year, the management provided impairment loss for investment in subsidiary in China of US\$128,000 (2013 : US\$160,000).

The carrying amounts of the investments in subsidiaries are disclosed in Note 17 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(d) Useful lives of property, plant and equipment

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

(e) Assessment of recoverability of debts

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

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

(f) Allowance for inventories

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

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

(g) Deferred tax assets valuation

The carrying amount of deferred tax assets amounts to US\$6,923,000 (2013: US\$6,993,000). The deferred tax assets are recognised for unused tax losses and some temporary tax differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies. The Company has expected profits from the ultimate holding company for contracts for the use of SciLin[®] licence and development costs which in the view of the management supports the recognition of deferred tax assets as appropriate.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	6,380	5,055	3,960	5,077
Financial liabilities				
Amortised cost	90,427	101,747	89,682	96,050

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

Group and Company

As at December 31, 2014 (US\$'000)

Financial assets						
	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial asset	Gross amounts of recognised financial asset	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount
GROUP						
Trade and other receivables	753	(519)	234	-	-	234
Total	753	(519)	234	-	-	234
COMPANY						
Trade and other Receivables	681	(519)	162	-	-	162
	681	(519)	162	-	-	162

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Group and Company

As at December 31, 2014 (US\$'000)

Financial liabilities

	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the state- ment of financial position		(e) = (c) + (d)
Type of financial asset	Gross amount of recognised finan- cial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabili- ties presented in the statement of financial position	Financial instru- ments	Cash collateral received	Net amount
Trade and other Payables	2,411	(519)	1,892	-	-	1,892
Total	2,411	(519)	1,892	-	-	1,892

Group and Company

As at December 31, 2013 (US\$'000)

Financial assets

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**Group and Company**

As at December 31, 2013 (US\$'000)

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

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

(c) Financial risk management policies and objectives

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

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

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

(i) Foreign exchange risk management

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2014	2013	2014	2013	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
United States dollars	72	73	-	1,741	-	-	-	-
Singapore dollar	110	78	207	186	110	78	207	186
Australian dollar	18	20	5	4	18	20	5	4
Euro	69	76	69	69	69	76	-	11
Philippine peso	2	-	18	25	2	-	18	25

Foreign currency sensitivity

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

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
United States dollars	7	(167)	-	-
Singapore dollar	(10)	(11)	(10)	(11)
Australian dollar	1	2	1	2
Euro	-	1	7	7
Philippines peso	(1)	(2)	(2)	(2)

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

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**(ii) Interest rate risk management**

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

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

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

Interest rate risk

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

Sensitivity analysis

At the reporting date, the Group and the Company has a floating rate loan from the ultimate holding company of US\$74,527,000 (2013 : US\$74,527,000). A change of 100 basis points ("bp") in interest rates at the reporting date would (increase)/decrease loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 bp increase	100 bp decrease
	US\$'000	US\$'000

Group and Company**2014**

Variable rate loans from ultimate holding company	(745)	745
---------------------------------------------------	-------	-----

2013

Variable rate loans from ultimate holding company	(745)	745
---------------------------------------------------	-------	-----

(iii) Credit risk management

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

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

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

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

Except for a customer in Thailand with trade receivables as at December 31, 2014 of US\$642,000 (2013 : US\$735,000), trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

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

Cash and fixed deposits are held with reputable financial institutions.

(iv) Liquidity risk management

The Group and the Company maintains sufficient cash and cash equivalents and internally generated cash flows to finance their activities. As at December 31, 2014, the Group and the Company has available cash and cash equivalents totalling to US\$2,759,000 (2013 : US\$1,665,000) and US\$1,098,000 (2013 : US\$275,000), respectively, to finance its operations.

The Group had a net loss of US\$1,702,000 (2013 : US\$707,000) for the year ended December 31, 2014, out of which loss of \$3,322,000 (2013 : US\$2,237,000) was attributable to discontinued operations. As at December 31, 2014, the Group's and Company's current assets exceed their current liabilities by US\$15,823,000 (2013 : current liabilities exceed their current assets by \$6,678,000) and US\$12,066,000 (2013 : current liabilities exceed their current assets by US\$5,581,000) respectively. The Group and Company have a net capital deficiency of US\$58,579,000 (2013 : US\$55,421,000) and US\$62,490,000 (2013 : US\$64,240,000) respectively.

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

No additional loans were provided by the ultimate holding company during the year (2013 : no additional loans). The ultimate holding company has also undertaken to provide financial support and that it will not demand for settlement of the loans granted to the Company of US\$74,527,000 (2013 : US\$74,527,000), within the next twelve months, which are due for repayment on December 31, 2017.

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

The Group and the Company's financial assets and financial liabilities are substantially short-term in nature, except for loans and borrowings as disclosed in Note 19 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group						
2014						
Variable interest rate loans						
from ultimate						
holding company	1.25	9,446	66,718	-	(1,637)	74,527
Non-interest bearing	-	6,375	9,525	-	-	15,900
		15,821	76,243	-	(1,637)	90,427
2013						
Variable interest rate loans						
from ultimate						
holding company	1.29	-	75,488	-	(961)	74,527
Fixed interest rate bank loan	2.40	-	768	1,020	(171)	1,617
Non-interest bearing		15,176	10,427	-	-	25,603
		15,176	86,683	1,020	(1,132)	101,747
Company						
2014						
Variable interest rate loans						
from ultimate						
holding company	1.25	9,446	66,718	-	(1,637)	74,527
Non-interest bearing	-	5,631	9,524	-	-	15,155
		15,077	76,242	-	(1,637)	89,682
2013						
Variable interest rate loans						
from ultimate						
holding company	1.29	-	75,488	-	(961)	74,527
Non-interest bearing	-	11,096	10,427	-	-	21,523
		11,096	85,915	-	(961)	96,050

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(v) Fair value of financial assets and financial liabilities

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

(d) Capital risk management policies and objectives

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

Management reviews the capital structure on an on-going basis to achieve its capital objective. The capital structure of the Group consists of debts, which includes borrowings disclosed in Note 19 to the financial statements, share capital, reserves and retained earnings. The Group's overall strategy remains unchanged from 2013.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

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

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

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

	Group	
	2014	2013
	US\$'000	US\$'000
Ultimate holding company		
Purchases of goods	4,365	3,474
Profit sharing on sales of insulin	(538)	(1,324)
Interest accrued for loan from ultimate holding company	931	963
Payment for purchases of goods	4,870	6,295
Proceeds of loan from ultimate holding company	-	-
Related company		
Trade advance from a related company	-	446

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (cont'd)

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

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

6 OTHER RELATED PARTY TRANSACTIONS

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

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

Compensation of directors and key management personnel

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Short-term employee benefits	1,321	1,445	790	774
Post-employment benefits	80	99	37	38
	1,401	1,544	827	812

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank and on hand	2,669	1,569	1,098	275
Fixed deposits	90	96	-	-
	2,759	1,665	1,098	275

Fixed deposits bear average effective interest rate of 3.13% (2013 : 3.12%) per annum and for a tenure of approximately six to twelve months (2013 : six to twelve months). The carrying amounts of these assets approximate their fair values.

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore dollar	54	18	54	18
Australian dollar	18	20	18	20

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables	3,431	2,999	1,417	1,518
Allowance for doubtful debts	(284)	(279)	(271)	(271)
	3,147	2,720	1,146	1,247
Amounts due from subsidiaries - trade (Note 5)	-	-	1,389	1,872
Amounts due from subsidiaries - non-trade (Note 5)	-	-	-	1,244
Deposits	174	163	99	100
Other receivables	64	72	64	72
Staff advances	2	3	2	-
Amounts due from ultimate holding Company - non-trade (Note 5)	225	333	162	267
Amounts due from related company - non-trade (Note 5)	9	7	-	-
	3,621	3,298	2,862	4,802
Prepayments	489	1,501	148	208
Advances to suppliers	-	208	-	-
	4,110	5,007	3,010	5,010

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

The average credit period on sales of goods is 60 days (2013 : 60 days). No interest is charged on the trade and other receivables. Allowances for doubtful debts are recognised against trade and other receivables based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

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

8 TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Thailand	642	735	642	735
Philippines	287	460	287	460
Australia	731	667	-	-
Korea	1,270	806	-	-
Others	217	52	217	52
	3,147	2,720	1,146	1,247

The Group's most significant customer accounts for US\$642,000 (2013 : US\$735,000) of the trade receivables carrying amount as at December 31, 2014.

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Not past due and not impaired	2,803	2,220	1,089	1,021
Past due but not impaired (i)	344	500	57	226
	3,147	2,720	1,146	1,247
Impaired receivables – collectively assessed (ii)	284	279	271	271
Less: Allowance for impairment	(284)	(279)	(271)	(271)
	-	-	-	-
Total trade receivables, net	3,147	2,720	1,146	1,247

8 TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Past due for 0 to 30 days	187	393	54	223
Past due for 31 to 120 days	157	107	3	3
	344	500	57	226

These amounts are stated before any deduction for impairment losses.

(ii) Movement in the allowance for doubtful debts:

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Outside parties:				
Balance at beginning of the year	279	276	271	271
Increase in allowance recognised in profit or loss (Note 24)	5	5	-	-
Write-off of debts	-	(2)	-	-
Balance at end of the year	284	279	271	271

8 TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Not past due and not impaired	17	20	17	20
Past due but not impaired (i)	47	52	47	52
Total other receivables	64	72	64	72

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Less than 6 months	16	-	16	-
6 months to 12 months	31	52	31	52
	47	52	47	52

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
United States dollar	72	73	-	-
Singapore dollar	56	60	56	60
Euro	69	76	69	76

9 INVENTORIES

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Finished goods	2,525	2,214	474	230
Allowance for inventories	-	-	-	-
	2,525	2,214	474	230

Movement in the allowance for inventories:

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Finished goods:				
Increase in allowance recognised in profit or loss and balance at end of the year	-	-	-	-

10 ASSET CLASSIFIED AS HELD FOR SALE

On 8 July 2014, the Company entered into an agreement with Bioton for the sale of design package for use in facilities for the manufacture of recombinant human insulin ("Design Package"). As a result, intangible asset with carrying value of US\$11,280,000 was reclassified to assets classified as held for sale (Note 12). There would be no gain or loss on disposal arising from this transaction.

The Design Package purchased from BioPharmax B.V., is owned by the Company. The Company granted SBPL a right to utilise the Design Package for the construction and design of the manufacturing facility in India and was utilised by SBPL until the date of its disposal.

Pursuant to the divestment of SBPL and change in Group strategy to terminate investment in new insulin manufacturing facilities, the Company no longer requires the use of this Design Package.

11 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Office furniture and fittings	Office equipment	Motor vehicles	Construction in progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group						
Cost:						
At January 1, 2013	760	430	453	40	17,976	19,659
Additions	-	-	43	-	682	725
Disposals	-	(6)	(14)	(5)	-	(25)
Write off	-	(32)	(1)	-	-	(33)
Reclassifications	(3)	(20)	20	-	3	-
Translation differences	(85)	(43)	(43)	(4)	(2,065)	(2,240)
At December 31, 2013	672	329	458	31	16,596	18,086
Additions	-	2	15	-	262	279
Disposals	-	-	(17)	-	-	(17)
Disposal of subsidiary (Note 27)	(657)	(98)	(57)	(31)	(16,930)	(17,773)
Translation differences	3	(21)	(13)	-	72	41
At December 31, 2014	18	212	386	-	-	616
Accumulated depreciation:						
At January 1, 2013	712	219	382	21	-	1,334
Depreciation charge for the year	7	39	37	6	-	89
Disposals	-	(6)	(13)	(3)	-	(22)
Write off	-	(22)	(1)	-	-	(23)
Translation differences	(80)	(22)	(39)	(2)	-	(143)
At December 31, 2013	639	208	366	22	-	1,235
Depreciation charge for the year	2	36	27	4	-	69
Disposals	-	-	(17)	-	-	(17)
Eliminated on disposal of subsidiary (Note 27)	(626)	(79)	(53)	(26)	-	(784)
Translation differences	3	(17)	(11)	-	-	(25)
At December 31, 2014	18	148	312	-	-	478
Accumulated impairment losses:						
At January 1, 2013	-	-	-	-	2,925	2,925
Translation differences	-	-	-	-	(336)	(336)
At December 31, 2013	-	-	-	-	2,589	2,589
Eliminated on disposal of subsidiary (Note 27)	-	-	-	-	(2,600)	(2,600)
Translation differences	-	-	-	-	11	11
At December 31, 2014	-	-	-	-	-	-
Carrying amount:						
At December 31, 2013	33	121	92	9	14,007	14,262
At December 31, 2014	-	64	74	-	-	138

As at December 31, 2014, none of the Group's property, plant and equipment (2013 : US\$14,077,000) is pledged to secure banking facilities granted to a subsidiary as disclosed in Note 19 to the financial statements.

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Plant and machinery	Office furniture and fittings	Office equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Company				
Cost:				
At January 1, 2013	18	107	100	225
Additions	-	-	17	17
Disposals	-	(4)	(14)	(18)
Write off	-	(30)	-	(30)
At December 31, 2013	18	73	103	194
Additions	-	-	9	9
Disposals	-	-	(17)	(17)
At December 31, 2014	18	73	95	186
Accumulated depreciation:				
At January 1, 2013	18	73	76	167
Depreciation for the year	-	9	12	21
Disposals	-	(4)	(14)	(18)
Write off	-	(22)	-	(22)
At December 31, 2013	18	56	74	148
Depreciation for the year	-	3	16	19
Disposals	-	-	(17)	(17)
At December 31, 2014	18	59	73	150
Carrying amount:				
At December 31, 2013	-	17	29	46
At December 31, 2014	-	14	22	36

In December 31, 2014, there was no write-off of property, plant and equipment of the Group (2013: US\$10,000). The Group disposed of certain of its property, plant and equipment with carrying value of US\$Nil for proceeds of US\$Nil (2013: carrying amount of US\$3,000 disposed for proceeds of US\$1,000).

12 INTANGIBLE ASSETS

	Licences	Computer software	Development costs	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
Cost:				
At January 1, 2013	13,666	75	1,510	15,251
Additions	-	-	429	429
Translation differences	-	-	(49)	(49)
At December 31, 2013	13,666	75	1,890	15,631
Additions	-	-	34	34
Reclassification from long-term prepayment (Note 15)	3,000	-	-	3,000
Reclassification to assets held for sale (Note 10)	(11,280)	-	-	(11,280)
Write-off	-	-	(112)	(112)
Disposal of subsidiary (Note 27)	-	-	(186)	(186)
Translation differences	-	-	(3)	(3)
At December 31, 2014	5,386	75	1,623	7,084
Amortisation:				
At January 1, 2013	1,176	68	697	1,941
Amortisation charge for the year	216	2	156	374
Translation differences	-	-	(35)	(35)
At December 31, 2013	1,392	70	818	2,280
Amortisation charge for the year	216	2	216	434
Write-off	-	-	(64)	(64)
Eliminated on disposal of subsidiary (Note 27)	-	-	(186)	(186)
Translation differences	-	-	(2)	(2)
At December 31, 2014	1,608	72	782	2,462
Impairment losses:				
At January 1, 2013	-	-	194	194
Translation differences	-	-	6	6
At December 31, 2013	-	-	200	200
Translation differences	-	-	(1)	(1)
At December 31, 2014	-	-	199	199
Carrying amount:				
At December 31, 2013	12,274	5	872	13,151
At December 31, 2014	3,778	3	642	4,423

12 INTANGIBLE ASSETS (cont'd)

	Licences	Computer software	Development costs	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Company				
Cost:				
At January 1, 2013	13,666	75	868	14,609
Additions	-	-	429	429
At December 31, 2013	13,666	75	1,297	15,038
Additions	-	-	17	17
Reclassification from long term prepayment (Note 15)	3,000	-	-	3,000
Reclassification to assets held for sale (Note 10)	(11,280)	-	-	(11,280)
At December 31, 2014	5,386	75	1,314	6,775
Amortisation:				
At January 1, 2013	1,176	68	401	1,645
Amortisation charge for the year	216	2	121	339
At December 31, 2013	1,392	70	522	1,984
Amortisation charge for the year	216	2	202	420
At December 31, 2014	1,608	72	724	2,404
Carrying amount:				
At December 31, 2013	12,274	5	775	13,054
At December 31, 2014	3,778	3	590	4,371

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

During the current financial year, development costs relating to Pedimed and Seruderm amounting to US\$48,000 was written-off (2013 : US\$Nil) as sales of the products have been discontinued.

The intangible assets included above have finite useful lives, over which the assets are amortised. The amortisation period for development costs incurred is on average 5 to 15 years. Computer software is amortised over their estimated useful lives of 3 years, and licences is amortised over an average of 10 to 20 years. The remaining useful life of the intangible assets on average is 12 years.

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

12 INTANGIBLE ASSETS (cont'd)

Type of licences in respect of biologics	Cost 2014 US\$'000	Cost 2013 US\$'000	Duration of licences
Rights to market and distribute ⁽¹⁾ : - SciLin®	5,386	5,386	10 to 20 years from the date of first approval for sales in specified group countries or from the date of repayment.
Right to use design plans to construct large scale production facilities ⁽²⁾ : - SciLin®	-	8,280	10 to 20 years from the completion of construction of the facilities.
	<u>5,386</u>	<u>13,666</u>	

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

(2) The licence with the right to use technology requires the Company to erect and operate a facility or use a Contract Manufacturer Organisation with a minimal production capacity. During the year, the Company entered into an agreement with Bioton for the sale of the licence. Subsequently, the licence was reclassified to assets held for sale during the year.

13 LEASE PREPAYMENT

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Cost:				
At January 1	344	388	-	-
Disposal of subsidiary	(345)	-	-	-
Translation difference	1	(44)	-	-
At December 31	-	344	-	-
Amortisation:				
At January 1	14	11	-	-
Amortisation charge for the year	3	4	-	-
Eliminated on disposal of subsidiary	(17)	-	-	-
Translation difference	-	(1)	-	-
At December 31	-	14	-	-
Carrying amount	-	330	-	-

14 OTHER ASSETS

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Restricted long term fixed deposit	-	41	-	-
Other receivables	-	51	-	-
	-	92	-	-

The fixed deposit as at 31 December 2013 will mature on 8 February 2018 and are held under lien with Central Excise & Customs Authorities of India. The other assets were held in a subsidiary in India, which was disposed during the year.

15 LONG TERM PREPAYMENT

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Prepayment to contractor	-	3,000	-	3,000

The Company paid a third party contractor to acquire the rights to enhanced design plans relating to construction of large scale production facilities for a sum of US\$3,000,000. The long term prepayment was reclassified to intangible assets during the year (Note 12).

16 DEFERRED TAX ASSETS

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

	Tax losses	Others temporary differences	Total
	US\$'000	US\$'000	US\$'000
Group and Company			
At January 1, 2013	7,140	-	7,140
Charge to profit or loss for the year (Note 26)	(147)	-	(147)
At December 31, 2013	6,993	-	6,993
Charge to profit or loss for the year (Note 26)	(70)	-	(70)
At December 31, 2014	6,923	-	6,923

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group and the Company has unutilised tax losses of approximately US\$41,006,000 and US\$40,605,000 (2013 : US\$45,782,000 and US\$41,017,000) respectively, available for offsetting against future taxable income, subject to agreement by the relevant tax authorities and compliance with the tax regulations (such as retention of majority shareholders as defined) in which the Group and the Company operates. Tax losses of the Company do not expire under the current tax regulations.

Deferred tax benefits on these unutilised tax losses for the Group and the Company, amounting to approximately US\$6,923,000 and US\$6,923,000 (2013 : unutilised tax losses US\$6,993,000 and US\$6,993,000) respectively, have been recognised by the Group and the Company as the management is of the view that it is probable that future taxable profit will be available against which certain subsidiaries of the Group and the Company can utilise the benefits.

17 SUBSIDIARIES

	Company	
	2014	2013
	US\$'000	US\$'000
Unquoted equity shares, at cost	2,114	15,858
Less: Allowance for impairment loss	(2,114)	(12,656)
	-	3,202

Movement in the impairment loss on unquoted equity shares:

	Company	
	2014	2013
	US\$'000	US\$'000
Balance at beginning of the year	12,656	12,496
Increase in impairment loss recognised in profit or loss ⁽¹⁾	128	160
Disposal of subsidiary ⁽²⁾	(10,670)	-
Balance at end of the year	2,114	12,656

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

⁽²⁾ As disclosed in note 3(a) to the financial statements, the Company closed the transaction for sale of 50.01% of Company's interest in SBPL on 7 October 2014 (Note 27).

Name of subsidiary	Country of incorporation and operations	Proportion of ownership interest and voting power held		Principal activities
		2014	2013	
		%	%	
SciGen (Australia) Pty Ltd ⁽¹⁾	Australia	100	100	Sales and distribution
SciGen Korea Ltd ⁽¹⁾	Republic of Korea	100	100	Sales and distribution
SciGen BioPharma Private Ltd ⁽²⁾	Republic of India	0	50.01	Manufacturing, sales and distribution
SciGen (Beijing) Biotechnology Co. Ltd ⁽¹⁾	People's Republic of China	100	100	Regulatory activities

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

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

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Accrued interest payable to ultimate holding company (Note 5)	11,359	10,427	11,359	10,427
Trade payables to outside parties	1,541	1,344	1,165	752
Amounts due to ultimate holding company - trade (Note 5)	1,892	8,343	1,892	8,343
Amounts due to a subsidiary - non-trade (Note 5)	-	-	138	149
Amounts due to ultimate holding company - non-trade (Note 5)	-	1,652	-	1,652
Amounts due to a related company (Note 5)	-	1,379	-	-
Other payables	210	130	154	4
Accrued employee benefits	85	178	55	56
Accrued operating expenses	813	2,150	392	140
	15,900	25,603	15,155	21,523
Less: Amount due for settlement after 12 months presented as non-current liabilities	(11,359)	(10,427)	(11,359)	(10,427)
Amount due for settlement within 12 months	4,541	15,176	3,796	11,096

The average credit period on purchase of goods is 60 days (2013 : 60 days). Except for amounts due to a related company, no interest is charged on trade and other payables.

As at December 31, 2014, there was no amount due to a related company. As at December 31, 2013, amount due to a related company bore interest of 7.8%.

The non-current accrued interest payable to ultimate holding company comprises the loan interest payable to the ultimate holding company which is due for repayment on December 31, 2017. The effective interest rate is 1.25% (2013 : 1.29%) per annum.

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
United States dollars	-	124	-	-
Singapore dollar	207	186	207	186
Australian dollar	5	4	5	4
Euro	69	69	-	11
Philippine peso	18	25	18	25

19 LOANS AND BORROWINGS

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Loans from ultimate holding company	74,527	74,527	74,527	74,527
Secured bank loan	-	1,617	-	-
Total	74,527	76,144	74,527	74,527
Less: Amount due for settlement after 12 months	(74,527)	(76,144)	(74,527)	(74,527)
Amount due for settlement within 12 months	-	-	-	-

Loans from ultimate holding company

The loans from ultimate holding company were made on normal commercial terms and conditions and bear interest of LIBOR 3 months + 1% (2013 : LIBOR 3 months + 1%) per annum.

On October 21, 2014, the Company and Bioton entered into an agreement to extend the repayment date of the loans to December 31, 2017. Interests on the loans shall be paid by reference to the outstanding principal sum being repaid, on the repayment date.

Secured bank loan

In the preceding year, SBPL was granted a term loan facility of US\$6.5 million. As at December 31, 2013, the Group had available US\$4.9 million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The loan was eliminated upon the disposal of the subsidiary during the year (Note 27).

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

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Secured bank loans	-	2.40	-	-
Loans from ultimate holding company	1.25	1.29	1.25	1.29

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Secured bank loan	-	1,788	-	-
Loans from ultimate holding company	76,164	75,488	76,164	75,488

19 LOANS AND BORROWINGS (cont'd)

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

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
United States dollar	-	1,617	-	-

20 SHARE CAPITAL

	Group and Company			
	2014	2013	2014	2013
	Number of ordinary shares	US\$'000	US\$'000	US\$'000
	('000)	('000)		
Issued and fully paid up:				
At beginning and end of year	552,270	552,270	42,530	42,530

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

21 RESERVES**(a) Translation Reserves**

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Foreign currency translation reserve	(1,341)	(5,077)	-	-

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

21 RESERVES (cont'd)**(b) Capital Reserve**

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Capital reserve	-	551	-	-

The capital reserve represents effects of changes in ownership interest in SBPL 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. The capital reserve was derecognised upon disposal of SBPL in October 2014 (Note 27).

22 REVENUE

	Group	
	2014	2013
	US\$'000	US\$'000
Sales of goods	23,067	19,466
Profit sharing on sales of insulin (Note 5)	538	1,324
	23,605	20,790

23 OTHER OPERATING EXPENSES

	Group	
	2014	2013
	US\$'000	US\$'000
Advertising and promotional expenses	2,803	1,682
Professional and consultancy fees	480	522
Travel and entertainment expenses	335	285
Insurance premium	259	312
Rental expenses	300	321
Regulatory and clinical research expenses	77	97
Administrative and communication expenses	378	378
Statutory compliance fee	113	115
Storage and distribution expenses	776	900
Others	4	8
	5,525	4,620

24 LOSS FOR THE YEAR

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

	Group	
	2014	2013
	US\$'000	US\$'000
Allowance for doubtful debts	5	5
Loss on disposal of property, plant and equipment	-	2
Loss on disposal of subsidiary relating to discontinued operations (Note 27)	1,273	-
Operating lease expenses	300	321
Auditors' remuneration	113	125
Cost of inventories recognised as expense	10,818	8,931
Employees' benefits expense :		
contributions to defined contribution plans, included in staff costs	73	106
salaries and other benefits	3,041	3,057
	3,114	3,163
Directors' remuneration :		
of the Company	301	283
of the subsidiaries	187	182
	488	465

25 FINANCE INCOME AND EXPENSE

	Group	
	2014	2013
	US\$'000	US\$'000
Interest income received/receivable from:		
- banks	19	15
Interest expense paid/payable to:		
- third party	(2)	(2)
- ultimate holding company (Note 5)	(931)	(963)
	(933)	(965)
Unrealised exchange loss	(170)	(227)
Finance expenses	(1,103)	(1,192)

26 INCOME TAX EXPENSE

	Group	
	2014	2013
	US\$'000	US\$'000
Tax expense comprises:		
Current tax expense	559	412
Adjustments recognised in the current year in relation to the current tax of prior years	2	7
Deferred tax expense (Note 16)	70	147
Total income tax expense	631	566

Domestic income tax calculated at 17% (2013 : 17%) of the assessable profit for the year. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdictions.

	Group	
	2014	2013
	US\$'000	US\$'000
Profit before income tax	2,251	2,096
Income tax expense calculated at 17% (2013 : 17%)	383	356
Effect of revenue that is exempt from taxation	(390)	(403)
Effect of expenses that are not deductible in determining taxable profit	201	219
Effect of utilisation of previously unrecognised tax losses	-	(3)
Effect of different tax rates of subsidiaries operating in other jurisdictions	318	271
Others	119	126
Income tax expense recognised in profit or loss	631	566

Subject to agreement with Comptroller of Income tax and the tax authorities in the relevant tax jurisdictions in which the Group operates and conditions imposed by laws, the Group has tax losses carry-forwards and temporary differences available for offsetting against future taxable income as detailed in Note 16.

27 DISCONTINUED OPERATIONS

On 7 October 2014, the Company closed the transaction for sale for its entire interest (representing 50.01% shareholding) in SciGen BioPharma Pvt. Ltd. ("SBPL") to Anglo Gulf FZE or its nominee for a total consideration of US\$7,000,000. The divestment of the SBPL followed a change in strategy after undue delays and increased costs for the completion of the manufacturing facility in SBPL. The Company does not intend to invest in any new insulin manufacturing facilities. It is intended that the ultimate holding company, Bioton S.A. ("Bioton"), will supply all of the Company's requirements for recombinant human insulin from its manufacturing facility in Poland.

During the year, the Company agreed on settlement of corporate income relating to its former subsidiary in Israel, in accordance to the sale agreement. The subsidiary was classified as discontinued operation and subsequently disposed in 2012. Inclusive of tax and legal consultancy fees, the amount included in discontinued operations was US\$256,000.

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

	Group	
	2014	2013
	US\$'000	US\$'000 (Restated)
Revenue	-	-
Other income	5	17
Expenses ⁽¹⁾	(1,512)	(1,682)
Other operating expenses	-	(11)
Finance income ⁽²⁾	3	7
Finance expenses ⁽³⁾	(304)	(568)
Results from operating activities	(1,808)	(2,237)
Income tax ⁽¹⁾	(241)	-
Loss for the year	(2,049)	(2,237)
Loss on disposal of discontinued operations (Note 24)	(1,273)	-
Loss from discontinued operations	(3,322)	(2,237)
Loss for the year attributable to :		
Equity holders of the Company (Note 28)	(2,426)	(1,119)
Non-controlling interest	(896)	(1,118)
	(3,322)	(2,237)

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

27 DISCONTINUED OPERATIONS (cont'd)

		Group	
		2014	2013
		US\$'000	US\$'000
(2)	Finance income		
	Interest income received/(receivable) from :		
	- banks	3	7
(3)	Finance expenses		
	Interest expense paid/payable to:		
	- banks	(151)	(271)
	- third party	(102)	(108)
		(253)	(379)
	Unrealised exchange loss	(51)	(189)
	Finance expenses	(304)	(568)

At the date of disposal of SBPL, the book values of Group's net assets over which control was lost are as follows :

		Group	
		2014	2013
		US\$'000	US\$'000
	Non-current asset		
	Property, plant and equipment	14,389	-
	Intangible assets	328	-
	Total non-current assets	14,717	-
	Current assets		
	Inventories	20	-
	Other receivables	1,200	-
	Bank balances and cash	513	-
	Total current assets	1,733	-
	Non-current liabilities		
	Loan	(5,502)	-
	Current liabilities		
	Trade and other payables	(1,880)	-
	Net assets derecognised	9,068	-
	Consideration received :		
	Satisfied by cash in current reporting period, and net cash inflow arising on disposal	7,000	-

27 DISCONTINUED OPERATIONS (cont'd)

	Group	
	2014	2013
	US\$'000	US\$'000
Loss on disposal		
Consideration received	7,000	-
Net assets derecognised	(9,068)	-
Non-controlling interests derecognised	4,677	-
Capital reserve derecognised	551	-
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	(3,903)	-
Cost of disposal	(530)	-
Loss on disposal	<u>(1,273)</u>	-

A loss of US\$1,273,000 was generated on the disposal of SBPL. No tax charge or credit arose on the transaction.

During the year, SBPL incurred net cash outflow from operating activities of US\$1,696,000 (2013 : US\$665,000), net cash outflow from investing activities of US\$305,000 (2013 : US\$675,000) and net cash inflow from financing activities of US\$2,296,000 (2013: US\$1,440,000).

28 EARNINGS PER SHARE

From continuing and discontinued operations

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

	Group	
	2014	2013
	US\$'000	US\$'000
(i) Profit for the purposes of basic earnings per share	(806)	411
	2014	2013
	Number of ordinary shares	
	'000	'000
(ii) Weighted average number of ordinary shares for the purposes of basic earnings per share	552,270	552,270

From continuing operations

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

	Group	
	2014	2013
	US\$'000	US\$'000
Profit for the year attributable to owners of the Company	(806)	411
Less:		
Profit for the year from discontinued operations (Note 27)	2,426	1,119
Profit for the purposes of basic earnings per share from continuing operations	1,620	1,530

29 SEGMENT INFORMATION

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

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

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

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than the investment property) and related revenue, loans and expenses, corporate assets and head office expenses.

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

The Group's reportable segments are as follows:

Singapore

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

Australia

Includes sales and marketing activities.

India

Disposal of the subsidiary was completed during the financial year.

The segment was classified as discontinued operations for the year ended December 31, 2014 and year ended December 31, 2013.

Korea

Includes sales and marketing activities.

Thailand

Includes sales and marketing activities.

Philippines

Includes sales and marketing activities.

29 SEGMENT INFORMATION (cont'd)

China

Includes regulatory activities.

Others

Include operations carried on in Indonesia, Pakistan, Vietnam, Hong Kong, Myanmar, Malaysia and profit sharing income on sale of insulin. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2014 or 2013.

Major customers

Revenue from two distributors, namely from Thailand and Philippines, represent approximately US\$6,601,000 (2013 : US\$5,892,000 from Thailand and Philippines) of the Group's total revenue.

Information regarding the Group's reportable segments :

	Singapore	Australia	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
For year ended December 31, 2014											
Revenue											
Sales to external customers	2,640	7,554	5,419	4,875	1,726	-	1,391	-	23,605	-	23,605
Inter-segment sales	(2,573)	1,671	902	-	-	-	-	-	-	-	-
Total sales revenue	67	9,225	6,321	4,875	1,726	-	1,391	-	23,605	-	23,605
Results											
EBITDA	(24)	2,073	1,708	477	406	(97)	820	(1,536)	3,827	(3,006)	821
Depreciation & amortisation	-	(53)	(1)	-	(1)	(1)	-	(436)	(492)	(13)	(505)
Interest expense	-	(203)	41	-	(2)	-	-	(939)	(1,103)	(304)	(1,407)
Interest income	-	12	7	-	-	-	-	-	19	3	22
Tax expense	-	(251)	(310)	-	-	-	-	(70)	(631)	(2)	(633)
	(24)	1,578	1,445	477	403	(98)	820	(2,981)	1,620	(3,322)	(1,702)
Non-controlling interest											896
Loss attributable to equity holders											(806)

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Others	Unallocated	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000

As at December 31, 2014

Segment Assets

Total non-current assets	-	150	-	2	-	2	2	-	4,405	4,561
Deferred tax assets	-	-	-	-	-	-	-	-	6,923	6,923
Total current assets	31	3,041	-	3,091	642	522	119	166	13,062	20,674
Segment assets	31	3,191	-	3,093	642	524	121	166	24,390	32,158

Segment liabilities

Segment liabilities	-	(653)	-	(538)	-	(47)	(2)	-	(89,497)	(90,737)
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* EBITDA – Earnings before interest, Taxation, Depreciation and Amortisation

Information regarding the Group's reportable segments (cont'd):

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

Information regarding the Group's reportable segments (cont'd) :

	Singapore	Australia	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
For year ended December 31, 2013											
Revenue											
Sales to external customers	4,362	6,811	2,050	4,162	1,730	-	1,675	-	20,790	-	20,790
Inter-segment sales	(4,343)	2,477	1,866	-	-	-	-	-	-	-	-
Total sales revenue	19	9,288	3,916	4,162	1,730	-	1,675	-	20,790	-	20,790
Results											
EBITDA	(34)	2,184	908	407	400	(102)	1,440	(1,488)	3,715	(1,651)	2,064
Depreciation & amortisation	-	(80)	(1)	-	(2)	(2)	-	(357)	(442)	(25)	(467)
Interest expense	-	(345)	77	-	(2)	(2)	-	(920)	(1,192)	(568)	(1,760)
Interest income	-	13	2	-	-	-	-	-	15	7	22
Tax expense	-	(272)	(147)	-	-	-	-	(147)	(566)	-	(566)
	(34)	1,500	839	407	396	(106)	1,440	(2,912)	1,530	(2,237)	(707)
Non-controlling interest											1,118
Profit attributable to equity holders											411
As at December 31, 2013											
Segment Assets											
Total non-current assets	-	233	14,498	2	-	2	2	-	16,098		30,835
Deferred tax assets	-	-	-	-	-	-	-	-	6,993		6,993
Total current assets	4	2,857	1,394	2,196	735	581	89	53	977		8,886
Segment assets	4	3,090	15,892	2,198	735	583	91	53	24,068		46,714
Segment liabilities											
Segment liabilities	-	(729)	(5,266)	(411)	-	(49)	(2)	-	(95,678)		(102,135)

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

Information regarding the Group's reportable segments (cont'd) :

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

30 COMMITMENTS

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

(a) Operating lease commitments

The Group as lessee

	Group	
	2014	2013
	US\$'000	US\$'000
Minimum lease payments under operating leases recognised as an expense in the year	300	321

The Group leases a number of offices under operating leases. The leases typically run for an initial period of 1 to 5 years with an option to renew the lease after that date. Lease payments are usually revised when the leases are renewed to reflect market rentals.

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

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Within 1 year	298	308	136	142
After 1 year but within 5 years	137	398	64	209
	435	706	200	351

(b) Capital commitments

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Capital expenditure contracted but not provided for in the financial statements is as follows:				
Acquisition of property, plant and equipment	-	501	-	-

31 EVENTS AFTER THE REPORTING PERIOD

Termination of contract with Stratpharma AG ("Stratpharma")

The agreement between the Company and Stratpharma AG for the marketing and distribution of scar therapy gel in Australia is terminated with effect from 13 February 2015. Loss resulting from the termination is negligible as the remaining inventory amounting to US\$109,000 was sold back to Stratpharma at cost.

32 RETROSPECTIVE RESTATEMENT OF ERROR

Certain restatements have been made to the prior year's financial statements to enhance comparability with the current year's financial statements following the correction of error in relation to the recognition of non-controlling interest during the disposal of 49.99% interest in 2012. Restatements were made to non-controlling interest and accumulated losses to account for the Group's share of land transfer fee and share application costs, in accordance to the investment agreement between the Company and Anglo Gulf Limited.

As a result, certain line items have been amended in the consolidated statement of financial position and consolidated statement of changes in equity and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items in consolidated statement of financial position and consolidated statement of changes in equity of the Group as at 31 December 2013 and 1 January 2013 were restated as follows :

	Group	
	Dec 31, 2013	Dec 31, 2013
	Previously reported	After restatement
	US\$'000	US\$'000
Non-controlling interest	4,819	5,537
Accumulated losses	(98,244)	(98,962)

	Group	
	Jan 1, 2013	Jan 1, 2013
	Previously reported	After restatement
	US\$'000	US\$'000
Non-controlling interest	6,649	7,367
Accumulated losses	(98,655)	(99,373)

Accordingly, there is no impact on financial year 2013 loss for the year and earnings per share.

Shareholder information

The shareholder information set out below was applicable as at February 28, 2015.

On-market buy-back

There is no current on-market buy-back.

Distribution of equity securities**Analysis of CUFS⁽¹⁾ holders :**

			No. of CUFS	No. of CUFS holders
1	-	1,000	57,980	116
1,001	-	5,000	229,857	90
5,001	-	10,000	392,058	51
10,001	-	100,000	7,322,406	197
100,001 and over			44,241,512	58
			52,243,813	512

Number of holders holding less than a marketable parcel 399

Note:

⁽¹⁾ CUFS are CHESS Units of Foreign Securities relating to ordinary shares in the Company. The shares are held by CHESS Depository Nominees Pty Ltd on behalf of the persons entered in the CUFS register.

Analysis of shareholders:

			No. of Shares	No. of Shareholders
1	-	1,000	-	-
1,001	-	5,000	-	-
5,001	-	10,000	-	-
10,001	-	100,000	-	-
100,001 and over			552,270,320	2
			552,270,320	2

Equity security holders**Major CUFS holders List – Top 20:**

		CUFS	
		Number held	Percentage of issued CUFS
1.	Bioton S.A .	27,760,228	53.14%
2.	J P Morgan Nominees Australia Limited	2,053,884	3.93%
3.	HSBC Custody Nominees (Australia) Limited	1,238,774	2.37%
4.	Mr. Bernard Staunton <The Staunton Super A/C>	1,129,943	2.16%
5.	Dankab Pty Ltd <Dankab P/L Super Fund A/C>	700,000	1.34%
6.	Citicorp Nominees Pty Limited	653,073	1.25%
7.	Dr. Andrew Tan	597,455	1.14%
8.	Bedel & Sowa Corp Pty Ltd	500,000	0.96%
9.	Mr. Charles Bruce Leibowitz	476,486	0.91%
10.	R Mala Pty Ltd <Superfund A/C>	450,000	0.86%
11.	Truganini Pty Ltd	449,538	0.86%
12.	Mr. Raymond John Gaskell	408,500	0.78%
13.	Mr. Paul Anthony Ockelford	374,943	0.72%
14.	Mr. David Alexander Archibald	300,000	0.57%
15.	Mr. Ronald James Witney	285,000	0.55%
16.	Navigator Australia Ltd <MLC Investment Sett A/C>	253,332	0.48%
17.	Mr. Arthur Morris + Mrs. Raewyn Morris + Mr. Chris Hocquard <The Niloc A/C>	225,000	0.43%
18.	Mr. Mark Chapman	224,399	0.43%
19.	Mr. Anthony Ronald Bierre	214,943	0.41%
20.	Mr. Bruce Kenneth Lockett + Mr. Roger Michael Kennedy + Mr. Cynric Rex Tempe-Camp <Mrs. Elaine Temp-Camp A/C>	209,225	0.40%
		38,504,723	73.69%

Major Shareholders List :

		Shares	
		Number held	Percentage of issued shares
1.	Bioton S.A.	500,026,507	90.54%
2.	CHESS Depositary Nominees Pty Ltd	52,243,813	9.46%
		552,270,320	100.00%

Substantial shareholders

Substantial shareholder in the Company is set out below:

	Shares and CUFS	
	Number held	Percentage of issued shares
Bioton S.A .	527,786,735	95.57%

Voting rights

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

(a) Voting shares

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

(b) Options

No voting rights.

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