

Preliminary Final Report of SciGen Limited for the Financial Year Ended 30 June 2006

(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: Financial Year ending 30 June 2006

Previous Corresponding Period: Financial Year ending 30 June 2005

SCIGEN LIMITED

APPENDIX 4E – PRELIMINARY FINAL REPORT

Results For Announcement To The Market For the Financial Year Ended 30 June 2006

Revenue and Net Loss

		Percentage Change %		Amount S\$ '000
Revenue from ordinary activities	Up	29%	To	9,232
Loss from ordinary activities after tax attributable to members	Up	38%	To	(7,590)
Net Loss for the period attributable to members	Up	38%	To	(7,590)

Note that all comparatives in this report have been restated (where applicable) as a result of the application of the new Singapore Financial Reporting Standards.

Revenue

Revenue for the year increased from the prior year due to the continued establishment of the Company and its products in territories resulting in increases in the sales of Human Growth Hormone and Human Insulin.

Net Loss

The increased loss was attributable to several items including –

- Increased expenditures incurred for the set-up of the manufacturing facility in Israel;
- Increased Advertising & Promotion expenses; and
- Increased Legal & Professional expenses incurred for the mandatory takeover offer by Bioton SA.

Dividend

The company does not propose any dividend for the year.

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Consolidated Income Statement For the Financial Year Ended 30 June 2006

	<u>Note</u>	<u>2006</u> <u>S\$ '000</u>	<u>2005</u> <u>S\$ '000</u>
Continuing Operations			
Revenue from ordinary activities	2(a)	9,232	7,162
Other income (net)		-	714
Changes in inventories		650	66
Purchases		(4,337)	(2,725)
Employee benefits expense		(4,393)	(5,557)
Depreciation & amortisation expenses		(404)	(357)
Borrowing costs		(3)	(11)
Professional & consultancy fees		(1,368)	(1,006)
Business development expenses		(2,161)	(1,662)
Insurance premiums		(334)	(357)
Rental expenses		(716)	(348)
Administrative expenses		(1,766)	(782)
Other expenses from ordinary activities		(1,965)	(638)
Loss From Ordinary Activities Before Income Tax Expense		(7,565)	(5,501)
Expense relating to ordinary activities		(25)	-
Loss From Ordinary Activities After Related Income Tax Expense		(7,590)	(5,501)
Total Changes in Equity not resulting from transactions with owners as owners		<u>(7,590)</u>	<u>(5,501)</u>
 <i>Earnings per security (EPS)</i>			
		(S ¢)	(S ¢)
<i>Basic EPS</i>		(1.3759)	(1.2336)
<i>Diluted EPS</i>		(1.3759)	(1.2336)

The above consolidated income statement should be read in conjunction with the accompanying notes, the 2005 Annual Report, the 2005 Annual Financial Statements, and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.

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Consolidated Balance Sheet As at 30 June 2006

	<u>Note</u>	<u>2006</u> <u>S\$ '000</u>	<u>2005</u> <u>S\$ '000</u>
<i>Current Assets</i>			
Cash Assets		6,677	15,430
Receivables		1,781	1,698
Inventories		1,147	548
Other		1,135	603
<i>Total Current Assets</i>		<u>10,740</u>	<u>18,279</u>
<i>Non-Current Assets</i>			
Other financial assets	11	3,730	-
Property, plant & equipment		2,061	322
Intangibles	4	27,807	23,208
<i>Total Non-Current Assets</i>		<u>33,598</u>	<u>23,530</u>
<i>Total Assets</i>		<u>44,338</u>	<u>41,809</u>
<i>Current Liabilities</i>			
Payables		6,180	2,700
Provisions		880	718
<i>Total Current Liabilities</i>		<u>7,060</u>	<u>3,418</u>
<i>Non-Current Liabilities</i>			
Payables		399	422
Interest bearing liabilities		6,390	-
<i>Total Non-Current Liabilities</i>		<u>6,789</u>	<u>422</u>
<i>Total Liabilities</i>		<u>13,849</u>	<u>3,840</u>
<i>Net Assets</i>		<u>30,489</u>	<u>37,969</u>
<i>Equity</i>			
Contributed equity	5	65,221	65,142
Reserves	6	(54)	(85)
Accumulated losses	7	(34,678)	(27,088)
<i>Total Equity</i>		<u>30,489</u>	<u>37,969</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes, the 2005 Annual Report, the 2005 Annual Financial Statements, 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
As at 30 June 2006

	Contributed Equity	Reserves	Accumulated Losses	Total
Balance at 1 July 2005	65,142	(85)	(27,088)	37,969
Net loss and total recognised loss for the financial year	-	-	(7,590)	(7,590)
Issue of ordinary shares	79	-	-	79
Translation of foreign currency	-	16	-	16
Share-based payment	-	15	-	15
Balance at 30 June 2006	<u>65,221</u>	<u>(54)</u>	<u>(34,678)</u>	<u>30,489</u>
Balance at 1 July 2004	53,413	-	(21,587)	31,826
Net loss and total recognised loss for the financial year	-	-	(5,501)	(5,501)
Issue of ordinary shares	11,729	-	-	11,729
Translation of foreign currency	-	(250)	-	(250)
Share-based payment	-	165	-	165
Balance at 30 June 2005	<u>65,142</u>	<u>(85)</u>	<u>(27,088)</u>	<u>37,969</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes, the 2005 Annual Report, the 2005 Annual Financial Statements, and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.

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Consolidated Statement of Cash Flows
For the Financial Year Ended 30 June 2006

	<u>Note</u>	<u>2006</u> <u>S\$ '000</u>	<u>2005</u> <u>S\$ '000</u>
<i>Cash Flows From Operating Activities</i>			
Receipts from customers		8,617	6,556
Payments to suppliers and employees		(18,472)	(10,587)
Interest received		450	362
Interest paid		(3)	(11)
Other expense		-	(3)
<i>Net cash outflows from operating activities</i>		<u>(9,408)</u>	<u>(3,683)</u>
<i>Cash Flows From Investing Activities</i>			
Repayment of loans by related parties		82	18
Payment for property, plant and equipment		(1,939)	(224)
Proceeds from sales of property, plant and equipment		12	(1)
Payment for investments		(3,731)	-
Payment for intangible assets		(237)	(1,964)
<i>Net cash outflows from investing activities</i>		<u>(5,813)</u>	<u>(2,171)</u>
<i>Cash Flows From Financing Activities</i>			
Proceeds from issues of equity securities		78	11,729
Loans from related parties		6,390	-
<i>Net cash inflows from financing activities</i>		<u>6,468</u>	<u>11,729</u>
<i>Net Increase/(Decrease) in Cash Held</i>		(8,753)	5,875
<i>Cash At The Beginning Of The Financial Year</i>		<u>15,430</u>	<u>9,555</u>
<i>Cash At The End Of The Financial Year</i>		<u><u>6,677</u></u>	<u><u>15,430</u></u>

The adoption of new Financial Reporting Standards has not resulted in any material adjustment to the Statement of Cash Flows.

The above consolidated cash flow should be read in conjunction with the accompanying notes, the 2005 Annual Report, the 2005 Annual Financial Statements, and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.

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Notes to the Consolidated Financial Statements
For the Financial Year Ended 30 June 2006

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Notes to the Consolidated Financial Statements For the Financial Year Ended 30 June 2006

1. Basis of Preparation

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of the following new and revised Financial Reporting Standards (“FRS”) and Interpretation of Financial Reporting Standards (“INT FRS”) that became mandatory from 1 July 2005.

FRS 1 (revised 2004) Presentation of Financial Statements
FRS 2 (revised 2004) Inventories
FRS 8 (revised 2004) Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004) Events after the Balance Sheet Date
FRS 16 (revised 2004) Property, Plant and Equipment
FRS 17 (revised 2004) Leases
FRS 21 (revised 2004) The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004) Related Party Disclosures
FRS 27 (revised 2004) Consolidated and Separate Financial Statements
FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation
FRS 33 (revised 2004) Earnings per Share
FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement
FRS 102 Share-based Payments
FRS 105 Non-current Assets Held for Sale and Discontinued Operations
INT FRS 101 Changes in Existing Decommissioning, Restoration and Similar Liabilities

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group's accounting policies except as disclosed in note 13.

The comparatives have been amended as required, in accordance with the relevant transitional provisions in the respective FRS.

The preliminary final report is presented in Singapore Dollars, which is the reporting currency of the Company.

Singapore Dollar Presentation

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

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For the purpose of the consolidation of foreign subsidiaries, whose operations are an integral part of the company's operations, the foreign subsidiaries' balance sheet 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 are translated at cumulative average rates; and
- Exchange differences are recognised as a separate component of equity (translation reserve).

2. Loss from Ordinary Activities

	<u>2006</u> <u>S\$ '000</u>	<u>2005</u> <u>S\$ '000</u>
Loss from ordinary activities before income tax includes the following items of revenue and expenses:		
<i>(a) Revenue</i>		
<i>Revenue from operating activities</i>		
Sales of goods	8,782	6,800
<i>Revenue from outside the operating activities</i>		
Interest Income	450	362
<i>Revenue from ordinary activities</i>	9,232	7,162
<i>(b) Expenses</i>		
Expenses include:		
Cost of goods sold	3,688	2,659
Loss on disposal of fixed assets	39	9
Bad & doubtful debts	19	3
Net foreign exchange loss	867	-

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.

3. Commentary on Results

The Company's activities during the year were collaborative research & development of biotechnology derived pharmaceutical products and the registration, marketing and sales of biopharmaceutical products – namely recombinant Human Growth Hormone (SciTropin™), SciGen's 3rd generation hepatitis B vaccine (Sci-B-Vac™) and recombinant Human Insulin (SciLin™).

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Revenue for the year showed an increase over the prior year due to increased sales of: -

- SciTropin in Australia, Hong Kong, India, Philippines & Singapore; and
- SciLin in India, Philippines & Vietnam.

Net loss increased by 38% on the previous period as a consequence of increased expenditures incurred for the set-up of the manufacturing facility in Israel; increased Advertising & Promotion expenses; and increased Legal & Professional expenses incurred for the mandatory takeover offer by Bioton SA.

During the year registration of products were granted in the following regions (show by ✓).

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

A more comprehensive commentary on the company's performance is shown in the ASX Announcement dated 11 September 2006 which accompanies the Appendix 4E.

4. Intangibles

	<u>2006</u> <u>S\$ '000</u>
<u>Cost</u>	
At 1 July 2005	24,178
Additions	4,857
Disposals	-
At 30 June 2006	29,035
<u>Accumulated amortisation</u>	
At 1 July 2005	(970)
Amortisation charge	(258)
At 30 June 2006	(1,228)
<u>Net Book Value</u>	
At 30 June 2006	27,807
<u>Net Book Value</u>	
At 30 June 2005	23,208

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5. Contributed Equity

	<u>2006</u> <u>S\$ '000</u>
At 1 July 2005	65,142
Issue of shares during the financial year	79
At 30 June 2006	65,221

6. Reserves

	<u>2006</u> <u>S\$ '000</u>
<i>1. Share-based payment Reserve</i>	
At 1 July 2005	165
Option expense during the year	15
At 30 June 2006	180
<i>2. Foreign currency translation Reserve</i>	
At 1 July 2005	(250)
Foreign currency translation reserves movement during the year	16
At 30 June 2006	(234)
Total Reserves	
As at 1 July 2005	(85)
As at 30 June 2006	(54)

7. Accumulated Losses

	<u>2006</u> <u>S\$ '000</u>	<u>2005</u> <u>S\$ '000</u>
Balance at beginning of financial year	(27,088)	(21,587)
Net loss	(7,590)	(5,501)
Balance at ending of financial year	(34,678)	(27,088)

8. Earnings Per Share

	<u>2006</u> <u>(S¢ per</u> <u>share)</u>	<u>2005</u> <u>(S¢ per</u> <u>share)</u>
Basic EPS	(1.3759)	(1.2336)
Diluted EPS	(1.3759)	(1.2336)

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9. Net Tangible Asset Per Share

	<u>2006</u> <u>(S¢ per share)</u>	<u>2005</u> <u>(S¢ per share)</u>
Net tangible assets per share	0.4862	3.3103

10. Segment Information

Segment Revenues

	External Sales		Inter-Segment		Total	
	<u>2006</u> <u>S\$ '000</u>	<u>2005</u> <u>S\$ '000</u>	<u>2006</u> <u>S\$ '000</u>	<u>2005</u> <u>S\$ '000</u>	<u>2006</u> <u>S\$ '000</u>	<u>2005</u> <u>S\$ '000</u>
<i>Singapore</i>	490	536	3,451	2,399	3,941	2,935
<i>Australia</i>	3,458	2,743	-	-	3,458	2,743
<i>India</i>	2,717	816	-	-	2,717	816
<i>Korea</i>	1,288	1,684	-	-	1,288	1,684
<i>Pakistan</i>	239	603	-	-	239	603
<i>Others</i>	590	418	-	-	590	418
Total of all segments					12,233	9,199
Eliminations					(3,451)	(2,399)
Interest income					450	362
Revenue from ordinary activities					9,232	7,162

Segment Results

	<u>2006</u> <u>S\$ '000</u>	<u>2005</u> <u>S\$ '000</u>
<i>Singapore</i>	1,045	1,328
<i>Australia</i>	385	479
<i>India</i>	161	75
<i>Korea</i>	(261)	15
<i>Pakistan</i>	42	111
<i>Others</i>	(567)	(758)
Total of all segments	805	1,250
Eliminations	-	-
Unallocated	(8,370)	(6,751)
Loss from ordinary activities before income tax expenses	(7,565)	(5,501)
Income tax expense relating to ordinary activities	(25)	-
Net Loss	(7,590)	(5,501)

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11. New Controlled Entities

During the year, SciGen entered into agreements for –

- a. The acquisition of 100% of Shreya Biotech Pvt Ltd. The transaction is expected to be completed by the end September 2006. As at 30 June 2006, the accounts of Shreya Biotech Pvt Ltd have not been taken into consideration in the consolidation accounts of the group. SciGen has paid a US\$2million deposit to Shreya Biotech's shareholder which was accounted for as an investment deposit under other non-current financial assets.
- b. The Joint Venture in China with Hefei Life Science & Technology Park Investments & Development Co. Ltd and Bioton SA. The equity interests in the joint venture company will be as follows: SciGen – 51%, Hefei – 25% and Bioton – 24%. The Joint venture company "Hefei-SciGen-Bioton Biopharmaceutical Company Ltd" ("HSBBC") was incorporated on 6 June 2006. As at 30 June 2006, the accounts of HSBBC have not been included in the consolidation accounts of the group as its amounts are not material. SciGen has transferred S\$0.3million to the joint venture and accounted for this amount as other non-current financial assets.

12. Other Significant Information

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

- a. Mandatory offer by Bioton SA
During the year SciTech Genetics agreed to sell its 19.17% of its shareholding in SciGen to Bioton SA. As a result of the share exchange agreement, Bioton SA increased its shareholding to 44.77% and was required to offer to acquire all remaining ordinary shares in SciGen. Upon the closing of the mandatory offer on 8th March 2006, Bioton SA acquired 90.54% of the total issued capital of SciGen.
- b. Entry into China
SciGen entered into a commercialization agreement with Hefei Life Science Park Investment and Development Co (HLSPID) for the distribution of SciGen's Hepatitis B product, Sci-B-Vac™ in China. Under the agreement, Hefei Life Science Park Investment & Development Co is required to order and pay for minimum annual quantities of Sci-B-Vac™. This agreement will generate minimum revenues ranging from USD145million to USD210million over 7 years from date of securing health registration anticipated by the end of the calendar year 2007.
- c. Exclusive worldwide supply of GCSF and EPO
SciGen acquired exclusive worldwide rights for bulk supply of GCSF (Granulocyte Colony Stimulating Factor) and EPO (Erythropoietin).
- d. Royalty free licence
SciGen renegotiated the terms of its recombinant Human Insulin licence agreement. The changes include a royalty free licence for the remaining life of the licence.

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- e. Pilot plant in Yavne, Israel
SciGen established a pilot plant in Yavne for mastering the technology of its hepatitis B vaccine.
- f. Large scale manufacturing facility in Rehovot, Israel
To meet its sales commitments, SciGen established a large manufacturing facility for its Hepatitis B Vaccine in Rehovot.
- g. Termination of human growth hormone supply agreement
SciGen has received termination letters from Ferring AG, who acquired Biotechnology General (Israel) Ltd in July of 2005, terminating the supply agreement of Human Growth Hormone executed between Biotechnology General Corporation and SciGen Ltd as and when the terms expire in each country in the assigned territory in accordance to the terms of the agreement.

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13. Effects on Financial Statements on Adoption of New or Revised FRS

(a) Reconciliation of total equity as presented under previous FRS to that under new FRS

(i) At the date of transition to new FRS : 1 July 2004

Descriptions	Notes	Consolidated Accounts		
		Previous FRS S\$'000	Effect of Change S\$'000	New FRS S\$'000
<i>Current Assets</i>				
Cash assets		9,555	-	9,555
Receivables		1,475	-	1,475
Inventories	a	466	-	466
Other		621	-	621
<i>Total Current Assets</i>		12,117	-	12,117
<i>Non-Current Assets</i>				
Property, plant & equipment	a	191	9	200
Intangibles		22,557	-	22,557
<i>Total Non-Current Assets</i>		22,748	9	22,757
<i>Total Assets</i>		34,865	9	34,874
<i>Current Liabilities</i>				
Payables		2,238	-	2,238
Provisions		419	-	419
<i>Total Current Liabilities</i>		2,657	-	2,657
<i>Non-Current Liabilities</i>				
Payables		429	-	429
<i>Total Non-Current Liabilities</i>		429	-	429
<i>Total Liabilities</i>		3,086	-	3,086
<i>Net Assets</i>		31,779	9	31,788
<i>Equity</i>				
Share capital and share premium		53,413	-	53,413
Share-based payments reserve	c	-	52	52
Foreign currency translation reserve	a	-	(90)	(90)
Accumulated losses	a, c	(21,634)	47	(21,587)
<i>Total Equity</i>		31,779	9	31,788

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(ii) At the end of the last reporting period under previous FRS : 30 June 2005

Descriptions	Notes	Consolidated Accounts		
		Existing GAAP	Effect of Change	FRS
		S\$'000	S\$'000	S\$'000
<i>Current Assets</i>				
Cash assets		15,430	-	15,430
Receivables		1,698	-	1,698
Inventories	a	532	16	548
Other		603	-	603
<i>Total Current Assets</i>		18,263	16	18,279
<i>Non-Current Assets</i>				
Property, plant & equipment	a	315	7	322
Intangibles		23,208	-	23,208
<i>Total Non-Current Assets</i>		23,523	7	23,530
<i>Total Assets</i>		41,786	23	41,809
<i>Current Liabilities</i>				
Payables		2,700	-	2,700
Provisions		718	-	718
<i>Total Current Liabilities</i>		3,418	-	3,418
<i>Non-Current Liabilities</i>				
Payables		422	-	422
<i>Total Non-Current Liabilities</i>		422	-	422
<i>Total Liabilities</i>		3,840	-	3,840
<i>Net Assets</i>		37,946	23	37,969
<i>Equity</i>				
Contributed equity & reserves				
Contributed equity		724	-	724
Share premium		64,418	-	64,418
Share-based payments reserve	c	-	165	165
Accumulated losses	a, c	(27,196)	108	(27,088)
Foreign currency translation reserve	a	-	(250)	(250)
<i>Total Equity</i>		37,946	23	37,969

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(b) Reconciliation of net loss after tax presented under previous FRS to that under new FRS

Descriptions	Notes	Consolidated Accounts		
		Existing GAAP	Effect of Change	FRS
		S\$'000	S\$'000	S\$'000
Continuing Operations				
Revenue from ordinary activities	a,b	7,695	(533)	7,162
Other income	b	-	714	714
Changes in inventories	a	66	-	66
Purchases		(2,725)	-	(2,725)
Employee benefits expense	c	(5,444)	(113)	(5,557)
Depreciation & amortisation expenses	a	(350)	(7)	(357)
Borrowing costs		(11)	-	(11)
Professional & consultancy fees		(1,006)	-	(1,006)
Business development expenses	a	(1,662)	-	(1,662)
Insurance premiums		(357)	-	(357)
Rental expenses		(348)	-	(348)
Administrative expenses		(782)	-	(782)
Other expenses from ordinary activities		(638)	-	(638)
Loss From Ordinary Activities Before Income Tax Expense		(5,562)	61	(5,501)
Income tax expense relating to ordinary activities		-	-	-
Loss From Ordinary Activities After Related Income Tax Expense		(5,562)	61	(5,501)
Total Changes in Equity not resulting from transactions with owners as owners		(5,562)	61	(5,501)
Earnings per security (EPS)		(S ¢)	(S ¢)	(S ¢)
Basic EPS		(1.2473)	(0.0137)	(1.2336)
Diluted EPS		(1.2473)	(0.0137)	(1.2336)

(c) Notes explaining the effects on the income statements and balance sheet

(a) Foreign currency translation reserve : cumulative translation differences

Under the new FRS 21 the foreign subsidiaries' balance sheet 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 are translated at cumulative average rates; and

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Notes to the Consolidated Financial Statements For the Financial Year Ended 30 June 2006

- Exchange differences are recognised as a separate component of equity (translation reserve).

Under the previous FRS, the foreign subsidiaries' balance sheets were translated into Singapore dollars at the exchange rates prevailing at the balance sheet date, except for plant and equipment, licences, share capital and share premium which are stated at historical cost, and the foreign subsidiaries' results are translated using the average exchange rates during the financial year. The exchange differences arising on translation of foreign subsidiaries are taken to the consolidated income statement.

The adoption of the new FRS has resulted in the consolidated entity accumulated losses at 30 June 2005 to be S\$273,000 lower (30 June 2004: S\$99,000), consolidated net loss for the year ended 30 June 2005 to be S\$174,000 lower, and the foreign currency translation reserve of the group at June 2005 decreased by S\$250,000 (30 June 2004: S\$90,000).

(b) Reclassification of other income

Under FRS, foreign exchange gains are classified as other income. This is in contrast to the previous treatment under which such items are classified as revenue.

The adoption of the new FRS during the year ended 30 June 2005 has resulted in the consolidated revenue from ordinary activities to be S\$714,000 lower and the consolidated other income to be S\$714,000 higher.

(c) Equity-based compensation benefits

Under FRS 102 Share-based payment, from 1 July 2004 the group is required to recognise an expense for those options that were issued to employees under the SciGen Ltd Employee Option Plan after 22 November 2002 but that had not vested by 1 January 2005.

Under the previous FRS, no expense is recognised for equity-based compensation.

The adoption of the new FRS has resulted in the consolidated entity accumulated losses at 30 June 2005 to be S\$165,000 higher (30 June 2004: S\$52,000), with a corresponding increase in the share-based payments reserve. For the year ended 30 June 2005, the consolidated employee benefits expense is S\$113,000 higher, with a corresponding increase in the net movement in the share-based payments reserve.

SCIGEN LIMITED
APPENDIX 4E – PRELIMINARY FINAL REPORT

Notes to the Consolidated Financial Statements
For the Financial Year Ended 30 June 2006

14. 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. |