
ASX Announcement and Media Release

1 September 2004

SciGen Limited

Strategic partnership with Shreya expanded through capital raising bringing further financial and operational strength to SciGen

The Directors of SciGen Limited ("SciGen") today announced that an agreement has been reached to expand its important strategic relationship with the progressive international biopharmaceutical and pharmaceutical company Shreya Group ("Shreya") which has operations in India and Russia.

SciGen has agreed to place 22 million shares (approximately 5% of issued capital) at an offer price of 7 cents per share to Shreya ("Initial Placement") by mid October 2004. In addition, SciGen will make a 1 for 4 non-renounceable rights issue to be offered to all SciGen shareholders (including Shreya post-placement) at 6 cents per share.

SciGen's current major shareholders, SciTech Genetics Pte Ltd and Sonic Healthcare Limited (which currently hold in aggregate approximately 37.5% of SciGen) have both indicated that they will be taking up their entitlement to the rights issue.

To the extent that Shreya's shareholding after the Initial Placement and rights issue is less than 24%, SciGen has undertaken to place additional shares with Shreya ("Final Placement") at the rights issue offer price to bring its shareholding up to 24% of the expanded capital, subject to shareholder approval.

As an adjunct to the rights issue, it is intended that SciGen shareholders holding unmarketable parcels (less than A\$500 in value) who take up their rights will also be provided with the opportunity to top up their holdings to marketable parcels.

The Initial and Final Placements and rights issue will raise a minimum of A\$11.2 million and a maximum of A\$16.4 million, depending on the level of subscription to the rights issue by SciGen shareholders.

The essential terms of the placement agreements have been agreed with Shreya and these documents will now be executed as soon as practicable. It is proposed that shareholder approval for the Final Placement be sought at the company's AGM on 22 November 2004. If approved by shareholders, the Final Placement will be completed by end of January 2005. Shareholders will be advised of the final timetable in documents to be distributed with the Notice of Meeting for the AGM.

Shreya's Chairman Mr Sujit Kumar Singh and Director Mr Ajit Bhaskar will also be invited to take up seats on the SciGen Board on completion of the Initial Placement and execution of the placement agreements.

Mr Paul Freiman, Chairman of SciGen said “This is a geometric expansion of our existing strategic partnership between SciGen and Shreya. SciGen has a well established presence in the Asia Pacific region and has a robust portfolio of products. SciGen’s ability to commercialise key products in the region has been clearly demonstrated over the past two years. Shreya is a well established pharmaceutical and biopharmaceutical company with a growing global presence and annual turnover of US\$500 million. The combination of Shreya’s expertise and financial strength with SciGen’s proven business model and product portfolio is expected to increase shareholder value. The financial support this transaction brings is expected to be sufficient to fund SciGen through to a cash flow and earnings positive position. In addition, the cash injection will enable SciGen to explore not only new product licensing opportunities, but also to look to new and competitive formulation and delivery systems as well as examine clinical development opportunities to extend the competitive position of SciGen’s existing portfolio.”

“We have the opportunity with this transaction to create a “virtual” fully integrated biopharmaceutical organisation. SciGen will gain access to the R&D partnerships established by Shreya; it further secures the manufacturing relationship SciGen already has with Shreya’s US\$20 million biotechnology manufacturing facility being built near Mumbai and it will provide for leverage of each party’s expertise in regulatory affairs, scientific affairs , sales, marketing and distribution. This expands SciGen’s and Shreya’s shared horizons significantly”, Mr Freiman said.

Mr Sujit Kumar Singh, Chairman of Shreya Group said “We are very excited about further developing our strategic relationship with such a great company as SciGen. It has demonstrated over the last two years that it has the capacity to establish deals and achieve commercial success for its products. Shreya’s well established position and expertise in sales, marketing, manufacturing and distribution will be available to SciGen to further grow the company.”

Shreya and SciGen already have a commercialisation agreement in place for SciGen’s products in India. In addition, as previously announced, Shreya is building a new US\$20 million biotechnology manufacturing facility at Pune near Mumbai, which will be able to manufacture SciGen’s products. Initially SciGen’s products will be the only products manufactured in this facility through the contract manufacturing agreement previously entered into between the two companies.

Documentation is currently being prepared to enable the transaction to proceed. This will include a notice of meeting which will seek, inter alia, the approval of SciGen shareholders to Shreya attaining a 24% shareholding in SciGen.

SciGen is being advised on this transaction by Baron Partners.

About SciGen

SciGen Ltd is a progressive biotechnology/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 includes vaccines and therapeutics.

SciGen has acquired the rights to manufacture, distribute and market biopharmaceutical products under exclusive licensing arrangements. SciGen's portfolio currently includes proprietary biotechnology-derived products, and biogeneric products, which allows for faster entry into the market, as the biogeneric products 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 currently undertakes R&D activities in collaboration with strategic partners and institutions.

SciGen's major strength lies in its ability to recognise the potential of new products in their early stages of development. Through joint collaboration with its strategic partners, SciGen uses its extensive expertise in regulatory and clinical environments, in conjunction with marketing and promotional infrastructure, to bring to market products which will have significant long-term benefit.

SciGen's business was established in 1988. SciGen is a Singaporean biotechnology company, publicly listed on the Australian Stock Exchange (ASX code SIE). SciGen's headquarters is in Singapore and it also has offices in Australia, USA, Korea, Vietnam, Hong Kong and Philippines and partners in India, China, Indonesia, Israel, Poland and the Netherlands.

About Shreya

Shreya is a privately held organisation which has interests in pharmaceutical and biopharmaceutical products in key therapeutic segments. Shreya has business operations in Russia, India, Africa and the CIS countries. The Shreya Group manages its businesses from Russia and India. The company has recently established a presence in the United Kingdom as a base for future operations in Europe.

The Shreya Group has its origins in Moscow, Russia where it first commenced its activities as a marketing & distribution company in 1995 as Shreya Corporation. Shreya today is the third largest marketing & distribution company in Russia with its financial year 2003 turnover at US\$427 million.

Shreya's entry into the Indian pharmaceutical market occurred in 2001 through the acquisition of the pharmaceutical division of Rallis India Ltd, a Tata Enterprise. Shreya's field force in India now comprises approximately 1,000 sales representatives and 230 field managers.

Shreya is building a biotechnology manufacturing plant in Pune – about 150km from Mumbai. This new plant is due to be completed by first quarter 2005 at a cost of approximately US\$20 million. In the initial stages, 100% of this plant's capacity will be available for SciGen's products to be produced.

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Media enquiries

Mark Compton
Managing Director & CEO
Telephone: +61 2 9234 1700

Web: www.scigen.com.au