

AUSTRALIAN

RESEARCH



Contents

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SciGen Limited (SIE)



Sector	Industry Group	Sub Industry	Disease Target
Life Science	Pharmaceuticals	BioPharmaceutical	Hepatitis, Diabetes

Company Overview

SIE's business was established in 1988. SIE's strategy is to develop its products through partnering with other Biotech companies lending its expertise in manufacturing, clinical development, regulatory affairs, distribution and Sales and Marketing of a portfolio of biopharmaceutical products. SIE was recapitalised with an injection of A\$30M, listing on the ASX on 15 November 2002. SIE currently has offices in Australia, Singapore, USA, Israel, Korea, Vietnam, Hong Kong and the Philippines with business partners in India, China, Indonesia, Taiwan, Pakistan, Switzerland and Poland. In February 2005 the company announced a further investment of A\$9.3M and strategic partnership with Bioton SA – a well-established and profitable publicly listed biopharmaceutical company in Poland.

Strategy

SIE is a specialty biopharmaceutical company with a proven strategy to identify opportunities to license-in late stage developed products and then negotiate favourable contracts for rights to register and market the products. SIE's principal focus is on the Asia Pacific Region, and increasingly on eastern and western Europe, where it has developed core competencies in Regulatory Affairs and has established a sales and marketing force in a number of countries in the region. SIE does not take on a large component of R&D risk as it works with partners in this area. SIE has formed strong commercial partnerships in key Asian markets, including China, India and Indonesia, which allows the company to achieve market penetration more rapidly and more effectively. SIE has recently expanded its reach into Western Europe through a distribution relationship with Berna Biotech, a specialist Swiss vaccine company with 2004 revenues of CHF 205M (A\$215M). Major shareholder Bioton now provides exposure to Eastern European markets. SIE has also announced an important development deal with Intercell of Austria in relation to an innovative vaccine for treating people who have contracted hepatitis B.

Key Executives

Paul Freiman (BSc, PhM), Chairman: Paul E Freiman is President and Chief Executive Officer of Neurobiological Technologies, Inc. (NTI). He is the former Chairman and Chief Executive Officer of Syntex Corporation (Syntex), where he had a long and successful career and was instrumental in the sale of Syntex to Roche Holdings for US\$5.3B.

Saul Mashaal (PhM, MBA), Executive Vice Chairman, Founder and CEO: Mr Mashaal has over 30 years' experience in the Pharmaceutical Industry, first with Syntex Corp in product management then 3M Health and Sciences Sector where he had a long and successful career in management of subsidiary companies and International Business Development. He founded SciGen (previously SciTech Genetics) in 1988.

Jenny Low (Chartered Accountant), Chief Financial Officer: With over 20 years' accounting experience, Ms Low is well versed with accounting practices and tax laws of the Asia-Pacific region. Ms Low joined the SciGen group in September 1991.

Key investment information

Market Cap:	\$49.7M
Capital Structure (M)	
Ord shares on issue:	551.8
Options (fully diluted):	43.0
Convertible notes/other:	0.0
Price as at 30-Jan:	\$0.09
12 month H/L:	\$0.04 - \$0.11
Market turnover (pa):	\$47.3M
Official listing date:	Nov-02

Substantial Shareholders

Bioton SA	25.6%
SciTech Genetics Pte Ltd	19.17%
Sonic Healthcare Limited	8.73%

Cash Position

Cash (as at Dec-05):	S\$9.8M
Years with planned expenditure:	1
R&D as % expenditure:	33%

Company contact



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Main Company R&D Projects - Major Technology & Market

1: Pharmaceuticals

The company co-develops, sponsors and funds R&D through partnering, preparation and submission of registration dossiers to government authorities for the purposes of securing health registration of SciGen's products in specific countries. SciGen then sells those products either through its own sales and marketing network or through its relationship with commercial partners. The company currently has products registered and sold in 8 countries with further registrations pending. In 2005, the company announced a strategic investment by Bioton SA, a biopharmaceutical company based in Poland. The investment raised A\$9.3M and delivered other synergistic benefits, including product pipelines and R&D opportunities. Current registrations include:

Sci-B-Vac - Philippines, Hong Kong, Singapore, Vietnam

Oxandrolone - Vietnam, Singapore

SciLin (human insulin)- Vietnam, India, Philippines, Indonesia, Thailand

SciTropin (human growth hormone) - Australia, Hong Kong, Korea, Philippines, Singapore, India

2: Manufacturing

Target Market: Worldwide

Stage: First stage

Target Date: June 2006

SIE is building a manufacturing facility in Israel to produce its hepatitis B vaccine. Production is expected to start in June 2006.

3: China Manufacturing

Target Market: Worldwide

Stage: First state

SIE has completed negotiations for a 51% owned joint venture in China with Hefei Life Science & Technology Investments and Development(25%)and Bioton (24%). The GMP facility will make a range of products including insulin, human growth hormone and hepatitis B vaccine for local distribution sales and marketing.

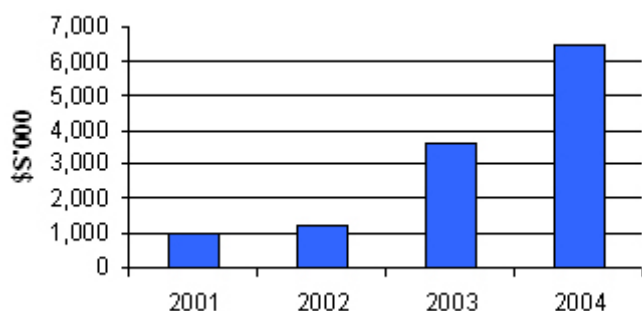
Aegis Equities Comments

Market Position: SIE in-licenses drugs already approved in major markets, such as hepatitis B vaccine, insulin and growth hormone. SIE secures approval for the drugs in developing markets and then on-licenses distribution rights to major local distributors. SIE's competitive advantage includes local market knowledge, experience with local regulatory approval processes, regulatory relationships in target markets and the support of major shareholder, Bioton.

Milestone Record: The two major highlights of the Dec-05 quarter were 1) the agreement made for Bioton to essentially acquire SciTech Genetics' 19% stake in SIE, which will increase Bioton's interest in SIE to 44%, requiring Bioton to make a full takeover bid for SIE and 2) the signing of a huge Sci-B-Vac distribution agreement with a Chinese distributor worth US\$145M-\$210M over seven years, once the Chinese Govt approves the vaccine (expected at end CY07). In the Jun-05 quarter, SIE signed a commercialisation agreement for SciLin (insulin) in Sri Lanka (ABANS Group) and set up an Israeli subsidiary to manufacture Sci-B-Vac.

Risk Profile: Saul Mashaal, Executive Vice Chairman, Founder and CEO of SciGen, has 30 years of Asian pharma experience. SIE has decreased its operating risk by diversifying its distribution partnerships into Western Europe (Berna Biotech), Eastern Europe (Bioton) and India (Shreya). Sales growth slowed to 20% in FY05, with sales reaching S\$7.7M. SIE ended Dec-05 with cash reserves of S\$9.8M, projected to last until the end of CY06 at the current burn rate.

Historical Revenue



Share price performance



Source: IRESS



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