

## ASX Announcement and Media Release

11 March 2003

### SciGen Limited

#### HALF YEAR RESULTS ANNOUNCEMENT

#### SCI GEN DOUBLES REVENUE AS ROLL OUT OF PRODUCTS GAINS MOMENTUM

##### HIGHLIGHTS:

- Revenue from sales double that achieved in the previous period
- Net loss after tax A\$4.17M better than expected
- Cash balance of A\$19.56M as at 31 Dec 02
- New registration and sales of products in territories
- Launch of 3<sup>rd</sup> generation hepatitis B vaccine
- Important milestone achieved in registration process of human insulin in India
- Commercialisation agreement executed for human insulin in Indonesia

##### **Net Position**

The Directors of SciGen today announced the financial results for the company's operations for 1HFY03. SciGen recorded a net loss after tax of A\$4.17M which was better than the company's internal expectations.

##### **Revenue**

First half revenue from sales of products in SciGen's territories increased from A\$578,000 to A\$1.2M. Much of this increase came from increasing market share and growing new markets for SciGen's recombinant human growth hormone (SciTropin). This increase in sales was in line with the company's internal budget expectations.

SciGen's Managing Director and CEO Mark Compton said "This significant increase in sales revenue again demonstrates SciGen's ability to successfully implement its business model in our various territories. Our sales, marketing and regulatory teams have been very focused not only on growing existing markets but also in achieving registration of products in new territories and successfully launching them. We have successfully registered and launched our premier product Sci-B-Vac in Vietnam and the Philippines and will launch it in Hong Kong on 22 April 2003."

##### **Expenses**

Total Operating expenses over the same period increased from A\$2.62M to A\$4.68M. During much of calendar year 2002, and certainly during 1HFY03, significant expenses were incurred as a consequence of the work undertaken to spin-out SciGen and list it on the Australian Stock Exchange. These one-off expenses amounted to approximately A\$677,970 for the period under review. SciGen was listed on the ASX on 15 November 2002 with the concomitant injection of

A\$30 million in new equity from Sonic Healthcare by way of a spin-out transaction. Other expenses incurred were as a result of increasing sales and marketing infrastructure in key territories, and establishment of independent administrative infrastructure in Australia. Operating expenses in SciGen's territories were within internal budget parameters.

### **Cash Position**

From a balance sheet perspective, the company has moved from having net assets as at 31 December 2001 of A\$15.98M to A\$37.80M at 31 December 2002. The company's cash position at 31 December 2002 is A\$19.56M; an increase from A\$457,000 as at 31 December 2001. This strong cash position will allow the company to pursue the necessary growth of the sales and marketing activities of the company and clinical development projects and licencing opportunities. The objective of the company is to achieve positive cashflow and profitability within the constraints of the current cash reserves and revenues generated from increasing sales.

The net operating position for the company for 1HFY03 is broadly in line with internal budgets and expectations with the exception that revenue from sales is up on budget largely due to purchase of Hepatitis B vaccine (Sci-B-Vac) by SciGen's distributor in Vietnam (Hapharco). Sales of human growth hormone across all territories are up by 4% on budget expectations.

Gross profit margin achieved on sales for 1HFY03 was 60%.

### **Operational Review**

In operational terms, the first half (and the 2 months post 31 December 2002) have seen the company achieve a number of key milestones:

- Recapitalisation with A\$30M of new equity; spin-out and ASX listing.
- Registration and/or launch of sales of the following products:
  - Sci-B-Vac- Vietnam, Hong Kong, Philippines
  - SciTropin- Korea
  - Oxandrolone- Vietnam, Singapore
- Establishment of sales and marketing team in Vietnam and an increase in the size of the sales team in the Philippines.
- Commercialisation agreement executed with Kalbe Farma for sales marketing and distribution for SciLin (human insulin) in Indonesia. The agreement also comprehends other products in SciGen's portfolio including use of the SciTojet needle free injection device.
- Partnership agreements entered into with Ranbaxy Laboratories and Shreya Health and Life Sciences in India for the commercialisation of human insulin in India. The agreement with Shreya also includes other products in SciGen's portfolio as well as opportunities for contract manufacturing of certain of SciGen's products.
- Mr S Iswaran, Member of Parliament in the Singaporean Government and Managing Director of Temasek Holdings (Singapore) joined the Board of Directors providing SciGen with outstanding expertise in the Asian capital markets and business environment.

## **Product Registrations and Progress in India**

The Company has a number of product registration applications active (such as human insulin, hepatitis B vaccine and human growth hormone in India) and more to process this year including submission of the registration dossier for Sci-B-Vac to the TGA in Australia in the next two weeks.

In respect of the application for registration of SciGen's recombinant human insulin currently with the Indian authorities, the company is pleased to advise that the Genetic Engineering Approval Committee of the Indian Government gave an approval on 6 March 2003. The insulin registration dossier now requires final review and approval by the Drug Comptroller of India. A decision on this is expected in mid-May 2003 which would provide for SciGen to launch its sales of insulin in India on 1 July 2003.

SciGen continues to identify new market opportunities for its products whilst also growing sales in existing markets. The clinical development program is progressing with a small number of studies in the planning stages. These studies are aimed at further consolidating the position of some of SciGen's key products and to increase the usefulness of products through better and easier mechanisms of delivery of each drug and possible new indications. SciGen is also examining other licensing opportunities.

## **Full year view**

In terms of the 2HFY03, the company expects to further increase the sales and marketing infrastructure in a number of territories and at regional level. As further expenditure on clinical development programs comes on line in the second half of FY03, the company expects to still be in an operating loss position for the full year; however, the expectation is that sales revenue will continue on track to achieve full year budgets.

SciGen will continue to develop markets in new territories for its products either by working with partners or, where supported by a business case, establish its own presence.

## **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.

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### **Media enquiries**

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