



# **SciGen Limited**

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

### **For the Twelve Months Ended 31 December 2014**

(ABRN 101 318 852)

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

Current Reporting Period: Twelve months ended 31 December 2014

Previous Corresponding Period: Twelve months ended 31 December 2013

# SCIGEN LIMITED

## APPENDIX 4E – PRELIMINARY FINAL REPORT

### Results For Announcement To The Market For The Year Ended 31 December 2014

#### Revenue and Net Loss

The table below allows a comparison of the business performance for the 12 months ended 31 December 2014 with the 12 months ended 31 December 2013.

	<u>Current financial year</u> 12 Months ended 31 December 2014 US\$ '000	<u>Previous financial year</u> 12 Months ended 31 December 2013 US\$ '000
Revenue from ordinary activities (continuing operations)	23,605	20,790
Profit from ordinary activities after related income tax <sup>(1)</sup> <sup>(2)</sup>	1,620	1,530
(Loss)/Profit for the year (including discontinued operations) attributable to members	(806)	411

		<u>Percentage Change</u>		<u>Amount US\$ '000</u>
Revenue from ordinary activities (continuing operations)	Up	14%	To	23,605
Profit from ordinary activities after related income tax <sup>(1)</sup> <sup>(2)</sup>	Up	6%	To	1,620
(Loss)/Profit for the year (including discontinued operations) attributable to members	Down	296%	To	(806)

<sup>(1)</sup>Profit from ordinary activities excludes trading results of discontinued operations.

<sup>(2)</sup>Comparative figure has been restated to reclassify results of a subsidiary in India as discontinued operations.

#### Revenue

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.

# SCIGEN LIMITED

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### Results For Announcement To The Market For The Year Ended 31 December 2014

#### Trading Results

Results from ordinary activities of a subsidiary in India, SciGen BioPharma Pvt. Ltd., were classified as discontinued operations in income statement 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 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\$11,860,000 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\$927,000 with higher revenue.
- Increase in other income which comprises marketing commission, insurance compensation, government incentives and royalty income by US\$85,000.
- 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 SciGen BioPharma Pvt. Ltd. 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 for two products, pricing pressure amid budget austerity and volatile currency movements.

#### Dividend

No dividends were paid during the year ended 31 December 2014 and directors do not recommend that a payment be made for the year ended 31 December 2014.

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For The Year Ended 31 December 2014**

<b>Continuing Operations</b>	<b>Note</b>	<b>12 Months Ended 31 December 2014 US\$ '000</b>	<b>12 Months Ended 31 December 2013 US\$ '000</b>
Revenue		23,605	20,790
Other income (net)		226	141
Changes in inventories of finished goods		257	349
Purchases		(11,075)	(9,280)
Staff costs		(3,602)	(3,628)
Depreciation of property, plant and equipment		(58)	(68)
Amortisation of lease prepayment		-	-
Amortisation of intangible assets		(434)	(374)
Write-off of intangible assets		(48)	-
Write-off of property, plant and equipment		-	(10)
Write-off of inventories		(11)	(25)
Loss on disposal of property, plant and equipment		-	(2)
Other expenses		(5,525)	(4,620)
Profit before interest and tax		3,335	3,273
Finance income	3	19	15
Finance expense	3	(1,103)	(1,192)
<b>Profit before income tax</b>		2,251	2,096
Income tax expense		(631)	(566)
<b>Profit from Continuing Operations</b>		1,620	1,530
<b>Discontinued Operations</b>			
Loss from Discontinued Operations (net of income tax)	4	(3,322)	(2,237)
<b>(Loss)/ Profit for the year</b>		(1,702)	(707)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations, representing other comprehensive income for the year, net of tax		(131)	(1,552)
Exchange differences reclassified to profit or loss, for the year on disposal of discontinued operation		3,903	-
<b>Total comprehensive profit/(loss) for the year</b>		2,070	(2,259)
<b>(Loss)/Profit for the year attributable to:</b>			
Equity holders of the Company		(806)	411
Non-controlling interest		(896)	(1,118)
<b>(Loss)/Profit for the year</b>		(1,702)	(707)
<b>Total comprehensive profit/(loss) attributable to:</b>			
Equity holders of the Company		2,930	(429)
Non-controlling interest		(860)	(1,830)
<b>Total comprehensive profit/(loss) for the year</b>		2,070	(2,259)

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For The Year Ended 31 December 2014**

	<u>Note</u>	12 Months Ended 31 December 2014 <u>US\$ '000</u>	12 Months Ended 31 December 2013 <u>US\$ '000</u>
<b>Earnings per share</b>			
<b>From continuing and discontinued operations :</b>			
Basic earnings per share (cents)	17	(0.146)	0.074
<b>From continuing operations :</b>			
Basic earnings per share (cents)	17	0.293	0.277

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

*The above Consolidated Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the accompanying notes, the Report and Financial Statements for the twelve months ended 31 December 2014 and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.*

# SCIGEN LIMITED

## APPENDIX 4E – PRELIMINARY FINAL REPORT

### Consolidated Statement of Financial Position As At 31 December 2014

ASSETS	Note	31 December 2014 US\$ '000	31 December 2013 US\$ '000 (Restated)	31 December 2012 US\$ '000 (Restated)
<b>Current Assets</b>				
Cash and cash equivalents		2,759	1,665	1,799
Trade and other receivables		4,110	5,007	9,914
Inventories		2,525	2,214	1,829
Assets classified as held for sale	6	11,280	-	-
<b>Total current assets</b>		<u>20,674</u>	<u>8,886</u>	<u>13,542</u>
<b>Non-Current Assets</b>				
Property, plant and equipment	7	138	14,262	15,400
Intangible assets	8	4,423	13,151	13,116
Lease prepayments	9	-	330	377
Restricted long-term fixed deposits	10	-	41	-
Long-term prepayments	11	-	3,000	3,000
Other receivables		-	51	-
Deferred tax assets		6,923	6,993	7,140
<b>Total non-current assets</b>		<u>11,484</u>	<u>37,828</u>	<u>39,033</u>
<b>Total assets</b>		<u>32,158</u>	<u>46,714</u>	<u>52,575</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables		4,541	15,176	21,745
Income tax payable		310	388	-
<b>Total current liabilities</b>		<u>4,851</u>	<u>15,564</u>	<u>21,745</u>
<b>Non-Current Liabilities</b>				
Bank loan	12	-	1,617	-
Loans from ultimate holding company	13	74,527	74,527	74,527
Other payables	14	11,359	10,427	9,465
<b>Total non-current liabilities</b>		<u>85,886</u>	<u>86,571</u>	<u>83,992</u>
<b>Capital, reserves and non-controlling interests</b>				
Share capital		42,530	42,530	42,530
Capital reserves	15	-	551	551
Translation reserves		(1,341)	(5,077)	(4,237)
Accumulated losses		(99,768)	(98,962)	(99,373)
<b>Capital deficiency</b>		<u>(58,579)</u>	<u>(60,958)</u>	<u>(60,529)</u>
Non-controlling interests	16	-	5,537	7,367
<b>Net capital deficiency</b>		<u>(58,579)</u>	<u>(55,421)</u>	<u>(53,162)</u>
<b>Total liabilities and equity</b>		<u>32,158</u>	<u>46,714</u>	<u>52,575</u>

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, the Report, the Financial Statements for the twelve months ended 31 December 2014, and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.*

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**Consolidated Statement of Changes in Equity**  
**For The Year Ended 31 December 2014**

	Share capital	Capital reserves	Translation reserve	Accumulated losses	Total attributable to equity holders	Non- controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2013 (Restated)	42,530	551	(4,237)	(99,373)	(60,529)	7,367	(53,162)
Total comprehensive loss for the year			(840)	411	(429)	(1,830)	(2,259)
Balance at 31 December 2013 (Restated)	42,530	551	(5,077)	(98,962)	(60,958)	5,537	(55,421)
Balance at 1 January 2014	42,530	551	(5,077)	(98,962)	(60,958)	5,537	(55,421)
Total comprehensive loss for the year			3,736	(806)	2,930	(860)	2,070
Disposal of subsidiary		(551)			(551)	(4,677)	(5,228)
Balance at 31 December 2014	42,530	-	(1,341)	(99,768)	(58,579)	-	(58,579)

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**Consolidated Statement of Cash Flows**  
**For The Year Ended 31 December 2014**

	12 Months to 31 December 2014 <u>US\$ '000</u>	12 Months to 31 December 2013 <u>US\$ '000</u>
<b>Operating Activities</b>		
<b>(Loss)/Profit before income taxes</b>	(1,068)	(141)
Adjustments for:		
Depreciation of property, plant and equipment	69	89
Amortization of intangible assets	434	374
Amortization of leasehold prepayment	3	4
Write-off of intangible assets	48	-
Write-off of property, plant and equipment	-	10
Write-off of inventories	11	25
Gain on sale of subsidiary	-	-
Loss on sale of discontinued operation	1,273	-
Loss on disposal of property, plant and equipment	-	2
Allowance for doubtful debts	5	5
Interest income	(22)	(22)
Interest expense	1,186	1,343
Net foreign exchange losses	221	297
	<u>3,228</u>	<u>2,127</u>
<b>Operating cash flow before working capital changes</b>	2,160	1,986
<b>(Increase)/Decrease in working capital</b>		
Inventories	(342)	(385)
Trade and other receivables	680	3,360
Trade and other payables (Note A)	(9,371)	(6,950)
	<u>(6,873)</u>	<u>(1,989)</u>
<b>Cash (used in)/from operations</b>	(6,873)	(1,989)
Income taxes paid	(636)	(31)
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(7,509)</u>	<u>(2,020)</u>
<b>Investing Activities</b>		
Interest received	22	22
Proceeds from disposal of property, plant & equipment	-	1
Proceeds from disposal of discontinued operation, net of cash disposed (Note A)	6,487	1,495
Purchase of property, plant & equipment	(278)	(725)
Purchase of intangible assets	(34)	(429)
<b>Net cash inflow/(outflow) from investing activities</b>	<u>6,197</u>	<u>364</u>
<b>Financing Activities</b>		
Interest paid	(121)	(179)
Restricted long-term fixed deposits	-	(41)
Repayment of bank loans	-	-
Proceeds from bank loans (Note B)	2,415	1,617
Loans from outside parties	-	-
<b>Net cash inflow from financing activities</b>	<u>2,294</u>	<u>1,397</u>
Net 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 fluctuation on cash and cash equivalents	112	125
<b>Cash and cash equivalents at end of the year</b>	<u>2,759</u>	<u>1,665</u>

# SCIGEN LIMITED

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### Consolidated Statement of Cash Flows For The Year Ended 31 December 2014

**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.

**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. Disposal transaction of discontinued operation was completed on 7 October 2014.

*The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, the Report and Financial Statements for the twelve months ended 31 December 2014, and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.*

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### **Notes To The Consolidated Financial Information For The Year Ended 31 December 2014**

1. **GOING CONCERN**
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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2014

#### 1. Going Concern

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

During the year ended 31 December 2014, the Group incurred a loss of US\$1,702,000 including discontinued operation (2013 : US\$707,000) and had negative operating cash flow of US\$7,509,000 (2013 : US\$2,020,000) . At the year end the Group had net current assets of US\$15,823,000 (2013 : net current liabilities of US\$6,678,000) and net capital deficiency of US\$58,579,000 (2013 : US\$55,421,000).

No additional loans were provided by Bioton during the year (2013 : Nil). As at 31 December 2014, the Group has a loan from Bioton of US\$74,527,000 (2013 : US\$74,527,000).

#### 2. Basis of Preparation

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

The significant accounting policies adopted are consistent with those applied in the Group’s consolidated financial statements for the year ended 31 December 2013, except that the Group has adopted all the new Financial Reporting Standards (“FRS”) and Interpretation of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning 1 January 2014. The adoption of these new/revised FRSs and INT FRS does not result in changes to the Group accounting policies and has no material effects on the amounts reported for the current or prior years’ financial statements.

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

- Amendments to FRS 16 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 1 *Disclosure Initiative*
- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Improvements to FRSs (November 2014)

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

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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2014

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

#### United States Dollars Presentation

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

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

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

### 3. Additional disclosure for Statement of Comprehensive Income

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

	<b>12 Months Ended 31 December 2014 <u>US\$ '000</u></b>	<b>12 Months Ended 31 December 2013 <u>US\$ '000</u></b>
Interest income received from :		
- Banks	19	15
Finance income	19	15
Interest expense paid/payable to :		
- Other entities	(2)	(2)
- Ultimate holding company	(931)	(963)
	(933)	(965)
Exchange loss	(170)	(227)
Finance expenses	(1,103)	(1,192)

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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2014

#### 4. Discontinued Operations

On 7 October 2014, the Company closed the transaction for sale for 50.01% of Company's interest in SciGen BioPharma Pvt. Ltd. ("SBPL") to Anglo Gulf Limited 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 :

	<b>12 Months Ended 31 December 2014 <u>US\$ '000</u></b>	<b>12 Months Ended 31 December 2013 <u>US\$ '000</u></b>
Revenue	-	-
Other income	5	17
Expenses <sup>(1)</sup>	(1,512)	(1,682)
Other operating expenses	-	(11)
Finance income	3	7
Finance expenses	(304)	(568)
Loss from operating activities	(1,808)	(2,237)
Income tax <sup>(1)</sup>	(241)	-
Loss from operating activities, net of income tax	(2,049)	(2,237)
Loss on disposal of a subsidiary relating to discontinued operations (Note 5)	(1,273)	-
Loss for the year	(3,322)	(2,237)
<u>Loss for the year attributable to :</u>		
Equity holders of the Company	(2,426)	(1,119)
Non-controlling interest	(896)	(1,118)
	(3,322)	(2,237)

<sup>(1)</sup> 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.

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).

The carrying amounts of the assets and liabilities of SBPL at the date of disposal are disclosed in Note 5.

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**Notes To The Consolidated Financial Information**  
**For The Year Ended 31 December 2014**

**5. Disposal of subsidiary**

As referred to in Note 4 of the preliminary final report, the Company closed the transaction for sale for 50.01% of Company's interest in SBPL to Anglo Gulf Limited for a total consideration of US\$7,000,000.

Details of the disposal are as follows :

***Book values of net assets over which control was lost***

	<b>2014</b> <b>US\$ '000</b>	<b>2013</b> <b>US\$ '000</b>
<u>Non-current asset</u>		
Property, plant and equipment	14,389	-
Intangible assets	328	-
Total non-current assets	<u>14,717</u>	<u>-</u>
<u>Current assets</u>		
Inventories	20	-
Other receivables	1,200	-
Bank balances and cash	513	-
Total current assets	<u>1,733</u>	<u>-</u>
<u>Non-current liabilities</u>		
Loan	(5,502)	-
<u>Current liabilities</u>		
Trade and other payables	(1,880)	-
Net assets derecognised	<u>9,068</u>	<u>-</u>
<b>Consideration received :</b>		
Cash	<u>7,000</u>	<u>-</u>
<b>Loss on disposal :</b>		
Consideration received	7,000	-
Net assets derecognized	(9,068)	-
Non-controlling interest derecognized	4,677	-
Capital reserve derecognized	551	-
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	(3,903)	-
Cost of disposal	(530)	-
Loss on disposal (Note 4)	<u>(1,273)</u>	<u>-</u>

The loss on disposal of the subsidiary is recorded as part of the loss for the year from discontinued operations in the statement of profit or loss and other comprehensive income. No tax charge or credit arose on the transaction. The impact of SBPL on the Group's results and cash flows in the current and prior periods is disclosed in Note 4.

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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2014

#### 6. Assets Classified as Held for Sale

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

The Design Package 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.

#### 7. Property, Plant and Equipment

During the year, the Group acquired property, plant and equipment of approximately US\$279,000 (2013 : US\$725,000).

Disposal of property, plant and equipment with the disposal of subsidiary amounted to US\$14,389,000 (2013: nil). The Group disposed certain of its property, plant and equipment without carrying amount for proceed of US\$4 (2013 : carrying amount of US\$3,000 for proceed of US\$1,000).

During the year, the Group did not write-off property, plant and equipment (2013 : US\$10,000).

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**Notes To The Consolidated Financial Information**  
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**8. Intangible Assets**

	<u>Licences</u> <u>US\$ '000</u>	<u>Computer</u> <u>software</u> <u>US\$ '000</u>	<u>Development</u> <u>costs</u> <u>US\$ '000</u>	<u>Total</u> <u>US\$ '000</u>
<u>Cost</u>				
At 1 January 2013	13,666	75	1,511	15,252
Additions	-	-	429	429
Translation differences	-	-	(49)	(49)
At 31 December 2013	13,666	75	1,891	15,632
Additions	-	-	34	34
Reclassification from long term prepayment (Note 11)	3,000	-	-	3,000
Reclassification to asset held for sale (Note 6)	(11,280)	-	-	(11,280)
Disposal of subsidiary (Note 5)	-	-	(186)	(186)
Write-off	-	-	(112)	(112)
Translation differences	-	-	(3)	(3)
At 31 December 2014	5,386	75	1,624	7,085
<u>Accumulated amortisation</u>				
At 1 January 2013	1,176	68	698	1,942
Amortisation charge for the year	217	2	155	374
Translation differences	-	-	(35)	(35)
At 31 December 2013	1,393	70	818	2,281
Amortisation charge for the year	216	2	215	433
Eliminated on disposal of subsidiary (Note 5)	-	-	(186)	(186)
Write-off	-	-	(64)	(64)
Translation differences	-	-	(1)	(1)
At 31 December 2014	1,609	72	782	2,463
<u>Impairment losses</u>				
At 1 January 2013	-	-	194	194
Translation differences	-	-	6	6
At 31 December 2013	-	-	200	200
Translation differences	-	-	(1)	(1)
At 31 December 2014	-	-	199	199
<u>Carrying amount</u>				
At 31 December 2013	12,273	5	873	13,151
At 31 December 2014	3,777	3	643	4,423

**9. Lease Prepayments**

Lease prepayments as at 31 December 2013 pertain to leasehold land held by a subsidiary situated in India which was subsequently disposed during the year (Note 5).

# SCIGEN LIMITED

## APPENDIX 4E – PRELIMINARY FINAL REPORT

### Notes To The Consolidated Financial Information For The Year Ended 31 December 2014

#### 10. Restricted Long-Term Fixed Deposits

The fixed deposits as at 31 December 2013 mature on 8 February 2018 and were held under lien with Central Excise & Customs Authorities of India, which were subsequently disposed during the year (Note 5).

#### 11. Long-Term Prepayments

Long term prepayment relates to enhanced design plans for the construction of large scale production facilities in India. The long term prepayment was reclassified to intangible assets during the year (Note 8).

#### 12. Bank Loan

In the preceding year, SBPL was granted a term loan facility of US\$6,500,000, which was subsequently disposed during the year (Note 5).

<u>Secured – at amortised cost</u>	<u>2014</u> <u>US\$ '000</u>	<u>2013</u> <u>US\$ '000</u>
Bank loan	-	1,617

Repayment was to commence from 30 September 2015 and was to continue until 30 September 2021. The bank loan carried interest rate at 6 months LIBOR plus 450bps per annum. The loan was secured on land and building, movable fixed assets and all present and future current assets of the subsidiary.

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

Group	Weighted average effective interest rate	Within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
2014	%	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Variable interest rate loans	-	-	-	-	-	-
<hr/>						
<b>2013</b>						
Variable interest rate loans	2.4	-	767	1,021	(171)	1,617
		-	767	1,021	(171)	1,617

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

	<u>2014</u> <u>US\$ '000</u>	<u>2013</u> <u>US\$ '000</u>
Bank loan	-	1,788

# SCIGEN LIMITED

## APPENDIX 4E – PRELIMINARY FINAL REPORT

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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2014

#### 13. Loan from Ultimate Holding Company

The loans from ultimate holding company bear interest of LIBOR 3 months + 1% (2013 : LIBOR 3 months + 1%) per annum. The effective interest rate for the loan is 1.25% (2013 : 1.29%) per annum.

On 21 October 2014, the Company and Bioton entered into an agreement to extend the repayment date of the loan to 31 December 2017.

#### 14. Other Payables

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

#### 15. Capital Reserves

The capital reserves represented effects of changes in ownership interest in SBPL when there was no loss of control in 2012. The reserves were derecognised upon disposal of SBPL during the year.

#### 16. Non-Controlling Interests

The non-controlling interests related to an investee's 49.99% interest in shares of SBPL. Non-controlling interests were derecognised upon disposal of SBPL during the year.

# SCIGEN LIMITED

## APPENDIX 4E – PRELIMINARY FINAL REPORT

### Notes To The Consolidated Financial Information For The Year Ended 31 December 2014

#### 17. Earnings Per Share

##### From continuing and discontinued operations

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

	12 Months Ended 31 December 2014 <u>US\$ '000</u>	12 Months Ended 31 December 2013 <u>US\$ '000</u>
(i) (Loss)/Profit for the purposes of basic earnings per share	(806)	411
	<b>Number of shares</b>	
	<b>('000)</b>	<b>('000)</b>
(ii) Weighted average number of ordinary shares for the purposes of basic earnings per share	552,270	552,270

##### From continuing operations

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

	12 Months Ended 31 December 2014 <u>US\$ '000</u>	12 Months Ended 31 December 2013 <u>US\$ '000</u>
(Loss)/Profit for the year attributable to owners of the Company	(806)	411
<b>Less :</b>		
Loss for the year from discontinued operations	2,426	1,119
Profit for the purposes of basic earnings per share from continued operations	1,620	1,530

#### 18. Net Tangible Liabilities Per Share

	2014 <u>(US¢ per share)</u>	2013 <u>(US¢ per share)</u>
Net tangible liabilities per share	(14.704)	(13.683)

# SCIGEN LIMITED

## APPENDIX 4E – PRELIMINARY FINAL REPORT

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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2014

#### 19. Segment Information

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

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

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

The Group's reportable segments are as follows:

##### **Singapore**

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

##### **Australia**

Includes sales and marketing activities.

##### **India**

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

##### **Korea**

Includes sales and marketing activities.

##### **Thailand**

Includes sales and marketing activities.

##### **Philippines**

Includes sales and marketing activities.

##### **China**

Includes regulatory activities.

##### **Others**

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

##### **Major customers**

Revenue from two end-customers, from Thailand and Philippines, represent approximately US\$6,674,000 (2013 : US\$5,892,000 from Thailand and Philippines) of the Group's total revenue.

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**Notes To The Consolidated Financial Information**  
**For The Year Ended 31 December 2014**

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

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

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

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	<u>Singapore</u>	<u>Australia</u>	<u>Korea</u>	<u>Thailand</u>	<u>Philippines</u>	<u>China</u>	<u>Others</u>	<u>Unallocated</u>	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>For year ended 31 Dec 2013</b>											
<b>Revenue</b>											
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	<u>19</u>	<u>9,288</u>	<u>3,916</u>	<u>4,162</u>	<u>1,730</u>	<u>-</u>	<u>1,675</u>	<u>-</u>	<u>20,790</u>	<u>-</u>	<u>20,790</u>
<b>Results</b>											
Segment results	<u>(34)</u>	<u>1,772</u>	<u>986</u>	<u>407</u>	<u>396</u>	<u>(106)</u>	<u>1,440</u>	<u>(2,765)</u>	<u>2,096</u>	<u>(2,237)</u>	<u>(141)</u>
Income tax expense											<u>(566)</u>
Profit for the year											<u>(707)</u>
Non-controlling interest											<u>1,118</u>
Profit attributable to equity holders											<u>411</u>
<b>As at 31 Dec 2013</b>											
<b>Segment Assets</b>											
Total non-current assets	-	233	14,498	2	-	2	2	-	16,098	30,835	
Deferred tax assets	-	-	-	-	-	-	-	-	6,993	6,993	
Total current assets	<u>4</u>	<u>2,857</u>	<u>1,394</u>	<u>2,196</u>	<u>735</u>	<u>581</u>	<u>89</u>	<u>53</u>	<u>977</u>	<u>8,886</u>	
Total assets	<u>4</u>	<u>3,090</u>	<u>15,892</u>	<u>2,198</u>	<u>735</u>	<u>583</u>	<u>91</u>	<u>53</u>	<u>24,068</u>	<u>46,714</u>	
<b>Segment liabilities</b>											
Total liabilities	<u>-</u>	<u>(729)</u>	<u>(5,266)</u>	<u>(411)</u>	<u>-</u>	<u>(49)</u>	<u>(2)</u>	<u>-</u>	<u>(95,678)</u>	<u>(102,135)</u>	

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**For The Year Ended 31 December 2014**

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

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### Notes To The Consolidated Financial Information For The Year Ended 31 December 2014

#### 20. Event After the Reporting Date

##### 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 will be sold back to Stratpharma at cost.

#### 21. 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 errors in relation to the recognition of group’s share of liabilities in SBPL during the disposal of 49.99% interest in 2012.

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

	<b>2013 Previously reported US\$ ‘000</b>	<b>2013 After restatement US\$ ‘000</b>
Non-controlling interest	4,819	5,537
Accumulated losses	<u>(98,244)</u>	<u>(98,962)</u>
	<b>2012 Previously reported US\$ ‘000</b>	<b>2012 After restatement US\$ ‘000</b>
Non-controlling interest	6,649	7,367
Accumulated losses	<u>(98,655)</u>	<u>(99,373)</u>

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

#### 22. Information on Audit or Review

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

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