

SciGen Ltd

ASX Half-year information – 31 December 2004

(ARBN 101 318 852)

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Lodged with the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2004 Annual Report.

SCIGEN LTD

Results for Announcement to the Market for the half-year ended 31 December 2004 (Previous corresponding period: half-year ended 31 December 2003)

Revenue and Net Loss

		Percentage Change %		Amount S\$'000
Revenue from ordinary activities	Up	24%	To	3,895
Loss from ordinary activities after tax attributable to members	Up	13%	To	(2,187)
Net Loss for the period attributable to members	Up	13%	To	(2,187)

Revenue

Revenue for the half-year increased from the prior half-year due to -

- The registration and commencement of sales of Human Growth Hormone (Scitropin™) and Human Insulin (SciLin™) in India.
- The company continued to increase market share and the size of the market for Human Growth Hormone. Sales for Scitropin™ have increased significantly during the period.

Net Loss

The net loss has increased compared with the previous period due to:

- The increase in employee benefit expenses due to increase in the number of staff as sales and marketing infrastructure continues to increase.
- The increase in the insurance premium for product liability.

Dividend

Due to the early stage of the company's development and ongoing cash requirements, the company does not propose to pay any dividends for the half year ending 31 December 2004 (2003: Nil).

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Half-year Report - 31 December 2004

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by SciGen Limited during the interim reporting period.

SCIGEN LTD

Directors' Report for the half-year ended 31 December 2004

Your directors present their report on the consolidated entity consisting of SciGen Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2004.

Directors

The following persons were directors of SciGen Limited during the whole of the half-year and up to the date of this report:

Mr. Paul Freiman (Chairman)

Mr. Mark R. Compton (Managing Director and Chief Executive Officer)

Mr. Saul A. Mashaal (Vice Chairman – Executive Director)

Dr. Colin S. Goldschmidt

Mr. Christopher D. Wilks

Mr. R. Peter Campbell

Mr. Kenneth Gross

Mr. Barrie R. Martin

Mr. S. Iswaran

SCIGEN LTD

Directors' Report for the half-year ended 31 December 2004

Review of Operations

A summary of consolidated revenues and results for the half-year by significant geographical segments is set out below:

	Segment Revenues		Segment Results	
	2004	2003	2004	2003
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	1,516	727	688	160
Australia	1,431	1,152	214	232
Korea	873	611	22	271
India	457	-	44	(11)
Vietnam	-	370	(171)	(37)
Others	423	465	(112)	(215)
Inter-segment eliminations	(1,230)	(559)	-	-
Unallocated Revenue	425	366	-	-
	<u>3,895</u>	<u>3,132</u>	685	400
Unallocated Revenue less Unallocated Expenses			<u>(2,872)</u>	<u>(2,335)</u>
Loss from ordinary activities before related income tax expense			<u>(2,187)</u>	<u>(1,935)</u>
Income tax expense			-	-
Loss from ordinary activities after related income tax expense			<u>(2,187)</u>	<u>(1,935)</u>
Loss from extraordinary item after related income tax			-	-
Net Loss			<u>(2,187)</u>	<u>(1,935)</u>
Less: Net Loss attributable to outside equity interests			-	-
Net Loss attributable to members of SciGen Limited			<u>(2,187)</u>	<u>(1,935)</u>

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

The Company's activities in the period in review continued to be focused on the registration, marketing and sales of biopharmaceutical products – namely Human Growth Hormone (Scitropin™), SciGen's 3rd generation Hepatitis B Vaccine (Sci-B-Vac™) and recombinant Human Insulin (SciLin™).

SCIGEN LTD

Directors' Report for the half-year ended 31 December 2004

During the half-year and for the period to-date, registration (or other significant milestones) of products were granted or achieved in the following regions (shown by ✓). Existing registrations are noted separately.

Country	Scitropin	Sci-B-Vac	SciLin
Australia	Registered		
Hong Kong	Registered	Registered	
India	✓	GEAC Approval	✓
Korea	Registered		
Philippines	Registered	Registered	✓ *
Singapore	Registered	Registered	
Vietnam		Registered	Registered

* Post Balance Sheet date.

Sales of these products in the regions listed above have commenced. Sales of Scitropin™ (recombinant Human Growth Hormone) have continued to increase in Australia, Singapore, Hong Kong, Korea, and Philippines. Scitropin™ and SciLin™ were launched in India in 2004 by one of SciGen's partners, Shreya Life Sciences. Launch of sales by SciGen's second partner in India, Ranbaxy Laboratories, is expected in the second half-year 2005.

The Company maintains its financial records in Singapore Dollars. With effect from the first quarter of 2004, the Company has been reporting to the Australian Stock Exchange in Singapore Dollars.

The group's revenue increased by 24% over the previous half year to S\$3.895M (S\$3.132M for the half-year ended 31 December 2003). Expenses were higher than for the previous period largely as a consequence of the expanding sales and marketing activities, increase in the number of employees, increase in insurance premiums and business development activities undertaken during the period.

The Group's cash reserves remain adequate to fund ongoing operations and licence fee payments due to Savient Pharmaceuticals Inc (formerly known as Biotechnology General Corporation).

This report is made in accordance with a resolution of the directors.

Mark R. Compton
Managing Director/Chief Executive Officer

Sydney
27 February 2005

SCIGEN LTD

Consolidated Statement of Financial Performance for the half-year ended 31 December 2004

	Note	6 months to 31 Dec 2004 S\$'000	6 months to 31 Dec 2003 S\$'000
Revenues from ordinary activities	2(a)	3,895	3,132
Changes in inventory	2(b)	13	(285)
Purchases	2(b)	(1,353)	(824)
Employee benefit expenses		(2,197)	(1,972)
Depreciation & amortisation expenses		(177)	(124)
Borrowing costs		(5)	(11)
Professional & consultancy fees		(480)	(256)
Business development expenses		(883)	(717)
Insurance premiums		(213)	(115)
Rental expenses		(152)	(166)
Administrative expenses		(314)	(324)
Other expenses from ordinary activities		(321)	(273)
Loss From Ordinary Activities Before Income Tax (Expense)/Benefit		(2,187)	(1,935)
Income tax expense		-	-
Loss From Ordinary Activities After Related Income Tax (Expense)/Benefit		(2,187)	(1,935)
Total Changes in Equity not resulting from transactions with owners as owners		(2,187)	(1,935)
Earnings per security (EPS)		(cents)	(cents)
Basic EPS	5	(0.522)	(0.462)
Diluted EPS	5	(0.522)	(0.462)

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position as at 31 December 2004

	Note	31-Dec-04 S\$'000	30-Jun-04 S\$'000
Current Assets			
Cash assets		5,772	9,555
Receivables		1,735	1,475
Inventories		478	466
Other		630	621
Total Current Assets		<u>8,615</u>	<u>12,117</u>
Non-Current Assets			
Fixed assets		176	191
Intangible assets	3	<u>22,596</u>	<u>22,557</u>
Total Non-Current Assets		<u>22,772</u>	<u>22,748</u>
Total Assets		<u>31,387</u>	<u>34,865</u>
Current Liabilities			
Payables		951	2,238
Provisions		435	419
Total Current Liabilities		<u>1,386</u>	<u>2,657</u>
Non-Current Liabilities			
Payables		<u>409</u>	<u>429</u>
Total Non-Current Liabilities		<u>409</u>	<u>429</u>
Total Liabilities		<u>1,795</u>	<u>3,086</u>
Net Assets		<u>29,592</u>	<u>31,779</u>
Equity			
Contributed equity & reserves		53,413	53,413
Accumulated losses	4	<u>(23,821)</u>	<u>(21,634)</u>
Total Equity		<u>29,592</u>	<u>31,779</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

SCIGEN LTD

Consolidated Statement of Cash Flows for the half-year ended 31 December 2004

<u>Note</u>	<u>6 months to 31 Dec 2004 S\$'000</u>	<u>6 months to 31 Dec 2003 S\$'000</u>
<i>Cash flows from Operating Activities</i>		
Receipts from customers	3,193	1,810
Payments to suppliers and employees	(5,861)	(4,336)
Interest and bill discounts received	136	165
Interest and other costs of finance paid	(5)	(11)
Net cash outflows from operating activities	<u>(2,537)</u>	<u>(2,372)</u>
<i>Cash flows from Investing Activities</i>		
Repayment of loans by related parties	14	3
Payment for property, plant and equipment	(35)	(32)
Payment for intangible assets	<u>(1,225)</u>	<u>(2,359)</u>
Net cash outflows from investing activities	<u>(1,246)</u>	<u>(2,388)</u>
<i>Cash flows from Financing Activities</i>		
Net cash inflows from financing activities	<u>-</u>	<u>-</u>
<i>Net decrease in cash held</i>	(3,783)	(4,760)
<i>Cash at the beginning of the reporting period</i>	<u>9,555</u>	<u>17,369</u>
<i>Cash at the end of the reporting period</i>	<u><u>5,772</u></u>	<u><u>12,609</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the Consolidated Financial Statements for the half-year ended 31 December 2004

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10	IFRS Transition

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Notes to the Consolidated Financial Statements for the half-year ended 31 December 2004

1. Basis of Preparation

This half-year report for the interim reporting period ended 31 December 2004 has been prepared in accordance with Accounting Standards AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board.

This half-year report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by SciGen Ltd during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

In accordance with the Company's announcement, the Company's reports are presented in Singapore dollars, which is the reporting currency of the Company. The comparatives have been restated into Singapore dollars as follows: -

For half-year ended 31 December 2003

SGD 1= AUD

Average rate for the 6 months to 31 December 2003

0.83250

Any difference arising on translation has been included in equity.

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Notes to the Consolidated Financial Statements for the half-year ended 31 December 2004

2. Loss From Ordinary Activities

	6 months to 31 Dec 2004 S\$'000	6 months to 31 Dec 2003 S\$'000
Loss from ordinary activities before income tax includes the following items of revenue and expenses:		
(a) Revenue		
Revenue from operating activities		
<i>Sales of goods</i>	3,470	2,766
Revenue from outside operating activities		
<i>Interest Income</i>	136	165
<i>Other Income</i>	289	201
Revenue from ordinary activities	<u>3,895</u>	<u>3,132</u>

(b) Expenses

Expenses include:

Cost of goods sold	1,340	1,109
Loss on disposal of fixed assets	2	3
Bad & Doubtful debts	3	-

The cost of the licence rights are amortised and charged to the statement of financial performance over the estimated period of right of use, which range from 8 – 20 years.

The amortisation commences from the date the product is marketed, following the successful registration of the products in any countries according to the licence agreements.

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Notes to the Consolidated Financial Statements for the half-year ended 31 December 2004

3. Intangible Assets

	31 Dec 04 S\$'000	30 Jun 04 S\$'000
<u>Cost</u>		
Balance at beginning of financial period	23,269	23,269
Additions	168	-
Balance at end of financial period	23,437	23,269
<u>Accumulated amortisation</u>		
Balance at beginning of financial period	712	491
Amortisation charge	129	221
Balance at end of financial period	841	712
<u>Net Book Value</u>	22,596	22,557

4. Accumulated Losses

	31 Dec 04 S\$'000	30 Jun 04 S\$'000
Balance at beginning of financial period	(21,634)	(17,323)
Net loss for the period/year	(2,187)	(4,311)
Balance at end of financial period/year	(23,821)	(21,634)

5. Earnings Per Share

	6 months to 31 Dec 2004 (cents)	6 months to 31 Dec 2003 (cents)
Basic EPS	(0.522)	(0.462)
Diluted EPS	(0.522)	(0.462)

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Notes to the Consolidated Financial Statements for the half-year ended 31 December 2004

6. Segment Information

Segment Revenues

	External Sales		Inter-Segment		Total	
	6 months to 31 Dec 2004	6 months to 31 Dec 2003	6 months to 31 Dec 2004	6 months to 31 Dec 2003	6 months to 31 Dec 2004	6 months to 31 Dec 2003
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<i>Singapore</i>	286	168	1,230	559	1,516	727
<i>Australia</i>	1,431	1,152	-	-	1,431	1,152
<i>Korea</i>	873	611	-	-	873	611
<i>India</i>	457	-	-	-	457	-
<i>Vietnam</i>	-	370	-	-	(11)	370
<i>Other</i>	423	465	-	-	434	465
Total of all segments					4,700	3,325
Eliminations					(1,230)	(559)
Unallocated					425	366
Revenue from Ordinary Activities					3,895	3,132

Segment Results

	6 months to 31 Dec 2004	6 months to 31 Dec 2003
	S\$'000	S\$'000
<i>Singapore</i>	688	160
<i>Australia</i>	214	232
<i>Korea</i>	22	271
<i>India</i>	44	(11)
<i>Vietnam</i>	(171)	(37)
<i>Others</i>	(112)	(215)
Total of all segments	685	400
Eliminations	-	-
Unallocated	(2,872)	(2,335)
Loss from ordinary activities before income tax expense	(2,187)	(1,935)
Income tax expense relating to ordinary activities	-	-
Net Loss	(2,187)	(1,935)

SCIGEN LTD

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2004

7. Other Significant Information

Significant events occurring during the financial period were as follows: -

- (a) SciGen enters the Human Growth Hormone and Recombinant Human Insulin Market in India.
- (b) SciGen has renegotiated its licence for the Hepatitis B Vaccine, Sci-B-Vac, resulting in it taking over the manufacture of the vaccine, entering new markets and capturing rights for a new combined Hepatitis A and B Vaccine product and a therapeutic vaccine for Hepatitis B. The features of SciGen's revised agreement include:-
 - an extension of the term to 17 years from execution of the agreement;
 - manufacturing of the vaccine by SciGen through transfer of the technology;
 - allowing SciGen to extend the number of potential manufacturing sites;
 - worldwide rights for SciGen to supply the vaccine to those with rights to sell and distribute, such as Berna in Europe;
 - rights for SciGen to market combination Hepatitis A and B Vaccines in the Asia Pacific region;
 - Asia-Pacific rights for SciGen to develop and market a therapeutic Vaccine developed from Sci-B-Vac for the treatment of Hepatitis.
- (c) SciGen Limited and Intercell AG announced the signing of an exclusive agreement for the development of a new therapeutic Hepatitis B virus (Sci-B-Vac) Vaccine. A therapeutic Sci-B-Vac vaccine, providing a cure for Sci-B-Vac would significantly reduce the burden of the disease and meet a high demand in an attractive market. Currently there is no therapeutic vaccine against Hepatitis B available. Intercell will formulate the vaccine for the clinical development and both parties will share the development of the product.
- (d) Subsequent to the end of the financial period, the Company announced to the market a capital raising via a placement transaction to a strategic partner, Bioton SA. Bioton SA is a well established biopharmaceutical company based in Warsaw, Poland. The proposed transaction (which in part requires shareholder approval) is expected to raise A\$9.3M (approximately S\$11.2M) by issuing up to 24% of the issued capital of the Company at A\$0.07 per share). A separate announcement has been made to the ASX with more detail on this transaction.

8. Equity Securities Issued

The Company did not issue any securities during the year.

9. Contingent Liabilities

As at the balance sheet date, the Company has given an undertaking to provide continuing financial support to its subsidiaries. The net liabilities of the subsidiaries at the balance sheet date amounted to S\$1.652M.

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Notes to the Consolidated Financial Statements for the half-year ended 31 December 2004

10. IFRS Transition

As a Singapore incorporated entity, SciGen Ltd is required to prepare and present its statutory accounts in accordance with the Singapore Financial Reporting Standards ("FRSs"). FRSs are closely modelled after the International Accounting Standards ("IASs") and International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. As part of this process a number of new accounting standards have been issued which will apply from 1 January 2005.

The adoption of these standards will be reflected for the year ending 30 June 2006. Major changes identified to date that will be required to the Company's existing accounting policies include:

- a. Share-based payment
Equity-based compensation will be required to be recognised as an expense for all options and share rights granted to employees. Share options will be measured at fair value at grant date using an option pricing model.
- b. Foreign currency
Upon adoption of IFRS the subsidiaries' balance sheet and profit and loss will be translated as following:-
 - Assets, liabilities and contributed equity will be translated using closing rates at reporting date;
 - Income and expenses will be translated using the actual or average rates;
 - Retained profits will be translated at cumulative average rates; and
 - Exchange differences will be recognised as a separate component of equity.

To date, the financial impact of the IFRS has not been quantified.

SCIGEN LTD

Directors' Declaration for the half-year ended 31 December 2004

The Directors declare that the financial statements and notes set out on pages 6 to 15.

- (a) comply with Accounting Standards and other mandatory professional reporting requirements, and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion, there are reasonable grounds to believe that SciGen Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the directors.

Signed at Sydney this 27th day of February 2005.

Mark R. Compton
Director

Christopher Wilks
Director

Independent review report to the members of SciGen Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the SciGen Limited:

- does not give a true and fair view of the financial position of the SciGen Group (defined below) as at 31 December 2004 and of its performance for the half-year ended on that date, and
- is not presented in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility.

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the SciGen Group (the consolidated entity), for the half-year ended 31 December 2004. The consolidated entity comprises both SciGen Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the Appendix 4D with the Australian Stock Exchange. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of the responsible entity's personnel, and
- analytical procedures applied to financial data.

We read the other information attached to the financial report to determine whether it contained any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements.

PricewaterhouseCoopers

DS Wiadrowski
Partner

Sydney
27 February 2005

SciGen Limited
Supplementary Appendix 4D Information

NTA Backing

	<u>31 Dec 04</u> <u>(cents)</u>	<u>30 Jun 04</u> <u>(cents)</u>
Net tangible assets backing per ordinary share	1.670	2.201

Controlled entities acquired or disposed of

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

Additional dividend/distributions information

There are no dividend or distributions declared or paid during or subsequent to the half-year ended 31 December 2004.

Dividend/distribution reinvestment plans

There are no dividend or distribution reinvestment plans during or subsequent to the half-year ended 31 December 2004.

Associates and Joint Venture entities

There are no associates and joint venture entities during or subsequent to the half-year ended 31 December 2004.

Foreign Accounting Standards

This half-year report for the interim reporting period ended 31 December 2004 has been prepared in accordance with Australian Accounting Standards.