

Preliminary Final Report of SciGen Limited for the Six Months Ended 31 December 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: Six months ended 31 December 2006

Previous Corresponding Period: Twelve months ended 30 June 2006

SCIGEN LIMITED

APPENDIX 4E – PRELIMINARY FINAL REPORT

Results For Announcement To The Market For the Six Months Ended 31 DECEMBER 2006

Revenue and Net Profit / (Loss)

The Company's financial year end has been changed to 31 December. Consequently this reporting period is for 6 months. The table below allows a comparison of the business performance for the 6 months ended 31 December 2006 with the 6 months ended 31 December 2005.

| | Current financial period | Previous financial period | | |
|--|--------------------------------|-------------------------------|-------------------------------|--------------------------------|
| | 6 Months ended 31/12/06 | 6 Months ended 31/12/05 | 6 Months ended 30/06/06 | 12 Months ended 30/06/06 |
| Revenue from ordinary activities | 4,979,724.65 | 4,475,334.83 | 4,756,749.79 | 9,232,084.62 |
| Profit/(Loss) from ordinary activities after tax attributable to members | 482,313.52 | (3,625,389.58) | (3,964,532.31) | (7,589,921.89) |
| Net profit/(loss) for the period attributable to members | 482,313.52 | (3,625,389.58) | (3,964,532.31) | (7,589,921.89) |

All the following analysis is calculated by comparing the 6 months ended 31 December 2006 with 6 months ended 31 December 2005:

| | | Percentage Change % | | Amount S\$ '000 |
|---|----|---------------------------|----|--------------------|
| Revenue from ordinary activities | Up | 11% | To | 4,980 |
| Profit from ordinary activities after tax attributable to members | Up | N/M* | To | 482 |
| Net Profit for the period attributable to members | Up | N/M* | To | 482 |

** It is not meaningful to calculate the percentage change from loss to profit.*

Revenue

Revenue for the period increased when compared to the prior period as the Company continues to establish itself and its products in its markets.

Net Profit

The operating costs increased as a result of increased interest charges and overhead expenditure for the facilities in Israel, India and China. This was offset by S\$2.8million of other income in relation to a loan waiver from the ex-shareholder of Shreya Biotech Pvt. Ltd.

Dividend

The Company does not propose any dividend for the period.

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Consolidated Income Statement For the Six Months Ended 31 December 2006

| | <u>Note</u> | 6 Months Ended 31 December 2006 <u>S\$ '000</u> | 12 Months Ended 30 June 2006 <u>S\$ '000</u> |
|--|-------------|---|---|
| Revenue from ordinary activities | 2(a) | 4,980 | 9,232 |
| Other income (net) | | 3,253 | - |
| Changes in inventories | | (409) | 650 |
| Purchases | | (1,238) | (4,337) |
| Employee benefits expense | | (2,569) | (4,393) |
| Depreciation & amortisation expenses | | (267) | (404) |
| Borrowing costs | | (915) | (3) |
| Professional & consultancy fees | | (607) | (1,368) |
| Business development expenses | | (1,423) | (2,161) |
| Insurance premiums | | (155) | (334) |
| Rental expenses | | (426) | (716) |
| Administrative expenses | | (739) | (1,766) |
| Other expenses from ordinary activities | | 786 | (1,966) |
| Profit/(Loss) From Ordinary Activities Before Income Tax (Expense)/Benefit | | 269 | (7,565) |
| Income tax expense relating to ordinary activities | | (5) | (25) |
| Profit/(Loss) From Ordinary Activities After Related Income Tax | | 264 | (7,590) |
| Minority Interest | | 218 | - |
| Total Changes in Equity not resulting from transactions with owners as owners | | 482 | (7,590) |
| <i>Earnings per security (EPS)</i> | | | |
| | | (S ¢) | (S ¢) |
| <i>Basic EPS</i> | 8 | 0.0874 | (1.3759) |
| <i>Diluted EPS</i> | 8 | 0.0874 | (1.3759) |

The above consolidated income statement should be read in conjunction with the accompanying notes, the Report and Financial Statements for six months ended 31 December 2006, and any public announcements made by SciGen Ltd in accordance with the continuous disclosure requirements.

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Consolidated Balance Sheet As At 31 December 2006

| | <u>Note</u> | As At 31 December 2006 <u>S\$ '000</u> | As At 30 June 2006 <u>S\$ '000</u> |
|---|-------------|---|--|
| <i>Current Assets</i> | | | |
| Cash Assets | | 10,142 | 6,677 |
| Receivables | | 2,029 | 1,781 |
| Inventories | | 759 | 1,147 |
| Other | | 2,228 | 4,865 |
| <i>Total Current Assets</i> | | 15,158 | 14,470 |
| <i>Non-Current Assets</i> | | | |
| Property, plant & equipment | | 29,077 | 2,061 |
| Intangibles | 4 | 29,690 | 27,807 |
| <i>Total Non-Current Assets</i> | | 58,767 | 29,868 |
| <i>Total Assets</i> | | 73,925 | 44,338 |
| <i>Current Liabilities</i> | | | |
| Payables | | 2,972 | 6,180 |
| Interest bearing liabilities | | - | 6,390 |
| Provisions | | 1,585 | 880 |
| <i>Total Current Liabilities</i> | | 4,557 | 13,450 |
| <i>Non-Current Liabilities</i> | | | |
| Payables | | - | 399 |
| Interest bearing liabilities | | 36,339 | - |
| <i>Total Non-Current Liabilities</i> | | 36,339 | 399 |
| <i>Total Liabilities</i> | | 40,896 | 13,849 |
| <i>Net Assets</i> | | 33,029 | 30,489 |
| <i>Equity</i> | | | |
| Share capital | 5 | 65,220 | 65,220 |
| Reserves | 6 | (208) | (54) |
| Accumulated losses | 7 | (34,196) | (34,678) |
| | | 30,816 | 30,489 |
| Minority Interest | | 2,213 | - |
| <i>Total Equity</i> | | 33,029 | 30,489 |

The above consolidated balance sheet should be read in conjunction with the accompanying notes, the Report, the Financial Statements for the six months ended 31 December 2006, 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 31 December 2006

| | Share Capital | Share Premium | Reserves | Accumulated Losses | Sub-Total | Minority Interest | Total |
|--|------------------|------------------|--------------|-----------------------|---------------|----------------------|---------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Balance at 1 July 2006 | 65,220 | - | (53) | (34,678) | 30,489 | - | 30,489 |
| Net profit and total recognized profit for the financial period | - | - | - | 482 | 482 | (218) | 264 |
| Contribution by minority interest of a subsidiary | - | - | - | - | - | 2,430 | 2,430 |
| Translation of foreign currency | - | - | (168) | - | (168) | 1 | (167) |
| Share-based payment | - | - | 13 | - | 13 | - | 13 |
| Balance at 31 December 2006 | <u>65,220</u> | <u>-</u> | <u>(208)</u> | <u>(34,196)</u> | <u>30,816</u> | <u>2,213</u> | <u>33,029</u> |
| Balance at 1 July 2005 | 724 | 64,418 | (85) | (27,088) | 37,969 | - | 37,969 |
| Net loss and total recognised loss for the financial year | - | - | - | (7,590) | (7,590) | - | (7,590) |
| Issue of ordinary shares | 78 | - | - | - | 78 | - | 78 |
| Transfer from share premium account of the company to share capital upon implementation of the Singapore Companies (Amendment) Act 2005 | 64,418 | (64,418) | - | - | - | - | - |
| Translation of foreign currency | - | - | 17 | - | 17 | - | 17 |
| Share-based payment | - | - | 15 | - | 15 | - | 15 |
| Balance at 30 June 2006 | <u>65,220</u> | <u>-</u> | <u>(53)</u> | <u>(34,678)</u> | <u>30,489</u> | <u>-</u> | <u>30,489</u> |

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Consolidated Statement of Cash Flows
For the Six Months Ended 31 December 2006

| | 6 Months to 31 December 2006 <u>S\$ '000</u> | 12 Months to 30 June 2006 <u>S\$ '000</u> |
|---|--|--|
| <i>Cash Flows From Operating Activities</i> | | |
| Receipts from customers | 4,897 | 8,617 |
| Payments to suppliers and employees | (8,178) | (18,472) |
| Other income | 3,253 | - |
| Interest received | 248 | 450 |
| Interest paid | - | (3) |
| <i>Net cash outflow from operating activities</i> | <u>221</u> | <u>(9,408)</u> |
| <i>Cash Flows From Investing Activities</i> | | |
| Repayment of loans by related parties | - | 82 |
| Payment for property, plant and equipment | (14,066) | (1,939) |
| Proceeds from sales of property, plant and equipment | - | 12 |
| Proceeds for non-current physical assets | 2,432 | - |
| Payment for investments | (13,059) | (3,731) |
| Payment for intangible assets | (2,012) | (237) |
| <i>Net cash outflow from investing activities</i> | <u>(26,705)</u> | <u>(5,813)</u> |
| <i>Cash Flows From Financing Activities</i> | | |
| Proceeds from issues of equity securities | - | 78 |
| Loans from related parties | 29,949 | 6,390 |
| <i>Net cash inflow from financing activities</i> | <u>29,949</u> | <u>6,468</u> |
| <i>Net Increase/(Decrease) in Cash Held</i> | 3,465 | (8,753) |
| <i>Cash At The Beginning Of The Financial Period/Year</i> | <u>6,677</u> | <u>15,430</u> |
| <i>Cash At The End Of The Financial Period/Year</i> | <u><u>10,142</u></u> | <u><u>6,677</u></u> |

The above consolidated cash flow should be read in conjunction with the accompanying notes the Report and Financial Statements for the six months ended 31 December 2006, 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 Six Months Ended 31 December 2006

1. BASIS OF PREPARATION
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Notes to the Consolidated Financial Statements For the Six Months Ended 31 December 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.

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

Singapore Dollar Presentation

Transactions in foreign currencies during the financial period 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.

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. Profit/(Loss) from Ordinary Activities Before Income Tax

| | 6 Months Ended 31 December 2006 <u>S\$ '000</u> | 12 Months Ended 30 June 2006 <u>S\$ '000</u> |
|--|--|---|
| Profit/(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 | 4,732 | 8,782 |
| <i>Revenue from outside the operating activities</i> | | |
| Interest Income | 248 | 450 |
| <i>Revenue from ordinary activities</i> | 4,980 | 9,232 |

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(b) Other Income

| | | |
|-------------------|-------|---|
| Loan waiver | 2,807 | - |
| Negative goodwill | 453 | - |
| Others | (7) | - |
| | 3,253 | - |

(c) Expenses

Expenses include:

| | | |
|---|---------|-------|
| Cost of good sold | 1,647 | 3,688 |
| Loss on disposal of property, plant and equipment | 231 | 39 |
| Bad & doubtful trade debts | 1 | 19 |
| Net foreign exchange (gain)/loss | (1,296) | 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 to 20 years.

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

3. Commentary on Results

The Company's activities during the period were focused mainly on 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™), recombinant Human Insulin (SciLin™) and Oxandrolone (Oxandrin™).

Comparing the 6 months to 31 December 2006 with the 6 months to 31 December 2005 the revenue showed an increase due to increased sales of SciTropin in Australia, Hong Kong, Philippines and Singapore.

During the period, registration of products was granted in the following regions (show by ✓).

| Country | SciTropin | Sci-B-Vac | SciLin | Oxandrin |
|-------------|------------|------------|------------|------------|
| Australia | Registered | - | - | - |
| Hong Kong | Registered | Registered | ✓ | - |
| India | Registered | Registered | Registered | - |
| Indonesia | - | - | Registered | - |
| Korea | Registered | - | - | - |
| Philippines | Registered | Registered | Registered | - |
| Singapore | Registered | Registered | - | Registered |
| Thailand | - | - | Registered | - |
| Vietnam | Registered | Registered | Registered | Registered |

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4. Intangibles

| | Computer Software S\$ '000 | License S\$ '000 | Total S\$ '000 |
|---|-------------------------------|---------------------|-------------------|
| <u>Cost</u> | | | |
| At 1 July 2006 | - | 29,035 | 29,035 |
| Additions | - | 1,926 | 1,926 |
| Additions through business combinations | - | - | - |
| Reclassification | 86 | - | 86 |
| At 31 December 2006 | 86 | 30,961 | 31,047 |
| <u>Accumulated amortisation</u> | | | |
| At 1 July 2006 | - | (1,228) | (1,228) |
| Amortisation charge | - | (129) | (129) |
| Disposals on Accumulated Depreciation | - | - | - |
| At 31 December 2006 | - | (1,357) | (1,357) |
| <u>Net Book Value</u> | | | |
| At 31 December 2006 | 86 | 29,604 | 29,690 |
| <u>Net Book Value</u> | | | |
| At 30 June 2006 | - | 27,807 | 27,807 |

5. Share capital

| | <u>S\$ '000</u> |
|--|-----------------|
| As at 1 July 2006 and 31 December 2006 | 65,220 |

6. Reserves

| | <u>2006 S\$ '000</u> |
|--|--------------------------|
| <u>Reserves</u> | |
| <i>1. Share-based payment Reserve</i> | |
| At 1 July 2006 | 180 |
| Option expense | 13 |
| At 31 December 2006 | 193 |
| <i>2. Foreign currency translation Reserve</i> | |
| At 1 July 2006 | (233) |
| Foreign currency translation reserves movement during the year | (168) |
| At 31 December 2006 | (401) |
| Total Reserves | |
| As at 1 July 2006 | (53) |
| As at 31 December 2006 | (208) |

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7. Accumulated Losses

| | 6 Months Ended 31 December 2006 <u>S\$ '000</u> | 12 Months Ended 30 June 2006 <u>S\$ '000</u> |
|---|--|---|
| Balance at beginning of financial period/year | (34,678) | (27,088) |
| Net Profit/(loss) | 482 | (7,590) |
| Balance at end of financial period/year | <u>(34,196)</u> | <u>(34,678)</u> |

8. Profit/(Loss) Per Share

| | 6 Months Ended 31 December 2006 <u>(S¢ per share)</u> | 12 Months Ended 30 June 2006 <u>(S¢ per share)</u> |
|-------------|--|---|
| Basic EPS | 0.0874 | (1.3759) |
| Diluted EPS | 0.0874 | (1.3759) |

9. Net Tangible Assets Per Share

| | 6 Months Ended 31 December 2006 <u>(S¢ per share)</u> | 12 Months Ended 30 June 2006 <u>(S¢ per share)</u> |
|-------------------------------|--|---|
| Net tangible assets per share | 0.6053 | 0.4862 |

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10. Segment Information

Segment Revenues

| | External Sales | | Inter-Segment | | Total | |
|----------------------------------|---|--|---|--|---|--|
| | 6 mths ended 31 Dec 2006 S\$ '000 | 12 mths ended 30 Jun 2006 S\$ '000 | 6 mths ended 31 Dec 2006 S\$ '000 | 12 mths ended 30 Jun 2006 S\$ '000 | 6 mths ended 31 Dec 2006 S\$ '000 | 12 mths ended 30 Jun 2006 S\$ '000 |
| <i>Singapore</i> | 320 | 490 | 1,012 | 3,451 | 1,332 | 3,941 |
| <i>Australia</i> | 2,293 | 3,458 | - | - | 2,293 | 3,458 |
| <i>India</i> | 429 | 2,717 | - | - | 429 | 2,717 |
| <i>Korea</i> | 689 | 1,288 | - | - | 689 | 1,288 |
| <i>Pakistan</i> | - | 239 | - | - | - | 239 |
| <i>Others</i> | 1,001 | 590 | - | - | 1,001 | 590 |
| Total of all segments | | | | | 5,744 | 12,233 |
| Eliminations | | | | | (1,012) | (3,451) |
| Interest income | | | | | 248 | 450 |
| Revenue from ordinary activities | | | | | 4,980 | 9,232 |

Segment Results

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| | 6 mths ended 31 Dec 2006 <u>S\$ '000</u> | 12 mths ended 30 Jun 2006 <u>S\$ '000</u> |
|---|--|---|
| <i>Singapore</i> | 727 | 1,045 |
| <i>Australia</i> | 873 | 385 |
| <i>India</i> | 70 | 161 |
| <i>Korea</i> | 73 | (261) |
| <i>Pakistan</i> | - | 42 |
| <i>Others</i> | (112) | (567) |
| Total of all segments | 1,631 | 805 |
| Eliminations | - | - |
| Unallocated | (1,362) | (8,370) |
| Profit/(Loss) from ordinary activities before income tax expenses | 269 | (7,565) |
| Income tax expense relating to ordinary activities | (5) | (25) |
| Net Profit/(Loss) for the period/year after income tax before Minority Interest | 264 | (7,590) |
| Minority Interest | 218 | |
| Net Profit/(Loss) for the period / year after Minority Interest | 482 | (7,590) |

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11. New Controlled Entities

The acquisition of 100% of Shreya Biotech Pvt Ltd was completed on the 29 September 2006. The total investment at the date of acquisition was US\$7.5m.

12. Other Significant Information

Significant events that occurred during the financial period were as follows:-

a. New Appointees Help Solidify Board

Mr. Saul Mashaal has been elected and appointed the Executive Chairman and C.E.O of SciGen Ltd by the Board of Directors of the Group. Mr. Paul Freiman steps down from his role as the Chairman but will remain on the SciGen Board as Non-Executive Director. Mr. Ryszard K Krauze, the chairman of the Supervisory Board of Bioton S.A. was appointed as the Non-Executive Vice Chairman of the Company.

b. New/Former CFO

Mr. Martin Cooper (a British Citizen, based in Singapore) is being appointed the new CFO (Chief Financial Officer) of the SciGen Group of Companies. Mr. Cooper is a Chartered Accountant since 1990 and graduated as a MBA from the Henly Management College at Oxford, England. Mr. Cooper has vast experience during his career with Deloitte & Touche, Jefferson Smurfit PLC and The Parkmead Group PLC.

Ms. Jenny Low, the former CFO will transfer all her financial duties to Mr. Cooper till 31 December 2006. Ms Low will then focus on the Corporate Governance, Personnel, Administration, Legal and Operation functions which is a necessity for the rapid growth of the Company.

c. Closing of Acquisition of Shreya Biotech Pvt. Ltd

SciGen has completed its acquisition of 100% shareholding of Shreya Biotech Pvt. Ltd on 29 September 2006. The acquisition was made possible through a loan secured at arms length from its major shareholder, Bioton S.A. of Poland.

d. Marketing Approval of Hepatitis Vaccine in India

Its third generation Hepatitis B vaccine, Sci-B-Vac marketing rights was approved in India on 8 November 2006. Commercialization of the vaccine will commence as soon as the manufacturing facility in Rehovot, Israel is commissioned which is expected to be in the second quarter of 2007. India forms the second largest pool of Hepatitis B carriers in the world, estimated that at least 45 million people in India were infected with Hepatitis B in 2005.

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- e. Termination of its Collaborative Research with Intercell
SciGen and Intercell have terminated their collaborative agreement for the development of a therapeutic hepatitis B vaccine using SciGen antigen derived from mammalian cell (CHO), Sci-B-Vac™, a third generation vaccine which covers the three epitopes of the Hepatitis B virus, in combination with Intercell adjuvant IC 31®.

- f. Marketing Alliance with Abbott Laboratories in Philippines for its Recombinant Human Insulin
Abbott will be co-promoting SciGen's SciLin™ (recombinant human insulin) throughout the Philippines. This will enable SciGen to increase its sales coverage and the reach and awareness of a safe, efficacious and affordable insulin throughout the country. This beneficial alliance will also focus on augmenting diabetes education for patients on the early use of insulin in controlling the disease. This is the start of a relationship that could potentially cover other countries in the Asia Pacific region.

- g. Marketing Approval of its Recombinant Human Insulin in Hong Kong
The Recombinant Human Insulin (SciLin™) was being approved to be sold in Hong Kong on 21 December 2006. The product will be promoted by SciGen's Sales & Marketing Group in Hong Kong which is expected to launch in the first quarter of 2007.

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13. 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. |