

SciGen Ltd ARBN101318852

Financial Report – 31 December 2007

(In United States dollars)

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SciGen Ltd and its subsidiaries
Corporate Directory

Directors

Saul A. Mashaal
Chairman, Founder & Chief Executive Officer

Ryszard K. Krauze
Non-Executive Vice-Chairman
Member, Remuneration Committee

Paul Freiman
Non-Executive Director
Lead Independent Director
Member, Audit Committee
Chairman, Remuneration Committee

Kenneth Gross
Non-Executive Director
Chairman, Audit Committee

Adam Wilczega
Non-Executive Director
Member, Audit Committee

Marian Gorecki
Non-Executive Director
Member, Remuneration Committee

Secretaries

Lai Leng Wong

Jenny Low
Senior Vice President /Corporate Secretary

**SciGen Ltd and its subsidiaries
Corporate Directory**

Principal registered office in Singapore	152 Beach Road, #26-07/08 Gateway East, Singapore 189721
Principal registered office in Australia	Suite 1, 13B Narabang Way, Belrose, NSW 2085, Australia
Share and debenture registers	Computershare Investor Services Pty Limited Level 5, 115 Grenfell Street, Adelaide, South Australia, 5000, Australia Ph: 1300 556 161 (within Australia) Ph: (61) 3 9615 5970 (outside Australia) Fax: (61) 8 8236 2305 Website: www.computershare.com
Auditors	KPMG 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581 Partner-in-charge: Tan Huay Lim (appointed in November 2006)
Solicitors	Allen & Gledhill Deacons
Bankers	ANZ Bank, Ltd. Bank Leumi Israel Citibank, N.A. DBS Bank Ltd Kookmin Bank, Ltd. Westpac Bank HDFC Bank Bank of Communications
Stock exchange listings	SciGen Ltd is a public company incorporated in Singapore. Shares are held by Chess Depository Nominees in Australia and are publicly traded on the Australian Stock Exchange in the form of CHESS Units of Foreign Securities (CUFS) on a 1 CUF for 1 fully paid ordinary share basis.
Website address	www.scigenltd.com
Currency	The annual report is prepared in United States dollars.

Directors' report

The directors present their report together with financial report of SciGen Ltd (the "Company") and its subsidiaries (together referred to as the Group) for the financial year ended 31 December 2007.

Directors

The directors in office at the date of this report are as follows:

Mr. Saul A. Mashaal (Chairman, Founder & Chief Executive Officer)
 Mr. Ryszard K. Krauze (Non-Executive Vice-chairman)
 Mr. Paul Freiman
 Mr. Kenneth Gross
 Mr. Adam Wilczega
 Dr. Marian Gorecki

Principal activities

During the year, the principal activities of the Group and the Company consisted of:

- a. Business development;
- b. Collaborative research & development of biotechnology derived products;
- c. Sales, marketing and distribution;
- d. Health registration of those products; and
- e. Manufacturing - Establishment of facilities for the manufacture of Hepatitis B Vaccine and Insulin.

Dividends

Due to the capital requirements and early stage growth of the Company, the Directors have not declared a dividend for the financial year ended 31 December 2007. No dividends have been paid, declared or proposed since the end of the Company's preceding financial period.

Results and Review of operations and activities

A summary of consolidated revenues and results by significant geographical segments is set out below:

	Segment revenues		Segment results	
	Year ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000	Year ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000
Singapore	1,303	841	712	527
Australia	3,696	1,449	289	552
India	1,552	271	186	44
Korea	686	435	(510)	46
Thailand	859	211	110	25
Other	1,263	421	(234)	(365)
Total for all segments	9,359	3,628	553	829
Elimination	(1,038)	(639)		
Revenue from ordinary activities	8,321	2,989		
Unallocated revenue less unallocated expenses			(4,536)	(659)
(Loss)/Profit from ordinary activities before income tax expenses			(3,983)	170
Income tax expense relating to ordinary activities			(80)	(3)
Net (loss)/profit for the year/period			(4,063)	167

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

The Group's revenues showed strong growth in the year with the continued establishment of the Group products.

Overheads increased when compared to the previous period as the Company is building the infrastructure to prepare for further revenue growth and the Group incurred increased interest charges as a result of money loaned to finance the construction of the manufacturing facilities in India and China.

(Loss)/Earnings per share

	Year ended 31/12/0007 US cents	Group 6 months ended 31/12/2006 US cents
Basic (loss)/earnings per share	(0.715)	0.055
Diluted (loss)/earnings per share	(0.692)	0.055

Arrangements to enable directors to acquire shares and debentures

Except as disclosed under the "Share Options" section of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register kept by the Company for the purpose of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings registered in the name of the director		Holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
<u>Ordinary shares</u>				
Ryszard K. Krauze	-	-	500,026,507	500,026,507
<u>Options to purchase ordinary shares at A\$0.05 - A\$0.20 per share</u>				
Saul A. Mashaal	49,724,585	49,724,585	-	-

By virtue of Section 7 of the Act, Mr. Ryszard K. Krauze is deemed to have interests in the share capital of the Company and its wholly-owned subsidiaries, at the beginning and end of the financial year, by virtue of his deemed interest of not less than 20% in the issued share capital of Bioton S.A., a shareholder of the Company.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Directors' contractual benefits

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in notes 19 and 28 to the financial statements, since the end of the previous financial period, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except that a certain director has an employment relationship with a related party and has received remuneration in that capacity.

Share Options

Share options granted, exercised and cancelled during the financial year, and options outstanding at the end of the financial year were as follows:

Date of Grant	Class	Exercise Period	Exercise Price (A\$)	Balance as at 1 January 2007	Number Granted	Options Exercised /Shares Issued	Options Cancelled/ Lapsed	Balance as at 31 December 2007
27 Nov 2002	Class 6	16 Jan 2005 to 16 May 2007	A\$0.15	1,256,000	-	-	(1,256,000)	-
15 Nov 2002	Class 8	15 Nov 2003 to 4 Oct 2012	A\$0.20	8,379,311	-	-	-	8,379,311
18 Nov 2003	Class 9	1 Sep 2004 to 31 Aug 2007	A\$0.22	1,325,000	-	-	(1,325,000)	-
20 Nov 2006	Class 12	31 Dec 2008 to 31 Dec 2021	A\$0.05	41,345,274	-	-	-	41,345,274

Class 9 Options have been allocated for issue to executives and employees under the SciGen Ltd Employee Option Plan Prospectus which was lodged with ASIC on 1 September 2003. These options lapsed on 31 August 2007.

All options will vest over 3 years from the date of grant, except for Class 12 options. Class 12 options can be exercised upon the achievement of specified performance targets of the Company over a period 5 years from the date of grant. All options granted are settled by physical delivery of shares.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group and the Company during the financial period were as follows:

a. Official opening of its Vaccine Manufacturing Facility

On 11th January 2007, the Company announced the official opening of its vaccine manufacturing facility in Israel. This facility will be supplying SciGen's third generation Hepatitis B vaccine, Sci B VacTM, to its distributors in Europe and the Asia Pacific region. Expansion of its facility is already in late stage planning and was completed by the end of 2007.

The manufacturing facility was built in close consultation with health regulatory agencies and speedy approval from the EMEA in Europe and the FDA is expected. The opening of the manufacturing facility is a major event for the Company and will greatly enhance the Company's market penetration in this vaccine segment of over US\$1.2 billion worldwide.

b. Sci B VacTM

The Company announced that its third generation Hepatitis B vaccine, Sci B VacTM, derived from mammalian cells (CHO), has been proven to prevent recurrence of Hepatitis B virus infection in patients receiving antiviral prophylaxis (Lamivudine) after liver transplantation for chronic Hepatitis B.

In an investigator sponsored study at the Center for the study of Liver Disease at the University of Hong Kong and published in the American Journal of Transplantation (2007: 7: 434-439) a combination of antiviral Lamivudin with Sci B VacTM was administered to 20 patients. The response rate was 88% in patients younger than 50 years old and 25% in older patients. At the completion of the study, all patients remained free of infection.

Hepatitis B virus is a major world health problem. There are over 300 million chronic carriers of infection and over 1 million deaths each year are attributed to Hepatitis B. The world market for the prevention and treatment of Hepatitis B virus is believed to be over US\$3 billion and growing.

c. Appointment of Head of Regulatory Affairs Group

Ms. Ziva Mesika, based in SciGen Israel, was appointed as Head of the Regulatory Affairs Group ("RA") with effect from 16th June 2007.

Ms. Mesika, from Serono, has considerable RA experience in the Biotechnology Sector and significant exposure to health regulatory agencies in Europe, the USA and Israel. Ms. Mesika was instrumental in the worldwide approval of BetaSeron, Serono's Beta Interferon.

As Head of RA, Ms. Mesika is responsible for all regulatory departments within the Group liaising with our licensors, suppliers and R & D partners on RA matters. Ms. Mesika will be a member of the Executive Committee reporting to the CEO on all aspects of RA and to the Sr. VP of Operations on matters related to operations and Israel regulatory functions.

d. Termination relationship with Ferring International ("Ferring")

Both the Company and Ferring agreed to terminate their distribution agreement for most of the Asia Pacific region with immediate effect. The decision to cease its distribution of Ferring's Human

Growth Hormone came after a long and protracted dispute that began when Ferring acquired Biotechnology General (IL) Ltd in 2005.

The Company will be introducing a new human growth hormone to the Asia Pacific region that is presently approved by most health regulatory agencies such as the FDA in the USA, EMEA in the EEC, Japan and other major markets.

The Company's Chairman & CEO, Mr. Saul Mashaal announced that "SciGen looks forward to re-enter the market as soon as possible, continue its commitment to this franchise and start its promotional activities in support of the new product which offers a broader list of approved indications and greater ease of administration to the patients."

e. Partnership with Sandoz GmbH ("Sandoz") for Commercialisation of Human Growth Hormone

The Company will be partnering with Sandoz, a wholly owned subsidiary of Novartis, to commercialise a recombinant Human Growth Hormone throughout the Asia Pacific region including Australia. Sandoz will supply the Company with product manufactured in its state of the art Biotechnology manufacturing facility in Austria and that Company will lend its expertise gained both in development and commercialisation of recombinant Human Growth Hormone.

Matters subsequent to the end of the financial year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which would substantially affect the results of the Group and of the Company for the financial period in which this report is made.

Likely developments and expected results of operations

Likely developments in the operations of the Group and the Company at the date of this report included:

- (a) The main focus for the Group during the financial year ending 31 December 2008 is to bring its facility in Israel to commercial production and continue with the construction of its facilities in India and China.
- (b) The Company will continue to register and commence commercialization of its products in the countries where the Company has rights to register, market and sell.
- (c) The Company is continually looking for opportunities for new products and technology to add to its product portfolio.

Further information on likely developments in the operations of the Group and the Company and the expected results of operations have not been included in this report, because the directors are of the opinion that such information is commercially sensitive.

Information on directors

		<i>Particulars of directors' interests in shares and options at 31 December 2007: SciGen Ltd</i>		
<i>Director</i>	<i>Experience</i>	<i>In the name of the Director Ordinary shares</i>	<i>Options</i>	<i>Deemed Interest Ordinary shares</i>
Mr. Saul A. Mashaal (Chairman, Founder & Chief Executive Officer) (Age 72)	Mr. Mashaal is the Chairman, Founder & Chief Executive Officer of SciGen Ltd. A graduate in Pharmacy from the University of Paris (Sorbonne) with a Master Degree in Business Administration (MBA) from Windsor University. Mr. Mashaal has more than 40 years experience in the Biopharmaceutical industry first in product management with Syntex Corporation (Now Roche) and with 3M Health & Sciences Sector where he had a long and successful career in Clinical Research, International Business Development and in the management of 3M subsidiary companies.	-	49,724,585	-
	He founded SciGen (formerly Scitech Genetics) in 1988 where he remained as the CEO until September 2002 and was reappointed in June 2005.			

*Particulars of directors' interests in
shares and options at 31 December 2007:
SciGen Ltd*

<i>Director</i>	<i>Experience</i>	<i>In the name of the Director Ordinary shares</i>	<i>Options</i>	<i>Deemed Interest Ordinary shares</i>
Mr. Ryszard K. Krauze (Non-Executive Vice-chairman) (Age 51)	Ryszard Krauze is the founder and key shareholder of Prokom Investments, an investment fund with a broad range of assets that include biotechnology (Bioton Group), oil exploration and production (Petrolinvest Group), and real-estate development (Polnord Group). Prokom Investments' companies are floated on the Warsaw Stock Exchange and operate in almost fifty countries worldwide.	-	-	500,026,507

Mr. Krauze is the major shareholder and chairman of the supervisory board of Bioton, SciGen's strategic partner. Bioton leads a group of biotech companies operating in Poland, and other EU member states, as well as in Russia, China and in Southeast Asia. Besides having its production facilities in Poland, it possesses manufacturing plants in Italy, Russia, Israel, India and China. Bioton is one of the world's leading manufacturers of recombinant human insulin, and it dynamically develops its portfolio of new and important biotech products.

Mr. Krauze is also the major shareholder and chairman of the supervisory boards of Petrolinvest and Polnord. Petrolinvest is a group of international companies dedicated to oil and gas exploration and production, holding exploration and production licenses in Kazakhstan and the Russian Federation, while Polnord is a leading real-estate developer in Poland with expanding business operations in the Russian Federation.

*Particulars of directors' interests in
shares and options at 31 December 2007:
SciGen Ltd*

<i>Director</i>	<i>Experience</i>	<i>In the name of the Director Ordinary shares</i>	<i>Options</i>	<i>Deemed Interest Ordinary shares</i>
	Since 1994, Mr. Krauze serves as the honorary consul of the Republic of Austria in Gdańsk. He is the vice president of the Confederation of Polish Employers, and a member of the Polish Business Roundtable.			

*Particulars of directors' interests in
 shares and options at 31 December 2007:
 SciGen Ltd*

<i>Director</i>	<i>Experience</i>	<i>In the name of the Director Ordinary shares</i>	<i>Options</i>	<i>Deemed Interest Ordinary shares</i>
Mr. Paul Freiman (Age 73)	Paul E. Freiman joined NTI as a director and was subsequently appointed President and Chief Executive. He is the former chairman and chief executive officer of Syntex Corporation, where he had a long and successful career and was instrumental in the sale of Syntex's lead product, Naprosyn, and was responsible for moving the product to over-the-counter status, marketed by Proctor & Gamble as Aleve. Mr. Freiman currently serves as chairman of the board of Penwest Pharmaceutical Co. He serves on the boards of Calypte Biomedical Corporation, NeoPharm Inc., Novabay Pharmaceuticals, Otsuka America Pharmaceuticals, Inc. and SciGen Ltd. He has also been chairman of the Pharmaceutical Manufacturers Association of America (PhRMA) and has also chaired a number of key PhARMA committees. Mr. Freiman is also an advisor to Burrill & Com., a San Francisco merchant bank. Mr. Freiman holds a B.S. degree from Fordham University and an honorary doctorate from the Arnold & Marie Schwartz College of Pharmacy.	-	-	-

*Particulars of directors' interests in
 shares and options at 31 December 2007
 SciGen Ltd*

<i>Director</i>	<i>Experience</i>	<i>In the name of the Director Ordinary shares</i>	<i>Options</i>	<i>Deemed Interest Ordinary shares</i>
Mr. Kenneth Gross (Age 78)	Mr. Gross co-founded Goldmark Plastic Compounds in 1957. The Company has since become a major distributor of plastic raw materials within the United States. In addition, Mr. Gross holds a number of directorships in various companies involved in chemical, metals, engineering resins and lubricating oils.	-	-	-

*Particulars of directors' interests in
 shares and options at 31 December 2007:
 SciGen Ltd*

<i>Director</i>	<i>Experience</i>	<i>In the name of the Director Ordinary shares</i>	<i>Options</i>	<i>Deemed Interest Ordinary shares</i>
Mr. Adam Wilczega (Age 53)	<p>Mr. Wilczega is a graduate of the Foreign Trade Faculty at the Warsaw School of Economics in Warsaw in 1979. Mr. Wilczega is the President of the Management Board/General Manager of Bioton S.A.</p> <p>Bioton S.A. managed by Mr. Wilczega owes its position and achievements to a large extent to the effort put in by the President. An undoubted success that crowns the works commenced in 1997 is the elaboration of the technology and the implementation of the production of human recombinant insulin, manufactured using the biosynthesis method. Currently, Bioton S.A. is the fourth company worldwide and the first in Poland to produce biosynthetic insulin for industrial purposes. Since March 2005, Bioton S.A., has been listed on the Warsaw Stock Exchange.</p> <p>Mr. Wilczega was earlier a director at the Varimex Foreign Trade Company and between 1984 and 1989 was delegated as the director to the Commercial and Technical Centre in Cairo.</p>	-	-	-

*Particulars of directors' interests in
shares and options at 31 December 2007:
SciGen Ltd*

<i>Director</i>	<i>Experience</i>	<i>In the name of the Director Ordinary shares</i>	<i>Options</i>	<i>Deemed Interest Ordinary shares</i>
Dr. Marian Gorecki (Age 67)	Dr. Gorecki received a PhD from the Weizmann Institute of Science and was a post graduate fellow in Biology Department at the Massachusetts Institute of Technology (MIT). In 1976, he was appointed Senior Research Scientist and Associate Professor at the Weizmann Institute, Israel. In 1980, Dr. Gorecki co-founded BioTechnology General Corp, now Savient Pharmaceuticals Inc.. He was appointed Senior Vice President, Chief Technical Officer for BTG Corp. and Managing Director for BTG (Israel). He also served as Chairman and CEO of Mediwound Ltd., a biotechnology company developing enzyme-based products in the fields of burn and wound management. He is currently Director of Mediwound Ltd., and Chairman of Thrombotech, a company developing a peptide to mitigate the side effects of standard stroke treatments and is a consultant to Clal Biotechnology. Dr Gorecki was responsible for overseeing the clinical development, regulatory approval and commercialization of five biotechnology drugs that are currently marketed worldwide. As well as two that are now in Phase III trials. Dr Gorecki has more than 21 patents to his name and author to 73 peer-reviewed scientific articles. Dr Gorecki is the Chairman of SciGen's Scientific Advisory Board and has been instrumental in the development of the Company's product portfolio.	-	-	-

Information on Company Secretaries

Ms Jenny Low was appointed to the position of company secretary in December 2006. Ms Jenny Low previously held the role of Chief Financial Officer of the Company for [●] years.

Meetings of directors

The numbers of meetings of the Company's Board of directors and of each board committee held during the financial year ended 31 December 2007, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
	A	B	Audit		Remuneration	
			A	B	A	B
Mr. Saul A. Mashaal (Chairman, Founder & Chief Executive Officer)	5	5	-	-	-	-
Mr. Paul Freiman	4	5	2	2	[●]	[●]
Mr. Kenneth Gross	5	5	2	2	-	-
Mr. Ryszard K. Krauze	-	5	-	-	[●]	[●]
Mr. Adam Wilczega	4	5	2	2	-	-
Dr. Marian Gorecki	4	5	-	-	[●]	[●]

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the period

Key management personnels' emoluments

The Remuneration Committee, comprising the following non-executive directors:

- Paul Freiman (Chairman)
- Ryszard K. Krauze
- Marian Gorecki

The Board's policy is that the Remuneration Committee will comprise entirely of independent non-executive directors. The Remuneration Committee advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for the Chief Executive Officer (who is also the Executive Chairman) and remuneration for non-executive directors. In reviewing remuneration levels, the Board takes into account financial performance in addition to other goals related to business development and operational issues.

The Remuneration Committee meets [●] a year and as required. The committee met [●] during the year and committee members' attendance record is disclosed in the table of directors' meetings above.

Executive remuneration and other terms of employment are reviewed annually by the Chief Executive Officer having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as base salary, remuneration packages include superannuation, performance-related bonuses and fringe benefits.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company and the Group's operations.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time. Options are issued but bonuses are not payable to non-executive directors.

Details of remunerations

Details of the remunerations of the directors and the key management personnel of the Company and the Group are set out in the following tables.

The key management personnel of SciGen Ltd includes the directors as per pages 8 – 14 above and the following executive officers, which also includes the 6 highest paid executives of the entity:

- David M. Mashaal – *VP Corporate Business Development*
- Jenny Low – *Senior Vice President/Corporate Secretary*
- Martin Cooper – *Chief Financial Officer*
- G. Balasubramaniam – *Regional Director of Sales & Marketing*
- Bernadette S. Lopez – *Regional Regulatory Affairs Manager*

The key management personnel of the Group are the directors of SciGen Ltd (see pages 8 – 14 above) and those executives that are involved in the decision making of the Company and the Group. This includes the 5 group executives who received the highest remuneration for the financial year ended 31 December 2007. The executives are :

- David M. Mashaal – *VP Corporate Business Development*
- Jenny Low – *Senior Vice President/Corporate Secretary*
- Martin Cooper – *Chief Financial Officer*
- Yitzhak Ravid – *VP Israel Operations*
- Yacoov R. Hartman – *Director of Research & Development*
- Peter J. Clark – *Country Manager*

Key management personnel of SciGen Ltd - audited

<i>Year ended</i> 31 December 2007	Short-term employee benefits			Post-employment benefits		Share-based payment	
Name	Cash salary and fees	Cash bonus	Non monetary benefits	Superannuation	Retirement & Insurance benefits	Options	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Non-executive directors							
Mr. Paul Freiman	30,000	-	-	-	-	-	30,000
Mr. Kenneth Gross	25,283	-	-	-	-	-	25,283
Dr. Marian Gorecki	60,000	-	-	-	-	-	60,000
Sub-total non-executive directors	115,283	-	-	-	-	-	115,283
Executive director							
Mr. Saul A. Mashaal *	344,332	22,828	185,304	-	6,840	717,308	1,276,612
Other key management personnel							
Mr. David M. Mashaal	225,141	15,539	29,764	7,391	-	-	277,835
Ms. Jenny Low	146,315	11,067	6,389	3,358	-	-	167,129
Mr. Martin Cooper	97,154	6,277	57,004	-	-	-	160,435
Dr. G. Balasubramaniam	101,022	14,070	53	7,075	-	-	122,220
Ms. Bernadette S. Lopez	62,785	-	28,250	-	-	-	91,035
Totals	1,092,032	69,781	306,764	17,824	6,840	677,209	2,210,549

* Included in base salary is a consultancy fee of US\$151,098 payable to a corporation in which Mr. Saul A. Mashaal has an interest. The amount was paid for services of Mashaal Enterprises Ltd.

Key management personnel of SciGen Ltd - audited (continued)

6 months ended 31 December 2006	Short-term employee benefits			Post-employment benefits		Share-based payment	Total US\$
	Cash salary and fees US\$	Cash bonus US\$	Non monetary benefits US\$	Superannuation US\$	Retirement & Insurance benefits US\$	Options US\$	
Non-executive directors							
Mr. Paul Freiman	14,870	-	-	-	-	-	14,870
Mr. Kenneth Gross	11,358	-	-	-	-	-	11,358
Dr. Marian Gorecki	29,727	-	-	-	-	-	29,727
Sub-total non-executive directors	55,955	-	-	-	-	-	55,955
Executive director							
Mr. Saul A. Mashaal *	152,686	10,154	47,999	-	3,391	68,526	282,756
Other key management personnel							
Mr. David M. Mashaal	87,585	12,260	13,131	3,811	-	-	116,787
Ms. Jenny Low	63,993	9,636	1,742	3,346	-	-	78,717
Dr. G. Balasubramaniam	45,185	12,237	55	3,808	-	-	61,285
Ms. Rachel L. Adams	49,350	-	6,013	-	-	-	55,363
Ms. Bernadette S. Lopez	28,667	-	10,327	-	-	-	38,994
Mr. Martin Cooper (from 27 October 2006)	13,896	1,895	20,674	-	-	-	36,465
Totals	497,317	46,182	99,941	10,965	3,391	68,526	726,322

* Included in base salary is a consultancy fee of US\$74,586 payable to a corporation in which Mr. Saul A. Mashaal has an interest. The amount was paid for services of Mashaal Enterprises Ltd.

Further information on the options, including the numbers of options granted to directors and other executives, is set out in the following sections of this report.

Key Management personnel of the Group - audited

<i>Year ended</i> 31 December 2007	Short-term employee benefits			Post-employment benefits		Share-based payment	
Name	Cash salary and fees US\$	Cash bonus US\$	Non monetary benefits US\$	Superannuation US\$	Retirement benefits US\$	Options US\$	Total US\$
Non-executive directors							
Mr. Paul Freiman	30,000	-	-	-	-	-	30,000
Mr. Kenneth Gross	25,283	-	-	-	-	-	25,283
Dr. Marian Gorecki	60,000	-	-	-	-	-	60,000
Mr. Clarence Cheng	22,000	-	-	-	-	-	22,000
Sub-total non-executive directors	137,283	-	-	-	-	-	137,283
Executive directors							
Mr. Saul A. Mashaal	344,332	22,828	185,304	-	6,840	717,308	1,276,612
Mr. Yehuda Zelig	230,748	35,280	-	25,220	-	-	291,248
Mr. Henry Pyun Dong-Ha	116,640	-	4,450	11,664	-	-	132,754
Mr. Peter J. Clark	72,659	26,795	-	74,963	-	-	174,418
Other key management personnel							
Mr. David M. Mashaal	225,141	15,539	29,764	7,391	-	-	277,835
Ms. Jenny Low	146,315	11,067	6,389	3,358	-	-	167,129
Mr. Martin Cooper	97,154	6,277	57,004	-	-	-	160,435
Mr. Yitzhak Ravid	103,183	5,697	-	19,070	-	-	127,950
Mr. Yaacov Hartman	104,866	-	-	22,176	-	-	127,042
Totals	1,578,321	123,483	282,911	163,842	6,840	717,308	2,872,706

Key Management personnel of the Group - audited (continued)

6 months ended 31 December 2006	Short-term employee benefits			Post-employment benefits		Share-based payment	Total US\$
	Cash salary and fees US\$	Cash bonus US\$	Non monetary benefits US\$	Superannuation US\$	Retirement benefits US\$	Options US\$	
Non-executive directors							
Mr. Paul Freiman	14,870	-	-	-	-	-	14,870
Mr. Kenneth Gross	11,358	-	-	-	-	-	11,358
Dr. Marian Gorecki	29,727	-	-	-	-	-	29,727
Sub-total non-executive directors	55,955	-	-	-	-	-	55,955
Executive director							
Mr. Saul A. Mashaal	152,686	10,154	47,999	-	3,391	68,526	282,756
Mr. Yehuda Zelig	84,513	-	5,025	5,724	1,704	-	96,966
Mr. Peter J. Clark** (from 1 November 2006)	10,329	-	-	25,824	-	-	36,153
Mr. Henry Dong-Ha Pyun	51,711	-	4,935	1,003	-	-	57,649
Other key management personnel							
Mr. David M. Mashaal	87,585	12,260	13,131	3,811	-	-	116,787
Ms. Jenny Low	63,993	9,636	1,742	3,346	-	-	78,717
Dr. G. Balasubramaniam	45,185	12,237	55	3,808	-	-	61,285
Ms. Rachel L. Adams	49,350	-	6,013	-	-	-	55,363
Mr. Phillip Boston	48,357	-	-	-	-	-	48,357
Mr. Martin Cooper (from 27 October 2006)	13,896	1,895	20,674	-	-	-	36,465
Totals	663,560	46,182	99,574	43,516	5,095	68,526	926,453

** The amount disclosed excludes the remuneration earned prior to his appointment as a director of SciGen (Australia) Pty Ltd on 1 November 2006. The remuneration excluded amount to US\$41,188.

“Other executives” are officers who are involved in, concerned in, or who take part in, the management of the affairs of the Company and / or related bodies corporate.

Information on loans to directors-related entities are set out in note 9 to the financial statements.

Insurance of officers

During the financial year, the Company paid a premium of US\$18,340 to insure the directors and officers of the Company and its controlled entities, and the managers of each of the divisions of the Group and the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group and the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Auditor

KPMG have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Saul A. Mashaal
Chairman, Founder &
Chief Executive Officer

Kenneth Gross
Non-Executive Director

Singapore
28 March 2008

Statement by Directors

In the opinion of the directors,

- (a) the financial statements set out on pages 34 to 77 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and the results, changes in equity and cash flow of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Saul A. Mashaal
Chairman, Founder
& Chief Executive Officer

Kenneth Gross
Non-Executive Director

Singapore
28 March 2008

Corporate Governance Statement

SciGen Ltd (the “Company” or “SciGen”) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company’s corporate governance framework is largely consistent with the Best Practice recommendations released by the Australian Stock Exchange Corporate Governance Council when taking into account the size and scope of the company. The Company and its controlled entities together are referred to as the Group in this statement.

A summary of the compliance status of the Group under the broad Principle headings as defined in the Guidelines is shown below.

Principle 1

Lay solid foundations for management and oversight

The relationship between the Board and senior management is important to the Group’s long-term success. Day to day management of the Group’s affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives.

The directors are responsible to the shareholders for the performance of the company in both the short and longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Role of the Board

- (a) The Directors are responsible for the direction and supervision of SciGen’s business and for its overall corporate governance. This includes ensuring that internal controls and reporting procedures are adequate and effective. The Directors recognise the need to maintain the highest standards of behaviour, ethics and accountability.
- (b) The primary functions of the Board include:
 - (1) formulating and approving objectives, strategies and long-term plans for SciGen’s continued development and operation, in conjunction with management;
 - (2) monitoring the implementation of these objectives, strategies and long-term plans to ensure SciGen, to the best of its ability, delivers shareholder value;
 - (3) approval of management recommendations on capital expenditure;
 - (4) monitoring SciGen’s overall performance and financial results, including adopting annual budgets and approving SciGen’s financial statements;
 - (5) ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;
 - (6) selecting and reviewing the performance of the Chief Executive Officer and reviewing the performance of senior operating management;
 - (7) ensuring significant business risks are identified and appropriately managed;

- (8) ensuring that SciGen meets the statutory, regulatory and reporting requirements of the ASX and requirements under Australia and Singapore corporations law;
 - (9) ensuring that SciGen, its Directors, officers, employees and associates are aware of and comply with all relevant laws and regulations;
 - (10) reporting to shareholders on performance; and
 - (11) deciding the payment of dividends to shareholders.
- (c) The Board consists of the Chairman, Non-Executive Vice-chairman and four other non-executive Directors. The term of Directors' appointments is governed by SciGen's Constitution. At least one third of Directors must retire and seek re-election at each Annual General Meeting of SciGen. Mr. Paul Freiman, Mr. Kenneth Gross and Mr. Saul A. Mashaal having attained the age of 70 years, are required to seek re-election annually, under the provision of the Singapore Companies Act.
- (d) The Board has established an Audit Committee and a Remuneration Committee. From time to time, the Board may determine to establish specific purpose sub-committees to deal with specific issues.

Principle 2

Structure the Board to add value

Board members

Details of the members of the Board, their experience, expertise, qualifications are set out in the directors' report under the heading "Information on directors". There are five non-executive directors, two of whom are deemed independent under the principles set out in the Guidelines, and one executive director at the date of signing the directors' report.

Directors' independence

The Board does not comprise of a majority of independent directors as defined by the Corporate Governance Council Guidelines. However the Board believes that the composition of the Board currently brings the right mix of complementary skills, experience and representation for the Company and its shareholders at this point in its life.

Term of office

The Company's constitution specifies that at least one third of directors must retire from office at each annual general meeting (AGM). Where eligible, a director may stand for re-election subject to the following limitation imposed by Singapore Companies Act:

- on attaining the age of 70 years a director will retire at each AGM and may seek re-election.

Roles of the Chairman and Chief Executive Officer (CEO)

The Chairman is responsible for leading the Board, ensuring that Board activities are organised and efficiently conducted and for ensuring directors are properly briefed for meetings. The CEO is responsible for implementing Group strategies and policies.

Commitment

The number of meetings of the company's Board of directors and of each board committee held during the twelve months ended 31 December 2007, and the number of meetings attended by each director is disclosed on page 15.

It is the Company's practice to allow its executive directors to accept appointments outside the company with prior written approval of the Chairman.

Conflict of interests

Entities connected with Mr Kenneth Gross, Mr. Saul A. Mashaal, Mr Paul Freiman, Mr. Ryszard K. Krauze and Mr. Adam Wilczega had business dealings with the Group and the Company during the period, as described in note 28 to the financial statements. In accordance with the Board charter, the directors concerned declare their interests in those dealings to the company and take no part in decisions relating to them or the preceding discussions.

Independent professional advice

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Nomination Committee

The Company does not have a formally constituted nomination committee given the early stage of the Company's development and the complete nature of the Board composition currently. When new directors are required, the Board will appoint a nomination committee to consider membership.

Scientific Advisory Board

The Group has a pool of expert scientists known collectively as the Scientific Advisory Board. These scientists are able to be accessed by the Group to seek expert scientific advice related to the Group's activities. The members of the panel are:

- Dr. Marian Gorecki
- Professor Chan Soh Ha
- Professor Daniel Shouval
- Professor David Handelsman

Performance assessment

It is intended that the Board may undertake an annual self-assessment of its collective performance. The process may be facilitated by an independent third party.

In addition, each board committee may undertake an annual self assessment on the performance of the committee and achievement of committee objectives.

The Chairman intends when possible to annually assess the performance of individual directors and meet privately with each director to discuss this assessment. The Chairman's performance may be reviewed by the Board.

Principle 3 Promote ethical and responsible decision-making

Code of Conduct

The Company has developed a Code of Conduct (the Code) which has been reviewed by the Board and will apply to all directors and employees. The Code will be regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

The purchase and sale of company securities by directors and employees is only permitted during the sixty day period following the release of the half-yearly and annual financial results to the market and sixty day period following the Annual General Meeting. Any transactions undertaken must be notified to the company secretary in advance.

Principle 4 Safeguard integrity in financial reporting

Board committees

The Board has established two committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the Remuneration and Audit committees. Each is comprised entirely of non-executive directors.

Committee charters have been written setting out each committees' role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. These charters will be available on the Company's website. Matters determined by committees are submitted to the full board as recommendations for board decision, as required unless the Board has delegated the authority for a decision to the appropriate committee.

Minutes of committee meetings are tabled at subsequent board meetings.

Audit committee

The non-executive directors on the committee are:

Mr. Kenneth Gross (Chairman)
Mr. Paul Freiman
Mr. Adam Wilczega

Details of these directors' qualification, expertise, experience and attendance at audit committee meetings are set out in the directors' report on pages 8 – 15. The chairman of the audit committee is an independent director. The members have been selected because of the particular skills and experience they contribute to the committee.

The Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and External Auditors are invited to attend Audit Committee Meetings at the discretion of the committee. Time is allocated for the Audit Committee to meet with the External Auditors without management being present. The responsibilities of the Audit Committee are to:

- (a) assist the Board to discharge fiduciary responsibilities with regard to SciGen's accounting, control and reporting practices by monitoring the internal control environment and management over corporate assets;
- (b) review internal controls and any changes thereto approved and submitted by SciGen's CFO.
- (c) provide assurance regarding the quality and reliability of financial information used by the Board to enable the Board to maintain confidence in the financial reports;
- (d) oversee the activities of the external audit staff of SciGen and to review SciGen's risk management policies and internal control processes;
- (e) review and recommend to the Board the adoption of SciGen's annual financial statements; and
- (f) liaise with and review the performance of the external auditor, who may be invited to attend Audit Committee meetings to discuss financial matters and business risk.

Corporate reporting

The CEO and CFO have made the following certifications in writing to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Group and Company and are in accordance with relevant accounting standards; and
- that the above statements are founded on a sound system of risk management and internal compliance and control and which implement the policies adopted and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material aspects.

External auditors

The Company's and Audit Committee's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually, taking into consideration assessment of performance and existing value. KPMG were appointed as the external auditors in November 2006.

An analysis of fees paid to external auditors for non-audit services is provided in note 19 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

Risk assessment and management

The Board is responsible for ensuring there are adequate policies in relation to risk oversight and management, and internal control systems. In summary, the Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, addressed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the code of conduct is required at all times and the Board actively promotes a culture of quality and integrity.

Remuneration committee

The remuneration committee consists of the following non-executive directors:

Mr. Paul Freiman (Chairman)
Mr. Ryszard K. Krauze
Dr. Marian Gorecki

Details of these directors' qualifications, experience and attendance at remuneration committee meetings are set out in the directors' report on pages 8 – 15.

The remuneration committee advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive and non-executive directors.

Further information on directors' remuneration is set out in the directors' report and note 28 to the financial statements.

**Principle 5
Make timely and balanced disclosure**

Continuous disclosure and shareholder communication

The CEO has been nominated as the person responsible for communications with the Australian Stock Exchange (“ASX”). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The Company complies with written policies and procedures of the ASX on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the company’s securities.

All information disclosed to the ASX is posted on the Company’s website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group’s operations, the material used in the presentation is released to the ASX and posted on the Company’s website.

All shareholders receive a copy of the Company’s annual report unless they have indicated otherwise. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. All recent announcements of the Company, media briefings, details of the Company’s meetings, press releases and financial reports are available on the Company’s website www.scigenltd.com.

The website also includes a feedback mechanism and an option for shareholders to register their email address for email updates of the Company’s matters.

**Principle 6
Respect the rights of shareholders**

The Company has developed a website which contains sections dealing specifically with investor information.

All ASX and other important announcements are published on the website simultaneously with their release into the public domain.

Shareholders can also email the Company and receive updates or answers to specific questions where appropriate.

In terms of external audit, a formal invitation has been extended by the Board to the audit partner at KPMG to attend the annual general meeting of the Company and through the Chairman will be available to answer questions relating to the conduct of the audit.

**Principle 7
Recognise and manage risk**

SciGen is committed to the management of risks to protect its employees, assets, earnings, markets, reputation and the environment.

The Board has implemented risk management procedures throughout the Company that aim to identify the sources of risk and loss, quantify the impact of these sources and control and reduce the risk through practical and cost effective control measures. This will continue to be reviewed and enhanced.

In addition, SciGen uses risk-financing techniques, including insurance, to reduce the financial impact of any uncontrollable or catastrophic losses.

The audit committee of the Board currently accepts the role and responsibility of over seeing the control of financial risk. The committee ensures that adequate internal controls and risk-financing measures (such as insurance) are in place. These measures provide some protection against financial events.

In terms of more general risk management, managers in each country where SciGen employs staff are responsible for conforming to local occupational health and safety requirements. Given the relatively small size of the company and its geographic diversity it is not considered useful to constitute a formal Risk Management Committee at this point.

Further risk policy development will be undertaken in consultation with the Audit Committee and Board as appropriate.

**Principle 8
Encourage enhanced performance**

The Chairman of SciGen has the responsibility of reviewing the performance of each director.

The CEO is assessed annually and the Remuneration Committee will make certain recommendations regarding salary adjustments. The CEO undertakes an annual review (using a structured system) of his direct reports.

Each year's budget provide for training and education of staff, both internally and externally.

**Principle 9
Remunerate fairly and responsibly**

The twelve months report of the Company contains detailed information of the remuneration of directors and senior executives. This information includes references to share option allocations.

The Audit Committee and the Board will review the term of any proposed scheme for the retirement benefits, other than the statutory superannuation, for non-executive directors.

Principle 10
Recognise the legitimate interests of stakeholders

The Company is in the process of implementing the policies of the Code of Conduct throughout the Company. Recognition and stakeholder rights is a key element with this process.

Independent auditors' report

Members of the Company
SciGen Ltd

We have audited the financial statements of SciGen Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2007, the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 77.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and the results, changes in equity and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG
Certified Public Accountants

Singapore
28 March 2008

Balance sheets
As at 31 December 2007

	Note	Group		Company	
		2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Non-current assets					
Property, plant and equipment	3	36,188	18,961	119	125
Intangible assets	4	25,539	19,804	25,538	19,361
Lease prepayment	5	1,257	–	–	–
Investment property	6	319	–	–	–
Long-term prepayment		194	–	194	–
Subsidiaries	7	–	–	36,266	20,524
Deferred tax assets		52	–	–	–
		<u>63,549</u>	<u>38,765</u>	<u>62,117</u>	<u>40,010</u>
Current assets					
Inventories	8	1,513	531	292	341
Trade and other receivables	9	4,981	3,776	2,701	3,678
Cash and cash equivalents	10	4,912	6,614	828	1,489
		<u>11,406</u>	<u>10,921</u>	<u>3,821</u>	<u>5,508</u>
Total assets		<u>74,955</u>	<u>49,686</u>	<u>65,938</u>	<u>45,518</u>
Equity attributable to equity holders of the Company					
Share capital	11	42,530	42,530	42,530	42,530
Reserves	12	1,131	(65)	914	196
Accumulated losses		(26,249)	(22,299)	(29,938)	(23,235)
		<u>17,412</u>	<u>20,166</u>	<u>13,506</u>	<u>19,491</u>
Minority interest		<u>3,166</u>	<u>1,443</u>	<u>–</u>	<u>–</u>
Total equity		<u>20,578</u>	<u>21,609</u>	<u>13,506</u>	<u>19,491</u>
Non-current liabilities					
Trade and other payables	15	2,490	–	2,490	–
Financial liabilities	14	43,832	23,697	43,667	23,517
		<u>46,322</u>	<u>23,697</u>	<u>46,157</u>	<u>23,517</u>
Current liabilities					
Trade and other payables	15	8,055	4,380	6,275	2,510
		<u>8,055</u>	<u>4,380</u>	<u>6,275</u>	<u>2,510</u>
Total liabilities		<u>54,377</u>	<u>28,077</u>	<u>52,432</u>	<u>26,027</u>
Total equity and liabilities		<u>74,955</u>	<u>49,686</u>	<u>65,938</u>	<u>45,518</u>

The accompanying notes form an integral part of these financial statements.

Consolidated income statement
Year ended 31 December 2007

	Note	12 months ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000
Revenue	16	8,321	2,989
Other income (net)	17	47	2,055
Changes in inventories of finished goods		214	(322)
Purchases		(4,251)	(683)
Staff costs		(3,917)	(1,691)
Depreciation of property, plant and equipment		(94)	(87)
Depreciation of investment property		(9)	–
Amortisation of intangible assets		(171)	(82)
Amortisation of lease prepayments		(42)	–
Other expenses	18	(4,994)	(2,406)
Loss from operating activities		(4,896)	(227)
Finance income		3,090	975
Finance cost		(2,177)	(578)
Net finance income	19	913	397
(Loss)/Profit from operating activities before income tax	20	(3,983)	170
Income tax expense	22	(80)	(3)
(Loss)/Profit for the year/period		(4,063)	167
Attributable to:			
Equity holders of the Company		(3,950)	305
Minority interest		(113)	(138)
(Loss)/Profit for the year/period		(4,063)	167
(Loss)/Earnings per share			
Basic (loss)/earnings per share (cents)	23	(0.715)	0.055
Diluted (loss)/earnings per share (cents)	23	(0.692)	0.055

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity
Year ended 31 December 2007

Group	Share capital S\$'000	Foreign currency translation reserve S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total attributable to equity holders of the Company S\$'000	Minority interest S\$'000	Total equity S\$'000
At 1 July 2006, as previously reported in S\$	65,220	(233)	180	(34,678)	30,489	–	30,489
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 July 2006, as restated in US\$	40,834	(146)	113	(21,712)	19,089	–	19,089
Exchange difference arising from the translation of financial statements from S\$ (functional currency) into US\$ (presentation currency) (see Note 2.1)	1,696	(6)	5	(892)	803	50	853
Exchange differences arising on consolidation of foreign subsidiaries	–	(110)	–	–	(110)	–	(110)
Net losses recognised directly in equity	1,696	(116)	5	(892)	693	50	742
Net profit for the period	–	–	–	305	305	(138)	167
<i>Total recognised income and expense for the period</i>	1,696	(116)	5	(587)	998	(88)	909
Contribution by minority shareholders of a subsidiary	–	–	–	–	–	1,531	1,531
Share-based payment	–	–	79	–	79	–	79
At 31 December 2006	42,530	(262)	197	(22,299)	20,166	1,443	21,609

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity
Year ended 31 December 2007

Group	Share capital S\$'000	Foreign currency translation reserve S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total attributable to equity holders of the Company S\$'000	Minority interest S\$'000	Total equity S\$'000
At 1 January 2007, as previously reported in S\$	65,220	(402)	302	(34,196)	30,924	2,213	33,137
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2007, as restated in US\$	42,530	(262)	197	(22,299)	20,166	1,443	21,609
Exchange difference arising on consolidation of foreign subsidiaries/Net profit recognised directly in equity	–	479	–	–	479	–	479
Net loss for the year	–	–	–	(3,950)	(3,950)	(113)	(3,950)
<i>Total recognised income and expense for the year</i>	–	479	–	(3,950)	(3,471)	(113)	(3,471)
Contribution by minority shareholders of a subsidiary	–	–	–	–	–	1,835	1,723
Share-based payment	–	–	717	–	717	–	717
At 31 December 2007	42,530	217	914	(26,249)	17,412	3,166	20,578

The accompanying notes form an integral part of these financial statements.

Consolidated cash flow statement
Year ended 31 December 2007

	12 months ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000
Operating activities		
(Loss)/Profit for the year/period	(4,063)	167
Adjustments for:		
Depreciation of investment property	9	–
Depreciation of property, plant and equipment	94	87
Amortisation of intangible assets	171	82
Amortisation of leasehold prepayments	42	–
Loss on disposal of property, plant and equipment	71	1
Equity-settled share-based payment transactions	717	79
Negative goodwill on acquisition of a subsidiary	63	(2,055)
Interest income	(831)	(157)
Interest expenses	2,177	578
Income tax expenses	80	3
	<hr/>	<hr/>
	(1,470)	(1,215)
Changes in working capital:		
Inventories	(981)	217
Trade and other receivables	(2,688)	(1,665)
Trade and other payables	4,215	(2,449)
	<hr/>	<hr/>
Cash generated from/(used in) operations	(924)	(5,112)
Income taxes paid	(80)	(3)
	<hr/>	<hr/>
Cash flows from operating activities	(1,004)	(5,115)
Investing activities		
Interest received	123	198
Purchase of property, plant and equipment	(16,853)	(4,371)
Purchase of intangible assets	(5,906)	(1,697)
Purchase of land use rights	(45)	–
Acquisition of a subsidiary, net of cash acquired	25	158
	<hr/>	<hr/>
Cash flows from investing activities	(22,681)	(5,712)
Financing activities		
Interest paid	(3)	(47)
Loans from ultimate holding company	20,474	19,407
Advances to a corporation	–	(513)
Proceeds from bank loans	152	–
Repayment of loans and borrowings	(386)	(5,767)
Capital contribution by minority shareholders of a subsidiary	1,835	301
	<hr/>	<hr/>
Cash flows from financing activities	22,072	13,381
Net (decrease)/increase in cash and cash equivalents	(1,613)	2,554
Cash and cash equivalents at beginning of year/period	6,614	4,354
Effect of exchange rate fluctuations on cash held	(89)	(294)
	<hr/>	<hr/>
Cash and cash equivalents at end of year/period	4,912	6,614

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2008.

1 Domicile and activities

SciGen Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 152 Beach Road, #26-07/08 Gateway East, Singapore 189721.

The principal activities of the Group and Company are those relating to the manufacture and distribution of biopharmaceutical products under exclusive licensing arrangements.

The immediate and ultimate holding company during the financial year was Bioton S.A., a company incorporated in Poland.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group).

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

Certain significant accounting policies of the overseas subsidiary companies in the Group for the respective periods are different from those described in these financial statements. Adjustments have been made, for the purpose of these consolidated financial statements, to restate the assets, liabilities, income and expenses, where necessary, to conform with the accounting policies as set out below, which are in accordance with FRSs.

The financial statements have been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are stated at fair value.

The financial statements are presented in United States dollars which is the Company's functional currency. All financial information presented in United States dollars has been rounded to the nearest thousand, unless otherwise stated.

During the year ended 31 December 2007, the functional currency of the Company changed from Singapore dollars to United States dollars due to changes in the underlying transactions, events and conditions relevant to the Company. The effect of the change in functional currency of the Company has been accounted for prospectively in the financial statements of the Company. Due to the change in functional currency of the Company, the presentation currency of the financial statements of the Company has been changed from Singapore dollars to the United States dollars.

Comparatives of the Group are presented in United States dollars due to a change in functional currency from Singapore dollars to United States dollars during the period. As at 31 December 2007, assets and liabilities are translated from Singapore dollars to United States dollars at the exchange rate ruling at that date. Income and expense items for the six months ended 31 December 2006 are translated at the average for the period. The resultant exchange differences was recognised directly in equity as at 31 December 2006.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 13 – measurement of share-based payments
- Note 25 – valuation of assets, liabilities and contingent liabilities acquired in business combinations

During the year, the accounting policy relating to the measurement of investment properties, as described in note 2.6, was changed.

Except for the above change, the accounting policies set out below have been applied consistently by the Group. The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2.2 Consolidation

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries by the Company

Investments in subsidiaries are stated in the Company's balance sheet at cost less accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated at the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below).

Foreign operations

The assets and liabilities of foreign operations are translated to United States dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to United States dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2006, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserve is transferred to the income statement.

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss arising on disposal.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Assets under construction are not depreciated. Depreciation on other property, plant and equipment is recognised in the income statement on a straight-line basis over their estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Leasehold building	40 years
Leasehold land	Over the lease terms of 95 years
Plant and machinery	5 years
Office equipment	3 to 5 years
Office furniture and fittings	5 to 10 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.5 Intangible assets

Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries.

Acquisitions on or after 1 January 2005

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill arising on the acquisition of subsidiaries is presented in intangible assets.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2.9. Negative goodwill is recognised immediately in the income statement.

Licences

Licences that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses. The amortisation commences from the dates the products have been marketed, following the successful registrations of the products in any country or group of countries according to the licence agreements. Where an indication of impairment exists, the carrying amount of a licence right is assessed and written down to its recoverable amount.

Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the products or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the income statement when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in income statement when incurred.

Amortisation

Amortisation is recognised in income statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Acquired software	3 years
Capitalised development costs	10 to 20 years
Licences	8 to 20 years

2.6 Investment properties

Investment property is property held either to earn rental income or capital appreciation or both. It does not include properties for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment property is measured at cost less accumulated depreciation and impairment losses. Depreciation on investment properties is recognised in the income statement on a straight-line basis over their estimated useful lives of 40 years. Rental income from investment properties is accounted for in the manner described in note 2.13.

Change in accounting policy

The Group adopted FRS 40 *Investment Property* on 1 January 2007. Under FRS 40, the Group state its investment properties at cost less accumulated depreciation and impairment losses. The change in accounting policy has no material impact to the financial statements.

2.7 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits.

Other non-derivative financial instruments

Other non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Impairment losses are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

2.8 Leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.9 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties (note 2.6) and inventories (note 2.10), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in the income statement.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.11 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the estimated liability for annual leave and long service leave, and the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

2.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.13 Revenue recognition

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, duties and taxes paid. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. For sales on consignment, the revenue is recognised when the products are delivered by the distributors to their customers.

Rental income

Rental income receivables under operating leases is recognised in the income statement on a straight-line basis over the term of the lease.

2.14 Finance income and expenses

Finance income comprises interest income on funds invested and foreign currency gains that are recognised in the income statement. Interest income is recognised as it accrues, using the effective interest rate method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and foreign currency losses that are recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest rate method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.15 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is not probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Property, plant and equipment

Group	Note	Land and buildings US\$'000	Plant and machinery US\$'000	Office equipment US\$'000	Office furniture and fittings US\$'000	Motor vehicle US\$'000	Construction in progress US\$'000	Total US\$'000
Cost								
At 1 July 2006		853	308	279	112	–	–	1,552
Additions		2,619	618	181	46	99	1,393	4,956
Assets acquired in business combinations	25	2,031	–	36	9	54	10,022	12,152
Disposals		–	–	(4)	–	–	–	(4)
Reclassification to intangible assets	4	–	–	(56)	–	–	–	(56)
Translation differences		178	27	9	3	4	439	660
At 31 December 2006		5,681	953	445	170	157	11,854	19,260
Additions		–	1,844	328	3,530	58	10,923	16,683
Transfer from intangible assets	4	–	–	–	–	–	458	458
Disposals		–	–	(81)	(1)	–	(1,077)	(1,159)
Transfer to lease prepayment	5	(1,204)	–	–	–	–	–	(1,204)
Transfer to investment property	6	(316)	–	–	–	–	–	(316)
Translation differences		269	186	44	559	17	1,761	2,836
At 31 December 2007		4,430	2,983	736	4,258	232	23,919	36,558

	Land and buildings US\$'000	Plant and machinery US\$'000	Office equipment US\$'000	Office furniture and fittings US\$'000	Motor vehicle US\$'000	Constructio n in progress US\$'000	Total US\$'000
Accumulated depreciation							
At 1 July 2006	1	52	133	22	–	–	208
Depreciation charge for the period	8	31	35	5	7	–	86
Disposals	–	–	(2)	–	–	–	(2)
Translation differences	–	2	4	–	–	–	6
At 31 December 2006	9	85	170	27	7	–	298
Depreciation charge for the year	12	10	40	12	20	–	94
Disposals	–	–	(75)	(1)	–	–	(76)
Translation differences	11	6	22	5	10	–	54
At 31 December 2007	32	101	157	43	37	–	370
Carrying amount							
At 1 July 2006	852	256	146	90	–	–	1,344
At 31 December 2006	5,378	868	275	143	150	11,854	18,668
At 31 December 2007	4,398	2,882	579	4,215	195	23,919	36,188

Company	Note	Plant and machinery US\$'000	Office equipment US\$'000	Office furniture and fittings US\$'000	Total US\$'000
Cost					
At 1 July 2006		18	176	89	283
Additions		–	9	4	13
Disposals		–	(4)	–	(4)
Transfer to intangible assets	4	–	(56)	–	(56)
Translation differences		–	1	–	1
At 31 December 2006		18	126	93	237
Additions		–	28	2	30
Disposals		–	(43)	–	(43)
At 31 December 2007		18	111	95	224
Accumulated depreciation					
At 1 July 2006		18	65	12	95
Depreciation for the period		–	14	4	18
Disposals		–	(2)	–	(2)
Translation differences		–	1	–	1
At 31 December 2006		18	78	16	112
Depreciation for the year		–	25	10	35
Disposals		–	(42)	–	(42)
At 31 December 2007		18	60	27	105
Carrying amount					
At 1 July 2006		–	111	77	188
At 31 December 2006		–	48	77	125
At 31 December 2007		–	50	69	119

The following property, plant and equipment are pledged as security to secure bank loans (see note 14):

	Group	
	2007	2006
	US\$'000	US\$'000
Leasehold property	–	293
Motor vehicles	69	27
	<u>69</u>	<u>320</u>

4 Intangible assets

Group	Note	Licences	Computer	Development	Total
		US\$'000	software	costs	US\$'000
			US\$'000	US\$'000	
Cost					
At 1 July 2006		18,934	–	–	18,934
Additions		1,217	–	428	1,645
Transfer from property, plant and equipment	3	–	56	–	56
Translation differences		39	–	15	54
At 31 December 2006		<u>20,190</u>	<u>56</u>	<u>443</u>	<u>20,689</u>
Additions		5,983	14	669	6,666
Disposals		(874)	–	–	(874)
Transfer to property, plant and equipment	3	–	–	(458)	(458)
Translation differences		–	1	14	15
At 31 December 2007		<u>25,299</u>	<u>70</u>	<u>669</u>	<u>26,038</u>
Accumulated amortisation					
At 1 July 2006		801	–	–	801
Amortisation charge for the period		82	–	–	82
Translation differences		2	–	–	2
At 31 December 2006		<u>885</u>	–	–	<u>885</u>
Amortisation charge for the year		170	1	–	171
Disposals		(558)	–	–	(558)
Translation difference		–	1	–	1
At 31 December 2007		<u>497</u>	<u>2</u>	<u>--</u>	<u>499</u>
Carrying amount					
At 1 July 2006		<u>18,133</u>	–	–	<u>18,133</u>
At 31 December 2006		<u>19,305</u>	<u>56</u>	<u>443</u>	<u>19,804</u>
At 31 December 2007		<u>24,802</u>	<u>68</u>	<u>669</u>	<u>25,539</u>

Company	Note	Licences US\$'000	Computer software US\$'000	Development costs US\$'000	Total US\$'000
Cost					
At 1 July 2006		18,934	–	–	18,934
Additions		1,217	–	–	1,217
Transfer from property, plant and equipment	3	–	56	–	56
Translation differences		39	–	–	39
At 31 December 2006		20,190	56	–	20,246
Additions		5,983	12	669	6,664
Transfer to property, plant and equipment	3	–	–	(458)	(458)
Disposals		(874)	–	–	(874)
At 31 December 2007		25,299	68	669	26,036
Accumulated amortisation					
At 1 July 2006		801	–	–	801
Amortisation charge for the period		81	–	–	81
Translation differences		3	–	–	3
At 31 December 2006		885	–	–	885
Amortisation charge for the year		170	1	–	171
Disposals		(558)	–	–	(558)
At 31 December 2007		497	1	–	498
Carrying amount					
At 1 July 2006		18,133	–	–	18,133
At 31 December 2006		19,305	56	–	19,361
At 31 December 2007		24,802	67	669	25,538

Type of licences in respect of biologics

	Cost US\$'000	Duration of licences
Rights to market and distribute	9,767	10 – 20 years from date of first approval for sales in specified group countries.
Rights to market and distribute	4,204	10 – 20 years from date of first approval for sales in specified countries.
Rights to market and distribute	42	10 – 20 years from date of agreement.
Rights to use technology to establish large scale production facility	5,649	10 – 20 years from date of approval in licensed territory.
Right to develop, manufacture, market and sell	1,118	99 years from 10 November 1993 (agreement date). Automatic renewal for another 99 years.
Right to use design plans to construct large scale production facilities	4,519	10 – 20 years from completion of construction of the facilities.
	<u>25,299</u>	

Some of the licences to market and distribute require the Company to obtain the relevant regulatory approvals in countries specified in the agreements within a specified period of time, failing which the licence agreements can be terminated. The countries are largely within the Asia Pacific region.

The licence with the right to use technology requires the Company to erect and operate a facility or use a Contract Manufacturer Organisation with a minimal production capacity.

The licence with the right to develop and manufacture requires the Company to fund the development of the product undertaken by the licensor. The development fee is payable to the licensor in instalments over the stages of the development as stipulated in the licence agreement.

In assessing the carrying amount of the licences, the directors rely on the use of estimates of:

- the future cash inflows and outflows to be derived from the licences;
- the risk adjusted discount rate to be applied to these future cash flows; and
- the useful lives of these intangibles.

The directors consider that, in arriving at the above estimates, they have made the best assessment they can, taking into account the conditions prevailing at 31 December 2007 and current information available to them, including an independent valuation carried out by Aqua Partners LLC in February 2008 which confirms that the fair value of the major licence, Sci-B-Vac™, is in excess of its carrying value.

The financial obligations to the licensors arising from the acquisition of these licences are disclosed in note 15 to the financial statements.

5 Lease prepayment

	Note	US\$'000
Cost		
At 1 July 2006 and 31 December 2006		–
Transfer from property, plant and equipment	3	1,204
Additions		47
Translation differences		46
At 31 December 2007		<u>1,297</u>
Accumulated depreciation		
At 1 July 2006 and 31 December 2006		–
Amortisation charge for the year		42
Translation differences		(2)
At 31 December 2007		<u>40</u>
Carrying amount		
At 1 July 2006 and 31 December 2006		–
At 31 December 2007		<u>1,257</u>

Lease prepayments represent the land use rights held by a subsidiary in the Group situated in the People's Republic of China ("PRC"). At 31 December 2007, the remaining period of the land use rights is 29 years. None of the leases include contingent rentals.

There are no rules or guidelines under the existing rules and regulations in the PRC as to the responsibility of restoration upon expiry of land use rights. There is no reliable estimation to the cost of restoration and the expenditure is not probable.

6 Investment property

	Note	US\$'000
Cost		
At 1 July 2006 and 31 December 2006		–
Transfer from property, plant and equipment	3	316
Translation differences		13
At 31 December 2007		<u>329</u>
Accumulated depreciation		
At 1 July 2006 and 31 December 2006		–
Depreciation charge for the year		9
Translation differences		1
At 31 December 2007		<u>10</u>
Carrying amount		
At 1 July 2006 and 31 December 2006		–
At 31 December 2007		<u>319</u>

The investment property comprise of a residential apartment that is leased to third parties for the period of 3 years. Subsequent renewals are negotiated with the lessee.

7 Subsidiaries – Company

	2007 US\$'000	2006 US\$'000
Equity investments at cost	4,155	1,729
Less: Allowance for impairment loss	(746)	(746)
	<u>3,409</u>	<u>983</u>
Amount due from subsidiaries (non-trade)	34,153	19,600
Less: Allowance for doubtful receivables	(1,296)	(59)
	<u>32,857</u>	<u>19,541</u>
	<u>36,266</u>	<u>20,524</u>

Details of subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Group	
		2007	2006
SciGen (Australia) Pty Ltd ⁽²⁾	Australia	100%	100%
SciGen Korea Ltd ⁽²⁾	Republic of Korea	100%	100%
SciGen (I.L.) Ltd ⁽¹⁾	State of Israel	100%	100%
Hefei-SciGen-Bioton Biopharmaceutical Company Ltd ⁽¹⁾	People's Republic of China	51%	38%
Scigen Biopharma Private Ltd (formerly known as Shreya Biotech Pvt. Ltd) ⁽¹⁾	Republic of India	100%	100%

⁽¹⁾ Audited by other member firms of KPMG International.

⁽²⁾ Not required to be audited in accordance with the laws of the country of incorporation.

The non-trade amounts due from subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future.

The fair values for the non-trade amounts due from the subsidiaries are as follows:

	Company	
	2007 US\$'000	2006 US\$'000
Amount due from subsidiaries (non-trade)	30,301	17,410

The fair values are determined from the discounted cash flows analysis using a discount rate of 6.23% (2006: 6.00%) based upon the borrowing rate which the directors expect be available to the Group and the Company at the reporting date (see note 26).

8 Inventories

	Group		Company	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Raw materials	911	104	–	–
Finished goods	602	427	292	341
	<u>1,513</u>	<u>531</u>	<u>292</u>	<u>341</u>

9 Trade and other receivables

	Group		Company	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Trade receivables	1,115	1,062	547	560
Allowance for doubtful receivables	(7)	(12)	–	–
Net receivables	1,108	1,050	547	560
Amounts due from director-related entities (non-trade)	147	147	147	147
Allowance for doubtful receivables	(147)	(147)	(147)	(147)
	–	–	–	–
Amounts due from subsidiaries (trade)	–	–	1,343	2,987
Allowance for doubtful receivables	–	–	–	(577)
Amount due from subsidiaries (non-trade)	–	–	3	–
	–	–	1,346	2,410
Deposits	383	228	225	196
Prepayments	714,287	327	296	131
Other receivables		552	37	208
Advances to suppliers	2,239	1,443	–	–
Staff advances	1	7	1	4
Amounts due from ultimate holding company (non-trade)	249	169	249	169
	4,981	3,776	2,701	3,678

The non-trade amounts due from director-related entities and ultimate holding company are unsecured, interest-free and are repayable on demand.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Singapore dollars	272	255	272	255
United States dollars	1,383	814	2,405	3,224
Australian dollars	420	373	–	–
Korean won	339	290	–	–
Indian Rupees	2,421	1,505	–	–
Others	146	539	24	199
	4,981	3,776	2,701	3,678

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of distribution activities and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

The maximum exposure to credit risk for trade receivables due from third parties at the reporting date (by geographical region) is:

	Group		Company	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore	547	560	547	560
Australia	300	234	–	–
Korea	261	256	–	–
	<u>1,108</u>	<u>1,050</u>	<u>547</u>	<u>560</u>

The Group's most significant customer accounts for US\$230,000 (2006: US\$144,000) of the trade receivables carrying amount at 31 December 2007.

Impairment losses

The ageing of trade receivables due from third parties at the reporting date is:

Group	2007		2006	
	Gross	Impairment	Gross	Impairment
	US\$'000	losses	US\$'000	losses
	US\$'000	US\$'000	US\$'000	US\$'000
Not over due	295	–	430	–
Past due 0 – 30 days	513	–	317	–
Past due 31 – 120 days	300	–	315	12
More than one year	7	7	–	–
	<u>1,115</u>	<u>7</u>	<u>1,062</u>	<u>12</u>

Company	2007		2006	
	Gross	Impairment	Gross	Impairment
	US\$'000	losses	US\$'000	losses
	US\$'000	US\$'000	US\$'000	US\$'000
Not over due	276	–	380	–
Past due 0 – 30 days	258	–	175	–
Past due 31 – 120 days	13	–	5	–
More than one year	–	–	–	–
	<u>547</u>	<u>–</u>	<u>560</u>	<u>–</u>

The change in impairment loss in respect of trade receivables due from third parties during the year is as follows:

	Group		Company	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January/1 July	159	–	147	–
Impairment loss recognised	–	159	–	147
Impairment loss reversed	(5)	–	–	–
At 31 December	<u>154</u>	<u>159</u>	<u>147</u>	<u>147</u>

Based on historical default rates, the Group believes that impairment allowance is necessary in respect of trade receivables not over due or past due up to 120 days. These receivables are mainly arising by customers that have a good record with the Group.

10 Cash and cash equivalents

	Group		Company	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank and in hand	3,289	3,551	823	803
Deposits on call	1,623	3,063	5	686
	<u>4,912</u>	<u>6,614</u>	<u>828</u>	<u>1,489</u>

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
United States dollars	1,563	3,594	710	1,250
Indian Rupees	1,435	214	–	–
Australian dollars	966	1,258	21	96
Singapore dollars	96	143	97	143
Others	852	1,405	–	–
	<u>4,912</u>	<u>6,614</u>	<u>828</u>	<u>1,489</u>

Bank deposits on call have an average maturity of 1 month (2006: 1 month) from the end of the financial year with the following weighted average effective interest rates:

	Group		Company	
	2007	2006	2007	2006
	%	%	%	%
United States dollars	4.17	4.25	–	5.11
Singapore dollars	0.83	0.83	0.83	0.83
Others	7.00	7.00	–	–

11 Share capital

	Note	Group and Company			
		2007 No. of shares (‘000)	2006 No. of shares (‘000)	2007 US\$’000	2006 US\$’000
Issued and fully-paid:					
At 1 January/1 July/31 December		552,270	552,270	42,530	42,530

The Group has also issued share options under its SciGen Ltd Options Scheme (see note 13).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

Capital management

The Group is currently undergoing a period of substantial investment whilst the manufacturing facilities in Israel, China and India are being completed. The funds required for these investments are provided, on arms length terms, by Bioton S.A., the ultimate holding company of the Company.

The Board monitors the overall level of the debt of the Group to ensure its repayment to Bioton S.A., when it is due in 2011, can be met.

There were no changes in the Group’s approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

12 Reserves

	Group		Company	
	2007 US\$’000	2006 US\$’000	2007 US\$’000	2006 US\$’000
Foreign currency translation reserve	217	(262)	–	–
Share option reserve	914	197	914	197
	<u>1,131</u>	<u>(65)</u>	<u>914</u>	<u>197</u>

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the related balance previously recognised in the share option reserve is transferred to share capital. When the share options expire, the related balance previously recognised in the share option reserve is transferred to accumulated losses.

13 Employee share options

The SciGen Ltd Options Scheme (the “Scheme”) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 November 2002. During the year, the options issued to non-executive directors and employees lapsed except for Class 8 and 12 options. The Class 12 options granted to an executive director can be exercised upon the satisfaction of certain conditions. All options granted are settled by physical delivery of shares.

Movements in the number of employee shares options granted to the executive director and employees, and their related weighted average exercise price are as follows:

	2007		2006	
	Weighted average exercise price A\$	No. of options	Weighted average exercise price A\$	No. of options
At 1 January/1 July	0.08	52,305,585	0.20	20,839,622
Granted	–	–	0.05	41,345,274
Lapsed	0.19	(2,581,000)	0.20	(9,879,311)
At 31 December	0.08	49,724,585	0.08	52,305,585
Exercisable at 31 December	0.20	8,379,311	0.20	8,379,311

No options were exercised during the year ended 31 December 2007.

Share options granted to executive directors and employees outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Class	Exercise price A\$	Balance at 1/1/2007 Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at 31/12/2007 Number
27/11/2002	16/05/2007	Class 6	A\$0.15	1,256,000	–	–	(1,256,000)	–
15/11/2002	04/10/2012	Class 8	A\$0.20	8,379,311	–	–	–	8,379,311
18/11/2003	31/08/2007	Class 9	A\$0.22	1,325,000	–	–	(1,325,000)	–
20/11/2006	31/12/2021	Class 12	A\$0.05	41,345,274	–	–	–	41,345,274
				52,305,585	–	–	(2,581,000)	49,724,585

Grant date	Expiry date	Class	Exercise price A\$	Balance at 1/7/2006 Number	Issued during the period Number	Exercised during the period Number	Lapsed during the period Number	Balance at 31/12/2006 Number
15/11/2002	15/11/2006	Class 1	A\$0.20	1,500,000	–	–	(1,500,000)	–
27/11/2002	16/05/2007	Class 6	A\$0.15	1,256,000	–	–	–	1,256,000
15/11/2002	15/11/2006	Class 7	A\$0.20	8,379,311	–	–	(8,379,311)	–
15/11/2002	04/10/2012	Class 8	A\$0.20	8,379,311	–	–	–	8,379,311
18/11/2003	31/08/2007	Class 9	A\$0.22	1,325,000	–	–	–	1,325,000
20/11/2006	31/12/2021	Class 12	A\$0.05	–	41,345,274	–	–	41,345,274
				20,839,622	41,345,274	–	(9,879,311)	52,305,585

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Binomial Approximation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Fair value of share options and assumptions

Date of grant of options	Class 8 options 15/11/2002	Class 12 options 20/11/2006
Fair value at measurement date	A\$744	A\$1,897,748
Share price	A\$0.081	A\$0.082
Exercise price	A\$0.20	A\$0.05
Expected volatility	20.10%	59.38%
Expected option life	3 years	3 years
Expected dividends	0.00%	0.00%
Risk-free interest rate	5.07%	5.79%

The expected volatility is based on the daily closing share price for the twelve months immediately prior to the date of grant.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

14 Financial liabilities

	Group		Company	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
Secured bank loans	165	180	–	–
Loans from ultimate holding company	43,667	23,517	43,667	23,517
Total financial liabilities	43,832	23,697	43,667	23,517

Financial liabilities are denominated in the following currencies:

	Group		Company	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
United States dollars	43,667	23,517	43,667	23,517
Indian Rupees	165	180	–	–
	43,832	23,697	43,667	23,517

The bank loans are secured on property, plant and equipment with a carrying amount of US\$69,000 (2006: US\$320,000) (see note 3).

The loans from ultimate holding company were made on normal commercial terms and conditions and at market rates and are due for repayment on 31 December 2011. The loans bear interest of LIBOR 3 months + 1% (2006: LIBOR 3 months + 1%) per annum.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Nominal interest rate	Year to maturity	2007		2006	
			Face value US\$'000	Carrying amount US\$'000	Face value US\$'000	Carrying amount US\$'000
Indian Rupees fixed interest rate loans:						
- housing loan	11.25%	2020	190	157	190	154
- motor vehicle loan	8.00%	2010	12	8	12	26
			202	165	202	180
Variable interest rate loans from ultimate holding company	LIBOR 3 months + 1%	2011	43,667	43,667	23,517	23,517
			43,869	43,832	23,719	23,697

Company

Variable interest rate loans from ultimate holding company	LIBOR 3 months + 1%	2011	43,667	43,667	23,517	23,517
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The following are the expected contractual undiscounted cash outflows of non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements:

Group	Carrying amount US\$'000	Contractual cash flows US\$'000	Cash flows		
			Within 1 Year US\$'000	Within 1 to 5 years US\$'000	More than 5 years US\$'000
2007					
Fixed interest rate loans	165	(285)	(18)	(65)	(202)
Variable interest rate loans from ultimate holding company	43,667	(57,192)	-	(57,192)	-
Trade and other payables*	6,638	(6,638)	(6,193)	(445)	-
	50,470	(64,115)	(6,211)	(57,702)	(202)
2006					
Fixed interest rate loans	180	(316)	(43)	(138)	(135)
Variable interest rate loans from ultimate holding company	23,517	(31,534)	-	(31,534)	-
Trade and other payables*	3,560	(3,560)	(3,560)	-	-
	27,527	(35,410)	(3,603)	(31,672)	(135)

Company	Cash flows				
	Carrying amount US\$'000	Contractual cash flows US\$'000	Within 1 Year US\$'000	Within 1 to 5 years US\$'000	More than 5 years US\$'000
2007					
Variable interest rate loans from ultimate holding company	43,667	(57,192)	–	(57,192)	–
Trade and other payables*	5,028	(5,028)	(4,583)	(445)	–
	<u>48,695</u>	<u>(62,220)</u>	<u>(4,583)</u>	<u>(57,637)</u>	<u>–</u>
2006					
Variable interest rate loans from ultimate holding company	23,517	(31,534)	–	(31,534)	–
Trade and other payables*	1,729	(1,729)	(1,729)	–	–
	<u>25,246</u>	<u>(33,263)</u>	<u>(1,729)</u>	<u>(31,534)</u>	<u>–</u>

* Excludes accrued expenses

15 Trade and other payables

	Group		Company	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
<i>Non-current</i>				
Trade payable	445	–	445	–
Accruals	2,045	–	2,045	–
	<u>2,490</u>	<u>–</u>	<u>2,490</u>	<u>–</u>
<i>Current</i>				
Trade payables	3,313	1,482	1,966	794
Short-term portion of obligation to licensors	250	250	250	250
Amounts due to ultimate holding company (trade)	1,959	244	1,959	244
Amounts due to a subsidiary (non-trade)	–	–	288	336
Other payables	394	1,411	50	46
Employee benefits	277	173	71	59
Accruals	1,862	820	1,692	781
	<u>8,055</u>	<u>4,380</u>	<u>6,275</u>	<u>2,510</u>
Total trade and other payables	<u>10,545</u>	<u>4,380</u>	<u>8,765</u>	<u>2,510</u>

The non-current accrued expenses comprise of accrued loan interest payable to the ultimate holding company which is due for repayment on 31 December 2011. The non-current accrued interest payable is stated at amortised cost. The difference between the fair value and the book value is recognised in the income statement. The fair value was determined based on discounted expected future principal cash flows, discounted at the average interest rate of 6.23% (2006: 6.37%) per annum. These amounts were subsequently measured at amortised cost using the effective interest rate method.

Non-trade amounts due to a subsidiary are unsecured, interest-free and is repayable on demand.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore dollars	282	231	267	567
United States dollars	8,119	1,850	7,377	1,850
Australian dollars	424	102	17	17
Korean won	94	53	–	–
Indian Rupees	166	1,141	–	–
New Israeli Shekels	1,264	796	1,045	–
Others	196	202	59	76
	<u>10,545</u>	<u>4,380</u>	<u>8,765</u>	<u>2,510</u>

16 Revenue – Group

	Year ended	6 months
	31/12/2007	ended
	US\$'000	31/12/2006
		US\$'000
Sale of goods	8,321	2,989

17 Other income (net) – Group

		Year ended	6 months
	Note	31/12/2007	ended
		US\$'000	31/12/2006
			US\$'000
Negative goodwill on acquisition of a subsidiary	25	–	2,055
Rental income from investment property		26	–
Other		21	(4)
		<u>47</u>	<u>2,051</u>

18 Other expenses from operating activities – Group

	Year ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000
Advertising and promotional expenses	1,474	418
Professional and consultancy fees	986	351
Travel and entertainment expenses	766	481
Insurance premium	198	99
Rental expenses	335	269
Regulatory and clinical research expenses	197	282
Administrative and communication expenses	270	184
Storage and distribution expenses	230	113
Others	538	209
	<u>4,994</u>	<u>2,406</u>

19 Finance income and expense – Group

	Year ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000
Interest income from bank deposits	831	157
Unrealised exchange gain	2,259	818
Finance income	<u>3,090</u>	<u>975</u>
Interest expense paid/payable to:		
- banks	(3)	(26)
- ultimate holding company	(2,174)	(552)
Finance expenses	<u>(2,177)</u>	<u>(578)</u>
Net finance income recognised in income statement	<u>913</u>	<u>397</u>

20 (Loss)/Profit from operating activities before income tax – Group

The following items have been included in arriving at (loss)/profit from operating activities before income tax:

	Year ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000
Non-audit fees paid to other auditors	121	52
Operating lease expense	324	265
Professional fees paid to a firm in which a director has an interest	151	75
Bad debts written off	2	1
Contributions to defined contribution plans, included in staff costs	287	133
Share-based payment, included in staff costs	685	76
	<u>685</u>	<u>76</u>

21 Remuneration of key management personnel – Group

(a) Key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
Mr Martin Cooper	Chief Financial Officer	SciGen Ltd
Mr David M. Mashaal	VP Corporate Business Development	SciGen Ltd
Dr G. Balasubramaniam	Regional Director of Sales & Marketing	SciGen Ltd
Ms Jenny Low Saw Imm	Senior Vice President / Corporate Affairs	SciGen Ltd
Ms Bernadette S. Lopez	Regional Regulatory Affairs Manager	SciGen Ltd

(b) Key management personnel compensation

	Year ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000
Short-term employee benefits	801	386
Post-employment benefits	18	11
	819	397

22 Income tax expense – Group

	Year ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000
Current tax expense		
Current year	89	3
Deferred tax expense		
Origination and reversal of temporary differences	(9)	–
Total income tax expense	80	3

	Year ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000
Reconciliation of effective tax rate		
(Loss)/Profit for the year/period	(4,063)	167
Total income tax expense	80	3
Profit excluding income tax	<u>(3,983)</u>	<u>170</u>
Tax calculated using Singapore tax rate of 18% (31/12/2006: 20%)	(717)	34
Effect of different tax rates in other countries	(9)	(15)
Income not subject to tax	(424)	(624)
Expenses not deductible for tax purposes	310	147
Unrecognised deferred tax assets	998	476
Utilisation of previously unrecognised tax losses	(78)	(57)
Losses not available to carry forward	–	42
	<u>80</u>	<u>3</u>

There is tax expense on the results for the financial year for the Group as there is tax expense of US\$80,000 (31/12/2006: US\$3,000) incurred by its subsidiary, SciGen (I.L.) Ltd during the year. There is no tax expense on the results for the financial year for the Company as the Company has incurred losses for tax purposes.

The Company has unutilised tax losses of approximately US\$24,832,000 (31/12/2006: US\$19,510,000) available for offsetting against future taxable income, subject to agreement by the tax authority and compliance with the tax regulations in which the Company operate. Tax losses of the Company do not expire under the current tax regulations. Deferred tax benefits on these unutilised tax losses, amounting to approximately US\$4,470,000 (31/12/2006: \$3,626,000), have not been recognised by the Company as it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

The Group has unutilised tax losses of approximately US\$27,752,000 (31/12/2006: US\$22,003,000) available for offsetting against future taxable income, subject to agreement by relevant tax authorities and compliance with tax regulations in which the Group operates. Deferred tax benefits on these unutilised tax losses, amounting to approximately US\$5,337,000 (31/12/2006: US\$4,349,000), have not been recognised by the Group as it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

23 (Loss)/Earnings per share – Group

	Year ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000
Basic (loss)/earnings per share is based on:		
Net (loss)/profit attributable to ordinary shareholders	<u>(3,950)</u>	<u>304</u>

	Year ended 31/12/2007	6 months ended 31/12/2006
	No. of shares (‘000)	No. of shares (‘000)
Issued ordinary shares at beginning of the year/period	552,270	552,270
Effect of share options exercised	–	–
Weighted average number of ordinary shares at the end of the year/period	552,270	552,270
	US\$’000	US\$’000
Diluted (loss)/earnings per share is based on:		
Net (loss)/profit attributable to ordinary shareholders	(3,950)	304

For the purpose of calculation of the diluted earnings per ordinary share, the weighted average number of shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, with the potential ordinary shares weighted for the period outstanding.

The effect of the exercise of share options on the weighted average number of ordinary shares in issue are as follows:

	Year ended 31/12/2007	6 months ended 31/12/2006
	No. of shares (‘000)	No. of shares (‘000)
Weighted average number of:		
- Ordinary shares used in the calculation of basic earnings per share	552,270	552,270
- Potential ordinary shares issuable under share options	18,566	–
Weighted average number of ordinary issued and potential shares assuming full conversion	570,836	552,270

Options granted to employees are considered to be anti-dilutive potential ordinary shares. Therefore, they have not been included in the determination of basic and dilutive earnings per share.

24 Segment reporting

Segment information is presented in respect of the Group’s geographical segments. The primary format, geographical segments, is based on the Group’s management and internal reporting structure. Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than the investment property) and related revenue, loans and expenses, corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Business segments

The Group and the Company operates in one business segment being the Bio-technology derived pharmaceutical industry.

Geographical segments

The Group and the Company operate predominantly in the following main geographical areas:

Singapore

The home country of the parent entity which is also the main operating entity. The areas of operation are principally corporate office functions and sales and marketing.

Australia

Includes sales and marketing activities.

India

Includes sales and marketing activities.

Korea

Includes sales and marketing activities.

Thailand

Includes sales and marketing activities.

Others

Comprises operations carried on in Hong Kong, Philippines, Indonesia, Vietnam and other countries in South East Asia.

Geographical segments

	Singapore		Australia		India		Korea		Thailand		Others		Eliminations		Total operations	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Sales to external customers	265	202	3,696	1,449	1,552	271	686	435	859	211	1,263	421	-	-	8,321	2,989
Inter-segment sales	1,038	639	-	-	-	-	-	-	-	-	-	-	(1,038)	(639)	-	-
Total sales revenue	1,303	841	3,696	1,449	1,552	271	686	435	859	211	1,263	421	(1,038)	(639)	8,321	2,989
Segment results	712	527	289	552	186	44	(510)	46	110	25	(234)	(365)	-	-	553	829
Unallocated expenses															(4,536)	(659)
(Loss)/Profit from operating activities before income tax															(3,983)	170
Income tax expense															(80)	(3)
(Loss)/Profit for the year/period															(4,063)	167
Segment assets	33,419	3,673	1,985	1,733	571	113	536	457	-	-	385	683	(34,110)	(1,836)	2,786	4,823
Unallocated assets															72,169	44,863
Total consolidated assets															74,955	49,686
Segment liabilities	(38,264)	(1)	(2,052)	(85)	-	(86)	(866)	(53)	-	(24)	(25)	(87)	35,631	-	(5,576)	(336)
Unallocated liabilities															(48,801)	(27,741)
Total consolidated liabilities															(54,377)	(28,077)
Depreciation and amortisation expenses	(7)	(1)	(15)	(5)	-	-	(4)	(2)	-	-	(292)	(160)	-	-	(318)	(168)
Capital expenditure on property, plant and equipment/intangibles	-	-	87	3	-	-	1	10	-	-	23,308	6,588	-	-	23,396	6,601

25 Acquisition of a subsidiary

On 29 September 2006, the Group acquired all the shares in SciGen Biopharma Private Limited (previously known as Shreya Biotech Pvt Ltd) (“SciGen Biopharma”) for US\$2,254 (S\$3,456) in cash. The company is engaged in the construction of a facility to manufacture Biopharmaceutical products. In the three months to 31 December 2006, SciGen Biopharma contributed a net loss of US\$126,170 (S\$199,746) to the consolidated net profit for the period.

As a condition for the completion of the acquisition of SciGen Biopharma, a loan owing to the ex-shareholder by SciGen Biopharma (“SciGen Biopharma Loan”) of Indian Rupees 80,692,000 (US\$1,830,000) was assigned by the ex-shareholder to the Company.

The effect of acquisitions of the subsidiary is set out below:

	Note	Carrying amounts US\$'000	Fair value adjustments US\$'000	Recognised values US\$'000
Property, plant and equipment	3	12,152	–	12,152
Trade and other receivables		62	–	62
Cash and cash equivalents		160	–	160
Trade and other payables		(1,686)	–	(1,686)
Loans and borrowings		(10,401)	–	(10,401)
Net identifiable assets and liabilities		287	–	287
Assignment of Shreya Biotech Loan to the Company				1,769
Negative goodwill on acquisition recognised in the consolidated income statement	17			(2,055)
Cash consideration paid, satisfied in cash				1
Cash acquired				(160)
Net cash outflow				(159)

The pre-acquisition carrying amounts of the assets and liabilities of the acquired businesses were determined based on applicable FRSs immediately before their acquisition. The values of the assets and liabilities recognised on the date of acquisition are their estimated fair values, which approximated their carrying amounts on that date.

There was no acquisition of subsidiary during the year ended 31 December 2007.

26 Financial risk management

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group’s risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. If the customers are independently rated, these ratings are used. Otherwise, the credit quality of customers is assessed after taking into account its financial position and past experience with the customers.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and deposits on call are placed with banks which are regulated.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group has substantial borrowings with variable interest rates and is therefore exposed to interest rate risk. This arises primarily from borrowings denominated in US dollars. The Group does not use derivative financial instruments to hedge its interest rates. The Group also does not hedge interest rate fluctuations.

Sensitivity analysis

At the reporting date, the Group has a floating rate loan of US\$43,667,000. An increase of 100 basis points in interest rates at the reporting date would have increased loss by approximately US\$421,000. A decrease of 100 basis points in interest rates at the reporting date would have decreased loss by approximately US\$421,000. This analysis assumes that all other variables remain constant.

Group	Profit or loss	
	100 bp increase US\$'000	100 bp decrease US\$'000
31 December 2007		
Variable rate loans from ultimate holding company	(421)	421
31 December 2006		
Variable rate loans from ultimate holding company	(70)	70

Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore dollars, Indian Rupees and Australian dollars. Entities in the Group use natural hedging for cash foreign currency exposure risk in connection with the functional currency. The Group does not enter into transactions to hedge against its foreign currency risks. The Group also does not enter into transactions to hedge against its foreign currency risks.

In respect of other monetary assets and liabilities held in currencies other than the US dollars, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

Sensitivity analysis

A 10% strengthening of United States dollars against the following currencies at the reporting date would increase (decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Equity US\$'000	Profit or loss US\$'000	Equity US\$'000	Profit or loss US\$'000
31 December 2007				
Singapore dollars	–	(8)	–	(8)
Australian dollars	–	(105)	–	(2)
Korean Won	–	(19)	–	–
Indian Rupees	–	(131)	–	–
Chinese Renminbi	–	(29)	–	–
New Israeli Shekels	–	(29)	–	–

	Group		Company	
	Equity	Profit	Equity	Profit
	US\$'000	or loss	US\$'000	or loss
	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2006				
Singapore dollars	–	(20)	–	(20)
Australian dollars	–	(175)	–	(13)
Korean Won	–	(20)	–	–
Indian Rupees	–	(33)	–	–
Chinese Renminbi	–	(15)	–	–
New Israeli Shekels	–	(158)	–	–

A 10% weakening of United States dollars against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Company.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at 31 December 2007 plus an adequate constant credit spread, and are as follows:

	2007	2006
	%	%
Receivables	6.23	6.37
Payables	6.23	6.37

The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 December are represented in the following table:

Company	Note	Carrying amount 2007 US\$'000	Fair value 2007 US\$'000	Carrying amount 2006 US\$'000	Fair value 2006 US\$'000
Financial asset					
Amounts due from subsidiaries (non-trade)	5	32,857	30,301	19,541	17,410
Financial liabilities					
Indian Rupees fixed rate bank loans	14	(165)	(142)	(180)	(169)
Total		<u>32,692</u>	<u>30,159</u>	<u>19,361</u>	<u>17,241</u>
Unrecognised loss			<u>(2,533)</u>		<u>(2,120)</u>

27 Commitments

Commitments not reflected in the financial statements at the reporting date are as follows:

(a) Operating lease commitments

The Group leases a number of offices under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease after that date. Lease payments are usually revised when the leases are renewed to reflect market rentals.

At 31 December 2007, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Within 1 year	894	396	590	185
After 1 year but within 5 years	1,469	605	803	69
	<u>2,363</u>	<u>1,001</u>	<u>1,393</u>	<u>254</u>

The Group leases out its investment property. Operating lease rentals are receivable as follows:

	Group		Company	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Within 1 year	30	-	-	-
After 1 year but within 5 years	36	-	-	-
	<u>66</u>	<u>-</u>	<u>-</u>	<u>-</u>

(b) Capital commitments

	Group		Company	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Capital expenditure contracted but not provided for in the financial statements is as follows:				
Acquisition of assets	5,601	10,670	5,601	10,670

28 Contingent liabilities – Company (unsecured)

	2007 US\$'000	2006 US\$'000
Guarantees given to provide continuing financial support to subsidiaries	31,332	16,776

29 Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Remuneration and retirement benefits of directors

	Group		Company	
	Year ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000	Year ended 31/12/2007 US\$'000	6 months ended 31/12/2006 US\$'000
Income paid or payable, or otherwise made available, to directors by the entities in the Group and the Company and related parties in connection with the management of affairs of the parent entity or its controlled entities*	1,414	529	1,392	339

* Excluding executives of the parent entity who are only directors of wholly-owned subsidiaries.

The above remuneration includes consultancy fees for Mr Saul A. Mashaal. Options are granted to Mr. Saul A. Mashaal under the SciGen Class 8 and 12, details of which are set out in “Share Options” section in the Directors’ Report. Details of the options granted to and exercised by directors during the year ended 31 December 2007 are also set out in “Share Options” section in the Directors’ Report.

Transactions of directors and director-related entity concerning shares or share options

Aggregate number of share options of the Company acquired or disposed of by directors of the Group and the Company or their director-related entities from the Company:

	Group and Company	
	2007	2006
	'000	'000
Acquisition:		
- Class 12 options	–	41,345
	<hr/>	<hr/>
Disposals:		
- Class 1,7,10 and 11 options over ordinary shares	–	(11,879)
	<hr/>	<hr/>

All transactions relating to shares and share options of the Company, including the payment and receipt of dividends, were on the same basis as similar transactions with other shareholders.

Other transactions with directors and director-related entities

A director, Mr Saul A. Mashaal, is a director and shareholder of Mashaal Enterprises Ltd. Mr Mashaal, through Mashaal Enterprises Ltd, has provided consultancy services to the Company for several years on normal commercial terms and conditions.

Mr Yehuda Zelig, a director of SciGen (I.L.) Ltd, has provided consultancy services to the Company on normal commercial terms and conditions.

Dr Marian Gorecki, a director of the Company, has provided consultancy services to the Company on normal commercial terms and conditions.

Aggregate amounts of each of the above transactions with directors and their director-related entities are as follows:

	Group and Company	
	2007	2006
	US\$'000	US\$'000
Mashaal Enterprises Ltd – Mr Saul A. Mashaal	151	75
Mr Yehuda Zelig	291	27
Dr Marian Gorecki	60	45
	<hr/>	<hr/>
	502	147
	<hr/>	<hr/>

Other related parties

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant transactions carried out in the normal course of business with related parties:

	Group and Company	
	2007	2006
	US\$'000	US\$'000
Ultimate holding company		
Purchases of goods	1,935	400

30 New accounting standards and interpretations issued but not yet effective

The Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective.

- FRS 23 *Borrowing Costs*
- FRS 108 *Operating Segments*
- INT FRS 111 *FRS 102 Group and Treasury Share Transactions*
- INT FRS 112 *Service Concession Arrangements*

FRS 23 will become effective for financial statements for the year ending 31 December 2009. FRS 23 removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group's current policy is consistent with the FRS 23 requirement to capitalise borrowing costs.

FRS 108 will become effective for financial statements for the year ending 31 December 2009. FRS 108, which replaces FRS 14 *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group's Chief Financial Officer in order to allocate resources to the segment and to assess its performance.

Currently, the Group presents segment information in respect of its geographical segments (see note 24). Under FRS 108, the Group will present segment information in respect of its operating segments: Singapore, Australia, India, Korea, Thailand, Pakistan, Vietnam and others.

Other than the change in disclosures relating to FRS 108, the initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the reporting date.

Shareholder information

The shareholder information set out below was applicable as at 29 February 2008.

On-market buy-back

There is no current on-market buy-back.

Distribution of equity securities

Analysis of numbers of equity securities by size of holding:

			<u>Ordinary shares</u> <u>Shares</u>
1	–	1,000	63,258
1,001	–	5,000	266,976
5,001	–	10,000	519,716
10,001	–	100,000	10,728,665
100,001		and over	540,691,705
			<u>552,270,320</u>

There were 243 holders of less than a marketable parcel of ordinary shares.

Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

		<u>Ordinary shares</u>	
		<u>Number</u> <u>held</u>	<u>Percentage of</u> <u>issued shares</u>
1	Bioton S.A.	500,026,507	90.54%
2	Bullimore Investments Pty Ltd <The CK Super Fund A/C>	6,150,000	1.11%
3	HSBC Custody Nominees (Australia) Limited	1,981,493	0.36%
4	Mr Lawrence Chan	1,610,317	0.29%
5	Mr Stephen Philip Golberg Mrs Janine Heather <Goldberg Stejagold Super Fund A/C>	1,600,000	0.29%
6	Dankab Pty Ltd <Dankab P/L Super Fund A/C>	1,500,000	0.27%
7	Equitas Nominees Pty Limited <2002511 A/C>	1,200,000	0.22%
8	Mr Paul Orenstein Mrs Mary Orenstein <Orenstein Super Fund A/C>	1,200,000	0.22%
9	Roylin Holdings Pty Ltd <Roylin Super Fund A/C>	1,000,000	0.18%
10	Mr Bernard Staunton <The Staunton Super A/C>	960,341	0.17%
11	Maronese Nominees Pty Limited	940,000	0.17%

12	Dr Michael Barratt	700,000	0.13%
13	Mr Raymond John Gaskell	652,500	0.12%
14	KMC International Pty Ltd	600,000	0.11%
15	Dr Andrew Tan	597,455	0.11%
16	Mr Stephen Bennett Keller	566,486	0.101%
17	Mr Dinesh Chandra Balgovind	500,100	0.09%
18	Bedel & Sowa Corp Pty Ltd	500,000	0.09%
19	Dr Johannes Lodewikus Lourens <Bester Hounsfield A/C>	500,000	0.09%
20	Suburban Holdings Pty Ltd	492,787	0.09%
21	Mr Charles Bruce Leibowitz	476,486	0.09%
		<hr/>	
		523,754,472	94.84%
		<hr/>	

Substantial shareholders

Substantial holder in the Company is set out below:

	Number held	Percentage of issued shares
Ordinary shares:		
Bioton S. A.	500,026,507	90.54%

Voting rights

The voting rights attached to each class of equity securities are set out below:

(a) Voting shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.