

SciGen Limited ARBN101318852
Annual Report – 30 June 2006
(In Singapore dollars)

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**SciGen Ltd and controlled entities
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
Chief Financial Officer

SciGen Ltd and controlled entities
Corporate Directory
(continued)

Principal registered office in Singapore	152 Beach Road, #26-07/08 Gateway East, Singapore 189721
Principal registered office in Australia	Level 7, No. 2 Bligh Street, Sydney NSW 2000, 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
Auditor	PricewaterhouseCoopers
Solicitors	Allen & Gledhill Deacons
Bankers	ANZ Bank, Ltd. Bank Leumi Israel Citibank, NA DBS Bank, Ltd. Kookmin Bank, Ltd. WestPac Bank
Stock exchange listings	SciGen Limited 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 Singapore dollars.

SciGen Ltd and controlled entities Directors' Report

Your directors present their report on the Company and for the Group consisting of SciGen Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2006.

Directors

The directors of the company at the date of this report are:

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 (*appointed on 21 November 2005*)

Dr. Colin S. Goldschmidt and Mr. Christopher D. Wilks were directors from the beginning of the financial year until their resignations on 20 October 2005. Mr. S. Iswaran was a director from the beginning of the financial year until his resignation on 22 October 2005.

Mr. Paul Freiman was the chairman of the board until his resignation on 8 September 2006. Mr. Saul Mashaal and Mr. Ryszard K. Krauze were appointed as chairman and vice-chairman respectively on that date.

Principal Activities

During the year, the principal continuing activities of the Company and the Group consisted of –

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

Dividends

Due to the capital requirements and early stage growth of the Company, the Directors have not declared a dividend for the year ended 30 June 2006. No dividends have been paid, declared or proposed since the end of the Company's preceding financial year.

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	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Singapore	3,941	2,935	1,045	1,328
Australia	3,458	2,743	385	479
India	2,717	816	161	75
Korea	1,288	1,684	(261)	15
Pakistan	239	603	42	111
Other	590	418	(567)	(758)
Total of all segments	12,233	9,199	805	1,250
Elimination	(3,451)	(2,399)		
Revenue from ordinary activities	8,782	6,800		
Unallocated			(8,370)	(6,751)
Loss from ordinary activities before income tax expenses			(7,565)	(5,501)
Income tax expense relating to ordinary activities			(25)	-
Net Loss			(7,590)	(5,501)

SciGen Ltd and controlled entities Directors' Report

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

Since 1 July 2005, the Group has received registration for SciTropin in Vietnam and SciLin in Thailand.

Sales have commenced for each of the Group's registered products. Sales of SciTropin (recombinant human growth hormone), has continued in Australia, Hong Kong, India, Korea, Philippines and Singapore. In addition, the sales of SciLin have continued to grow in India, Philippines, Pakistan and Vietnam.

The Group's revenue increased by 29% over the previous year to S\$8.782M (S\$6.800M in FY2005) with India as the territory showing the greatest revenue growth. The increased loss was attributable to several items including increased expenditures incurred for the set-up of the manufacturing facility in Israel, increased in Advertising & Promotion expenses and increased Legal & Professional relating to for the mandatory takeover offer by Bioton S.A.

The Group's cash reserves remain adequate to fund ongoing operations.

Earnings per share

	The Group	
	2006	2005
	S Cents	S Cents
Basic earnings per share	(1.376)	(1.233)
Diluted earnings per share	(1.376)	(1.233)

Arrangements to enable directors to acquire shares and debentures

Other than the share options noted below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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 of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares in, or debentures of, the Company and related corporations, except as follows:

	<u>Holdings registered in the name of the director</u>		<u>Holdings in which the director is deemed to have an interest</u>	
	<u>At</u>	<u>At</u>	<u>At</u>	<u>At</u>
	<u>30.6.2006</u>	<u>1.7.2005</u>	<u>30.6.2006</u>	<u>1.7.2005</u>
<u>(Ordinary shares*)</u>				
Saul A. Mashaal **	-	-	-	107,692,832
Kenneth Gross **	-	-	-	107,692,832
Ryszard K. Krauze ***	-	-	500,026,507	141,133,383
<u>(Options to purchase ordinary shares at A\$0.065 - A\$0.20 per share)</u>				
Paul Freiman	1,000,000	1,000,000	-	-
Saul A. Mashaal ***/****	8,379,311	9,379,311	-	-
Kenneth Gross	1,000,000	1,000,000	-	-

* All Ordinary shares no longer have a par value. The concept of par value has been abolished under the Companies (Amendment) Act 2005 with effect from 30 January 2006.

** The above directors are deemed to have an interest in the share capital of the Company by virtue of their deemed interest of not less than 20% in the issued share capital of SciTech Genetics Pte Ltd, a shareholder of the Company.

SciGen Ltd and controlled entities Directors' Report

*** The above director is deemed to have an interest in the share capital of the Company 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.

**** During the year the above director exercised his option of 1,000,000 registered under his name. On the 8 March 2006, he accepted the Bioton offer.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than as disclosed in the consolidated financial statements) 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\$)	Number Granted	Options Exercised /Shares Issued	Options Cancelled	Balance as at 30 Jun 2006
15 Nov 2002	Class 1	15 Nov 2003 to 15 Nov 2006	A\$0.20	-	-	3,000,000	3,500,000
27 Nov 2002	Class 5	20 Dec 2003 to 20 Apr 2006	A\$0.25	-	-	3,424,400	-
27 Nov 2002	Class 6	16 Jan 2005 to 16 May 2007	A\$0.15	-	-	321,500	1,256,000
15 Nov 2002	Class 7	15 Nov 2003 to 15 Nov 2006	A\$0.20	-	-	-	8,379,311
15 Nov 2002	Class 8 *	15 Nov 2003 to 15 Nov 2006	A\$0.20	-	-	-	8,379,311
18 Nov 2003	Class 9	1 Sep 2004 to 31 Aug 2007	A\$0.22	-	-	462,500	3,950,000
28 Feb 2005	Class 10 **	28 Mar 2005 to 31 Mar 2009	A\$0.065	-	-	1,000,000	-
18 Apr 2005	Class 11	18 May 2005 to 31 Mar 2009	A\$0.065	-	1,000,000	-	-

* The exercise period for Class 8 is from 15 November 2003 to 15 November 2006 with potential to extend to 15 November 2012 upon satisfaction of certain conditions.

** The holder of the Class 10 options accepted the Options proposal in the mandatory offer from Bioton S.A. which closed on 8 March 2006.

Class 9 Options have been allocated for issue to executives and employees under the SciGen Limited Employee Option Plan Prospectus which was lodged with ASIC on 1 September 2003.

Shares issued on the exercise of options

The following ordinary shares of SciGen Ltd were issued during the year ended 30 June 2006 on the exercise of options granted under Class 11. Class 11 options were allotted to a SciGen executive director at the Extraordinary General Meeting held on 18 April 2005. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

SciGen Ltd and controlled entities Directors' Report

Date options granted	Issue price of shares	Number of shares issued
18 Apr 2005	A\$0.065	1,000,000
		<u>1,000,000</u>

Significant changes in the state of affairs

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

- (a) **Mandatory offer by Bioton S.A.**
During the year Scitech Genetics agreed to sell its 19.17% shareholding in SciGen to Bioton S.A. As a result of the share exchange agreement, Bioton S.A. increased its shareholding to 44.77% and was required to make an offer to acquire all remaining ordinary shares in SciGen. Upon the closing of the mandatory offer on 8th March 2006, Bioton S.A. acquired 90.54% of the total issued capital of SciGen.
- (b) **Entry into China**
SciGen entered into a commercialisation agreement with Hefei Life Science Park Investment and Development Co (HLSPID) for the distribution of SciGen's Hepatitis B product, Sci-B-Vac™ in China. Under the agreement, Hefei Life Science Park Investment & Development Co is required to order and pay for minimum annual quantities of Sci-B-Vac™. This agreement will generate minimum revenues from US\$145 million to US\$210 million over 7 years from date of securing health registration anticipated by the end of calendar year 2007.
- (c) **Joint venture in China**
SciGen entered into a joint venture partnership with Bioton S.A. and Hefei Life Science & Technology Park Investments and Development Co Limited to establish a manufacturing facility for biopharmaceuticals, including SciGen's Recombinant Human Insulin (SciLin™) and Hepatitis B vaccine (Sci-B-Vac™), in the Peoples' Republic of China. The equity interests in the joint venture company will be as follows: SciGen – 51%, Hefei – 25% and Bioton – 24%. The joint venture company "Hefei-SciGen-Bioton Biopharmaceutical Company Ltd (HSBBC) was incorporated on 6 June 2006.
- (d) **Acquisition of manufacturing facility in India**
SciGen concluded a sales & purchase agreement for the acquisition of its contract manufacturing organisation (CMO) a biological manufacturing facility in India operating under the name of Shreya Biotech Pvt. Ltd.
- (e) **Exclusive worldwide supply of GCSF and EPO**
SciGen acquired exclusive worldwide rights for bulk supply of GCSF (Granulocyte Colony Stimulating Factor) and EPO (Erythropoietin).
- (f) **Royalty free licence**
SciGen renegotiated the terms of its recombinant Human Insulin licence agreement. The changes include a royalty free licence for the remaining life of the licence.
- (g) **Pilot plant in Yavne, Israel**
SciGen established a pilot plant in Yavne for mastering the technology of its hepatitis B vaccine.
- (h) **Large scale manufacturing facility in Rehovot, Israel**
To meet its sales commitments, SciGen established a large manufacturing facility for its Hepatitis B Vaccine in Rehovot.
- (i) **Termination of human growth hormone supply agreement**
SciGen has received termination letters from Ferring AG, who acquired Biotechnology General (Israel) Ltd in July 2005, terminating the supply agreement of Human Growth Hormone executed between Biotechnology General Corporation and SciGen Ltd as and when the term expires in each country in the assigned territory accordance with the terms of the agreement.

SciGen Ltd and controlled entities Directors' Report

Matters subsequent to the end of the financial year

After 30 June 2006, the Company received additional loans from Bioton S.A. which at the date of this report amounted to US\$22,000,000. These loans, part of Bioton's commitment to fund the Company up to A\$30,000,000, were to enable SciGen to perform its obligations arising from the transaction agreements for the acquisition of Shreya Biotech Pvt. Ltd and the establishment of the facilities in Israel and China. Under the terms of the loan agreements, the loans are to be repaid with interest accrued thereon by December 2011. Interest is payable on the loans and is fixed at 5% per annum to 1% above LIBOR rate.

The acquisition of Shreya Biotech Pvt. Ltd is to be completed in September 2006. The accounts of Shreya Biotech Pvt. Ltd prior to this completion have not been consolidated with the accounts of the Group. All deposits paid for the acquisition which as at 30 June 2006 amounted US\$2,000,000 have been reflected in the accounts as non-financial assets (note 12).

After 30 June 2006, the Group will change its financial year end to 31 December to coincide with that of its holding company, Bioton S.A.

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

Likely developments and expected results of operations

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

- (a) The main focus for the Group during the financial year 2006/2007 is to manufacture its core products such as Insulin and the Hepatitis B vaccine, continue to register its products and commence the commercialisation of the products in the countries where SciGen Ltd has rights to register, market and sell the products.
- (b) SciGen Ltd is intending to expand into the world markets, other than those where it already has a presence and has so far executed agreements with several parties in the Asia Pacific region and Europe.
- (c) Besides increasing its sales, SciGen Ltd is also reviewing the potential reduction of its operating costs by moving towards the manufacturing of its own products using its manufacturing plants in China, India and Israel.
- (d) SciGen Ltd 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 Company and the Group 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.

**SciGen Ltd and controlled entities
Directors' Report**

Information on directors

Director	Experience	Particulars of directors' interests in shares and options at 30 June 2006: SciGen Ltd		
		In the name of the Director Ordinary shares	Options	Deemed Interest Ordinary shares
Mr. Saul A. Mashaal (Chairman, Founder & Chief Executive Officer) (Age 70)	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 pharmaceutical 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. He founded SciGen (formerly Scitech Genetics) in 1998 where he remained as the CEO until September 2001 and was reappointed in June 2005.	-	8,379,311	-

**SciGen Ltd and controlled entities
Directors' Report**

		Particulars of directors' interests in shares and options at 30 June 2006: SciGen Ltd		
Director	Experience	In the name of the Director Ordinary shares	Options	Deemed Interest Ordinary shares
Mr. Ryszard K. Krauze (Non-executive Vice-chairman) (Age 50)	<p>Ryszard Krauze is the chairman of the Supervisory Board of Bioton S.A., SciGen's strategic partner, a Polish company being one of the largest biotechnological companies in Central and Eastern Europe and one of the few producers of recombinant human insulin in the world. Bioton is listed on the Warsaw Stock Exchange and Mr. Krauze, through his company "Prokom Investments", is the main shareholder in Bioton. Mr. Krauze is also the founder, key shareholder and president of Prokom Software, the largest IT group in Central and Eastern Europe employing over 4,300 people. Ten years after its establishment in 1987, Prokom Software became the first Polish IT company to be launched on the London and the Warsaw Stock Exchanges. Today, the Prokom Software Group comprises fifteen companies, all leaders in their respective IT fields on the Polish market. Mr. Krauze is also the president and owner of Prokom Investments. The business activity of this company is essentially modeled on a private equity fund with a portfolio in a wide range of strategic sectors, as well as significant real estate holdings. Prokom Investments carries out in Poland's capital city Warsaw, the most modern, unique and large-scale construction project in Central Europe with total value exceeding US\$1.3 billion.</p> <p>Mr. Krauze is the vice president of the Confederation of Polish Employers, and since 1994 serves as the honorary Consul for the Republic of Austria. He is also a member of Supervisory Boards of many enterprises within the Prokom Software and the Prokom Investments capital groups.</p> <p>Mr. Krauze is also the initiator and founder of the ATP International Tennis Tournament Idea Prokom Open in Poland and the owner of Poland's master basketball team Prokom Trefl Sopot.</p>	-	-	500,026,507

**SciGen Ltd and controlled entities
Directors' Report**

		Particulars of directors' interests in shares and options at 30 June 2006: SciGen Ltd		
Director	Experience	In the name of the Director Ordinary shares	Options	Deemed Interest Ordinary shares
Mr. Paul Freiman (Age 72)	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., NovaCal 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.	-	1,000,000	-
Mr. Kenneth Gross (Age 77)	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. Mr. Gross is presently the Chairman and Chief Executive Officer of Goldmark Plastics Inc.	-	1,000,000	-

**SciGen Ltd and controlled entities
Directors' Report**

		Particulars of directors' interests in shares and options at 30 June 2006: SciGen Ltd		
Director	Experience	In the name of the Director Ordinary shares	Options	Deemed Interest Ordinary shares
Mr. Adam Wilczega (Age 51)	<p>Mr. Wilczega is a graduate of the Foreign Trade Faculty at the Warsaw School of Economics in Warsaw in 1997. 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>	-	-	-

**SciGen Ltd and controlled entities
Directors' Report**

		Particulars of directors' interests in shares and options at 30 June 2006: SciGen Ltd		
Director	Experience	In the name of the Director Ordinary shares	Options	Deemed Interest Ordinary shares
Dr. Marian Gorecki (Age 66)	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 Cambridge, Mass, USA. In 1976, he was appointed Senior Research Scientist and Associate Professor at the Weizmann Institute, Rehovot, Israel. In 1980, Dr. Gorecki co-founded BioTechnology General Corp. and was responsible for its R&D group. He was appointed Senior Vice President, Chief Technical Officer for BTG Corp. and Managing Director for BTG (Israel). Dr. Gorecki has more than 18 patents to his name and has published more than 75 scientific papers in the area of protein chemistry, molecular biology and biotechnology. Dr. Gorecki took early retirement from BTG and is a consultant to the Clal Biotechnology Industries. He is the Chief Executive Officer of Mediwound, a biotechnology company that develops treatment for burns debridement. Dr. Gorecki is the Chairman of SciGen's Scientific Advisory Board and has been instrumental in the development of the company's product portfolio. He recently received a prestigious award for most outstanding scientist for his contribution to the biotechnology sector in Israel.	-	-	-

SciGen Ltd and controlled entities Directors' Report

Meetings of directors

The numbers of meetings of the Company's Board of directors and of each board committee held during the year ended 30 June 2006, 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)	4	4	-	-	-	-
Mr. Paul Freiman	4	4	2	2	3	3
Dr. Colin S. Goldschmidt ** (<i>resigned on 20 October 2005</i>)	2	2	-	-	-	-
Mr. Christopher D. Wilks (<i>resigned on 20 October 2005</i>)	2	2	1	1	-	-
Mr. Kenneth Gross ****	4	4	2	2	3	3
Mr. S. Iswaran (<i>resigned on 22 October 2005</i>)	1	2	-	-	-	3
Mr. Ryszard K. Krauze *****	2	4	-	-	-	-
Mr. Adam Wilczega ***	3	4	-	-	-	-
Dr. Marian Gorecki ***** (<i>appointed on 21 November 2005</i>)	2	2	-	-	-	-

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 year

* = Executive director

** = Not a member of a committee

*** = Appointed on 24 April 2006 as member of the Audit committee.

**** = Resigned on 1 July 2006 as member of the Remuneration committee.

***** = Appointed on 1 July 2006 as a member of the Remuneration committee.

Key management personnels' emoluments

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

- Paul Freiman
- S. Iswaran (*resigned on 22 October 2005*)
- Kenneth Gross (*appointed as Member on 22 October 2005 and resigned on 1 July 2006*)
- Ryszard K. Krauze (*appointed as Member on 1 July 2006*)
- Marian Goercki (*appointed as Member on 1 July 2006*)

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 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.

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.

SciGen Ltd and controlled entities Directors' Report

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 Limited includes the directors as per pages 8 – 13 above and the following executive officers, which are also the 5 highest paid executives of the entity:-

- Jenny Low – *Chief Financial Officer (CFO)*
- David M. Mashaal – *VP Corporate Business Development*
- G. Balasubramaniam – *Regional Director of Sales & Marketing*
- Rachel L. Adams – *VP Global Regulatory Affairs*
- Lopez Bernadette S. – *Regional Regulatory Affairs Manager*

The key management personnel of the Group are the directors of SciGen Limited (see pages 8 – 13 above) and those executives that involved in the decision making of the Company and the Group. This includes the 5 group executives who received the highest remuneration for the year ended 30 June 2006. The executives are :

- Jenny Low – *Chief Financial Officer (CFO)*
- David M. Mashaal – *VP Corporate Business Development*
- G. Balasubramaniam – *Regional Director of Sales & Marketing*
- Rachel L. Adams – *VP Global Regulatory Affairs*
- Lopez Bernadette S – *Regional Regulatory Affairs Manager*
- Yitzhak Ravid – *General Manager*
- Peter J. Clark – *Country Manager*
- Lee Joo Heon – *Director* (from 1 September 1999 to 31 May 2006)
- Pyun Dong Ha – *General Manager* (from 26 June 2006)

**SciGen Ltd and controlled entities
Directors' Report**

**Key management personnel of SciGen Limited
2006**

Name	Short-term employee benefits			Post-employment benefits		Share-based payment	Total
	Cash salary and fees \$	Cash bonus \$	Non monetary benefits \$	Superannuation \$	Retirement & Insurance benefits \$	Options \$	
Non-executive directors							
Mr. Paul Freiman	49,313	-	-	-	-	-	49,313
Mr. Kenneth Gross	36,706	-	-	-	-	-	36,706
Mr. Colin Goldschmidt (resigned on 20 October 2005)	11,569	-	-	-	-	-	11,569
Mr. Chris Wilks (resigned on 20 October 2005)	11,569	-	-	-	-	-	11,569
Mr. S Iswaran (resigned on 22 October 2005)	9,274	-	-	-	-	-	9,274
Dr. Marian Gorecki (appointed on 21 November 2005)	59,511	-	-	-	-	-	59,511
Sub-total non-executive directors	177,942	-	-	-	-	-	177,942
Executive director							
Mr. Saul A. Mashaal *	439,227	43,891	201,987	-	11,230	-	696,335
Other key management personnel							
Ms. Jenny Low	180,000	27,368	5,887	15,898	-	-	229,153
Mr. David M. Mashaal	188,096	12,916	34,808	6,490	-	-	242,310
Dr. G. Balasubramaniam	125,400	14,861	55	12,474	-	-	152,790
Ms. Rachel L. Adams	56,810	-	5,993	7,730	-	-	70,533
Ms. Lopez Bernadette S.	85,224	-	32,802	-	-	-	118,026
Totals	1,252,699	99,036	281,532	42,592	11,230	-	1,687,089

* Included in base salary is a consultancy fee of S\$247,820 payable to a corporation in which Mr. Saul A. Mashaal has an interest. The amount was paid for services of Mashaal Enterprises Ltd.

**SciGen Ltd and controlled entities
Directors' Report**

Key management personnel of SciGen Limited(continued)

2005

Name	Short-term employee benefits			Post-employment benefits		Share-based payment	Total
	Cash salary and fees \$	Cash bonus \$	Non monetary benefits \$	Superannuation \$	Retirement benefits \$	Options \$	
Non-executive directors							
Mr. Paul Freiman	49,920	-	-	-	-	-	49,920
Mr. Kenneth Gross	37,729	-	-	-	-	-	37,729
Mr. Colin Goldschmidt	37,729	-	-	-	-	-	37,729
Mr. Chris Wilks	37,729	-	-	-	-	-	37,729
Mr. R. Peter Campbell (resigned on 25 February 2005)	24,942	-	-	-	-	-	24,942
Mr. Barrie R. Martin (resigned on 25 February 2005)	33,256	-	-	-	-	-	33,256
Mr. S Iswaran	30,000	-	-	-	-	-	30,000
Sub-total non-executive directors	251,305	-	-	-	-	-	251,305
Executive director							
Mr. Mark R. Compton (resigned on 29 June 2005)	457,262	85,446	864,685	79,134	-	24,810	1,511,337
Mr. Saul A. Mashaal	387,334	27,818	220,003	-	-	18,990	654,145
Other key management personnel							
Ms. Jenny Low	161,518	13,039	-	13,681	-	-	188,238
Dr. G. Balasubramaniam	111,593	44,694	-	14,000	-	5,270	175,557
Ms. Liza Domingo	58,289	9,160	39,116	2,294	-	-	108,859
Mr. Eric Tang Chi Ming	78,101	3,112	6,160	4,053	-	-	91,426
Mr. Marcus Poh	59,700	19,576	-	9,981	-	-	89,257
Totals	1,565,102	202,845	1,129,964	123,143	-	49,070	3,070,124

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.

**SciGen Ltd and controlled entities
Directors' Report**

**Key Management personnel of the Group
2006**

Name	Short-term employee benefits			Post-employment benefits		Share-based payment	Total
	Cash salary and fees \$	Cash bonus \$	Non monetary benefits \$	Superannuation \$	Retirement benefits \$	Options \$	
Non-executive directors							
Mr. Paul Freiman	49,313	-	-	-	-	-	49,313
Mr. Kenneth Gross	36,706	-	-	-	-	-	36,706
Mr. Colin Goldschmidt <i>(resigned on 20 October 2005)</i>	11,569	-	-	-	-	-	11,569
Mr. Chris Wilks <i>(resigned on 20 October 2005)</i>	11,569	-	-	-	-	-	11,569
Mr. S Iswaran <i>(resigned on 22 October 2005)</i>	9,274	-	-	-	-	-	9,274
Dr. Marian Gorecki <i>(appointed on 21 November 2005)</i>	59,511	-	-	-	-	-	59,511
Sub-total non-executive directors	177,942	-	-	-	-	-	177,942
Executive director							
Mr. Saul A. Mashaal	439,227	43,891	201,987	-	11,230	-	696,335
Other key management personnel							
Ms. Jenny Low	180,000	27,368	5,887	15,898	-	-	229,153
Mr. David M. Mashaal	188,096	12,916	34,808	6,490	-	-	242,310
Dr. G. Balasubramaniam	125,400	14,861	55	12,474	-	-	152,790
Ms. Rachel L. Adams	56,810	-	5,993	7,730	-	-	70,533
Ms. Lopez Bernadette S.	85,224	-	32,802	-	-	-	118,026
Mr. Yitzhak Ravid	101,032	-	-	3,744	-	-	104,776
Mr. Peter J. Clark	101,171	8,722	22,021	62,816	-	-	194,730
Mr. Lee Joo Heon <i>(from 1 September 1999 to 31 May 2006)</i>	86,065	-	-	-	-	-	86,065
Mr. Pyun Dong Ha <i>(from 26 June 2006)</i>	2,531	-	-	-	-	-	2,531
Totals	1,543,498	107,758	303,553	109,152	11,230	-	2,075,191

**SciGen Ltd and controlled entities
Directors' Report**

Key Management personnel of the Group(continued)

2005 Name	Short-term employee benefits			Post-employment benefits		Share-based payment	Total
	Cash salary and fees \$	Cash bonus \$	Non monetary benefits \$	Superannuation \$	Retirement benefits \$	Options \$	
Non-executive directors							
Mr. Paul Freiman	49,920	-	-	-	-	-	49,920
Mr. Kenneth Gross	37,729	-	-	-	-	-	37,729
Mr. Colin Goldschmidt	37,729	-	-	-	-	-	37,729
Mr. Chris Wilks	37,729	-	-	-	-	-	37,729
Mr. R. Peter Campbell (resigned on 25 February 2005)	24,942	-	-	-	-	-	24,942
Mr. Barrie R. Martin (resigned on 25 February 2005)	33,256	-	-	-	-	-	33,256
Mr. S Iswaran	30,000	-	-	-	-	-	30,000
Sub-total non-executive directors	251,305	-	-	-	-	-	251,305
Executive director							
Mr. Mark R. Compton (resigned on 29 June 2005)	457,262	85,446	864,685	79,134	-	24,810	1,511,337
Mr Saul A. Mashaal	387,334	27,818	220,003	-	-	18,990	654,145
Other key management personnel							
Ms. Jenny Low	161,518	13,039	-	13,681	-	-	188,238
Dr. Eric Meyer	274,436	4,229	129,952	21,168	-	-	429,785
Dr G. Balasubramaniam	111,593	44,694	-	14,000	-	5,270	175,557
Mr. Peter Clark	145,432	(5,726)	-	36,268	-	-	175,974
Ms. Liza Domingo	58,289	9,160	39,116	2,294	-	-	108,859
Mr. Eric Tang Chi Ming	78,101	3,112	6,160	4,053	-	-	91,426
Mr. Marcus Poh	59,700	19,576	-	9,981	-	-	89,257
Ms. Wendy Weis	122,735	-	-	10,685	-	-	133,420
Totals	2,107,705	201,348	1,259,916	191,264	-	49,070	3,809,303

“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 are set out in note 28 to the financial statements.

SciGen Ltd and controlled entities Directors' Report

Share options granted to directors and executives

There were no options over un-issued ordinary shares of the Company granted during or since the end of the financial year to any of the directors or the key management personnel of the Company and the Group as part of their remuneration.

Insurance of officers

During the financial year, SciGen Ltd paid a premium of S\$58,570 to insure the directors and officers of the Company and its controlled entities, and the managers of each of the divisions of the Company and the Group.

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 Company and the Group, 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

The auditors, PricewaterhouseCoopers, are not seeking re-appointment.

On behalf of the Directors



Saul A. Mashaal
Chairman, Founder &
Chief Executive Officer



Kenneth Gross
Non-Executive Director

Singapore
21 September 2006

SciGen Ltd and controlled entities
Statement By Directors
For the year ended 30 June 2006

In the opinion of the directors,

- (a) the financial statements set out on pages 29 to 62 are drawn up so as to give a true and fair view of the state of affairs of the Company and the Group at 30 June 2006, the results of the business, cash flows and changes in equity of the Company and of the Group for the financial year then ended, 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.

On behalf of the directors



Saul A. Mashaal
Chairman, Founder
& Chief Executive Officer



Kenneth Gross
Non-Executive Director

Date: 21 September 2006

SciGen Ltd and controlled entities 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 Australian and Singaporean Corporations law;
 - (9) ensuring that SciGen, its Directors, officers, employees and associates are aware of and comply with all relevant laws and regulations;

SciGen Ltd and controlled entities
Corporate Governance Statement
(continued)

- (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 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 four 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 Board held 4 board meetings during the year.

The number of meetings of the company's Board of directors and of each board committee held during the year ended 30 June 2006, and the number of meetings attended by each director is disclosed on page 13.

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

SciGen Ltd and controlled entities Corporate Governance Statement

(continued)

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 Company and the Group during the year, 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:-

- Professor 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 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.

SciGen Ltd and controlled entities
Corporate Governance Statement
(continued)

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. Christopher D. Wilks (*resigned on 20 October 2005*)
Mr. Adam Wilczega (*appointed on 24 April 2006*)

Details of these directors' qualification, expertise, experience and attendance at audit committee meetings are set out in the directors' report on pages 8 - 13. The Chairman is not an independent director. The members have been selected because of the particular skills and experience they contribute to the committee.

The Chief Operating Officer, Chief Financial Officer and Auditor attend Audit Committee Meetings as required throughout the year. Time is allocated for the Audit Committee to meet with the Auditor 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 Chief Financial Officer;
- (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 Company and Group and are in accordance with relevant accounting standards.
- that the above statements 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.

SciGen Ltd and controlled entities Corporate Governance Statement

(continued)

External auditors

The company and audit committee 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. PricewaterhouseCoopers were appointed as the external auditors in 2 August 1999. It is PricewaterhouseCoopers policy to rotate audit engagement partners on listed companies at least every seven years and under CLERP 9, this will become every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in note 24 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 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. S Iswaran (*resigned on 22 October 2005*)

Mr. Kenneth Gross (*appointed on 22 October 2005 and resigned on 1 July 2006*)

Mr. Ryszard K. Krauze (*appointed on 1 July 2006*)

Dr. Marian Gorecki (*appointed on 1 July 2006*)

Details of these directors' qualifications, experience and attendance at remuneration committee meetings are set out in the directors' report on pages 8 - 13.

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 notes 22 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.

SciGen Ltd and controlled entities
Corporate Governance Statement
(continued)

All information disclosed to the ASX is posted on the company's web site 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 web site.

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 company announcements, media briefings, details of company 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 company 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 PricewaterhouseCoopers 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.

SciGen Ltd and controlled entities
Corporate Governance Statement
(continued)

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 budgets provide for training and education of staff, both internally and externally.

Principle 9

Remunerate fairly and responsibly

The Annual 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 terms 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.

Auditors' Report to the Members of SciGen Ltd

We have audited the financial statements of SciGen Ltd and the consolidated financial statements of the Group for the financial year ended 30 June 2006 set out on pages 29 to 62. These financial statements are the responsibility of the Company's directors. 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 plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("the Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group at 30 June 2006, the results, cash flows and changes in equity of the Company and of the Group for the financial 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.



PricewaterhouseCoopers

Sydney
21 September 2006

SciGen Ltd ARBN 101318852

Financial Report – 30 June 2006

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This financial report covers both SciGen Ltd as an individual entity (the Company) and the Group consisting of SciGen Ltd and its controlled entities.

SciGen Ltd is a company limited by shares, incorporated and domiciled in Singapore. Its registered office and principal place of business is:

SciGen Ltd
152 Beach Road
#26-07/08 Gateway East
Singapore 189721

Accordingly all amounts in these financial statements are in Singapore Dollars (S\$).

A description of the nature of the Company and the Group's operations and its principal activities is included in the directors' report on pages 3 - 19, which are not part of this financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available on our website: www.scigenltd.com

For queries in relation to our reporting please call (65) 6779 6638 or (61) 2-9234-1700 or e-mail scigenmail@scigen.com.au.

SciGen Ltd and controlled entities
Income Statements (in Singapore dollars)
For the year ended 30 June 2006

	Notes	The Group		The Company	
		2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Continuing Operations					
Revenue from ordinary activities	3	8,782	6,800	6,148	4,772
Other income (net)	3	450	1,076	406	598
Changes in inventories		650	66	649	(5)
Purchases		(4,337)	(2,725)	(5,561)	(2,628)
Employee benefits expense (staff costs)		(4,394)	(5,557)	(2,855)	(4,099)
Depreciation and amortisation expenses		(403)	(357)	(315)	(311)
Other expenses	4	(8,310)	(4,793)	(6,320)	(4,180)
Loss from operating activities		(7,562)	(5,490)	(7,848)	(5,853)
Borrowing costs expense (finance costs)	5	(3)	(11)	(2)	(10)
Loss from ordinary activities before related income tax expense	5	(7,565)	(5,501)	(7,850)	(5,863)
Income tax expense	6	(25)	-	-	-
Net Loss		(7,590)	(5,501)	(7,850)	(5,863)
		S Cents	S Cents		
Basic earnings per share	31	(1.376)	(1.233)		
Diluted earnings per share	31	(1.376)	(1.233)		

The accompanying notes formed an integral part of these financial statements.
Auditors Report – Page 28

SciGen Ltd and controlled entities
Balance Sheets (in Singapore dollars)
As at 30 June 2006

	Notes	The Group		The Company	
		2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
CURRENT ASSETS					
Cash and cash equivalents	7	6,677	15,430	5,444	13,726
Receivables	8	1,781	1,698	872	933
Inventories	9	1,147	548	913	264
Others	10	1,371	603	831	361
Total current assets		10,976	18,279	8,060	15,284
NON-CURRENT ASSETS					
Investments in subsidiaries	11	-	-	6,038	3,587
Other financial assets	12	3,494	-	3,494	-
Fixed assets	13	2,061	322	289	237
Intangible assets	14	27,807	23,208	27,807	23,208
Total non-current assets		33,362	23,530	37,628	27,032
TOTAL ASSETS		44,338	41,809	45,688	42,316
CURRENT LIABILITIES					
Payables	15	6,180	2,700	5,960	1,611
Provisions	16	880	718	808	395
Total current liabilities		7,060	3,418	6,768	2,006
NON-CURRENT LIABILITIES					
Payables	17	399	422	399	422
Interest bearing liabilities	18	6,390	-	6,390	-
Total non-current liabilities		6,789	422	6,789	422
TOTAL LIABILITIES		13,849	3,840	13,557	2,428
NET ASSETS		30,489	37,969	32,131	39,888
EQUITY					
Parent entity interest					
Contributed equity	19	65,220	65,142	65,220	65,142
Reserves	20	(53)	(85)	180	165
Accumulated losses	21	(34,678)	(27,088)	(33,269)	(25,419)
Total parent equity interest		30,489	37,969	32,131	39,888
TOTAL EQUITY		30,489	37,969	32,131	39,888

The accompanying notes form an integral part of these financial statements.
Auditors' report – Page 28

SciGen Ltd and controlled entities
Statements of Changes in Equity (in Singapore dollars)
For the year ended 30 June 2006

	Contributed Equity S\$ '000	Reserves S\$ '000	Accumulated Losses S\$ '000	Total S\$ '000
The Group				
Balance at 1 July 2005	65,142	(85)	(27,088)	37,969
Net loss and total recognised loss for the financial year	-	-	(7,590)	(7,590)
Issue of ordinary shares	78	-	-	78
Translation of foreign currency	-	17	-	17
Share-based payment	-	15	-	15
Balance at 30 June 2006	<u>65,220</u>	<u>(53)</u>	<u>(34,678)</u>	<u>30,489</u>
Balance at 1 July 2004	53,413	(38)	(21,587)	31,788
Net loss and total recognised loss for the financial year	-	-	(5,501)	(5,501)
Issue of ordinary shares	11,729	-	-	11,729
Translation of foreign currency	-	(160)	-	(160)
Share-based payment	-	113	-	113
Balance at 30 June 2005	<u>65,142</u>	<u>(85)</u>	<u>(27,088)</u>	<u>37,969</u>
The Company				
Balance at 1 July 2005	65,142	165	(25,419)	39,888
Net loss and total recognised loss for the financial year	-	-	(7,850)	(7,850)
Issue of ordinary shares	78	-	-	78
Share-based payment	-	15	-	15
Balance at 30 June 2006	<u>65,220</u>	<u>180</u>	<u>(33,269)</u>	<u>32,131</u>
Balance at 1 July 2004	53,413	52	(19,556)	33,909
Net loss and total recognised loss for the financial year	-	-	(5,863)	(5,863)
Issue of ordinary shares	11,729	-	-	11,729
Share-based payment	-	113	-	113
Balance at 30 June 2005	<u>65,142</u>	<u>165</u>	<u>(25,419)</u>	<u>39,888</u>

The accompanying notes form an integral part of these financial statements.
Auditors' report – Page 28

SciGen Ltd and controlled entities
Cash Flows Statements (in Singapore dollars)
For the year ended 30 June 2006

	Notes	The Group		The Company	
		2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		8,617	6,556	6,123	4,617
Payments to suppliers and employees (inclusive of goods and services tax)		(18,472)	(10,587)	(14,798)	(9,671)
		(9,855)	(4,031)	(8,675)	(5,054)
Interest received		450	362	406	348
Borrowing costs		(3)	(11)	(2)	(10)
Income taxes paid		-	(3)	-	-
Net cash outflows from operating activities	30	(9,408)	(3,683)	(8,271)	(4,716)
Cash flows from investing activities					
Payment for property, plant and equipment		(1,939)	(224)	(154)	(180)
Payment for investments		(3,731)	-	(3,731)	-
Payments for patents and trademarks		(232)	(1,965)	(233)	(1,964)
Loan to related parties		-	-	(2,450)	(500)
Proceeds from sales of property, plant and equipment		7	-	7	-
Repayment of loans by related parties		82	18	82	18
Net cash outflows from investing activities		(5,813)	(2,171)	(6,479)	(2,626)
Cash flows from financing activities					
Proceeds from issues of shares and other equity securities		78	11,729	78	11,729
Proceeds from borrowings		6,390	-	6,390	-
Net cash inflows from financing activities		6,468	11,729	6,468	11,729
Net (decrease) increase in cash held		(8,753)	5,875	(8,282)	4,387
Cash at the beginning of the financial year		15,430	9,555	13,726	9,339
Cash at the end of the financial year	7	6,677	15,430	5,444	13,726

The accompanying notes form an integral part of these financial statements.
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SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

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SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Note 1 Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRSs”). The preparation of financial statements in conformity with Singapore Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current event and actions, actual results may ultimately differ from those estimates.

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

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

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group’s accounting policies except as disclosed in note 1(t).

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

The financial statements are expressed in Singapore Dollars.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(c) Deferred income tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 1 Summary of significant accounting policies (continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(d) Foreign currency translation

(i) Measurement currencies

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of underlying events and circumstances relevant to that entity (“the measurement currency”). The consolidated financial statements are presented in Singapore Dollars, which is the measurement currency of the Company.

(ii) Transactions and balances

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

(iii) Foreign controlled entities

For the purpose of consolidation of foreign subsidiaries, the foreign subsidiaries’ balance sheet and profit and loss are translated as follows:-

- Assets, liabilities and contributed equity are translated using closing rates at reporting dates;
- Income and expenses are translated using the actual or average rates;
- Retained profits are translated at cumulative average rates; and
- Exchange differences are recognised as a separate component of equity (translation reserves).

(e) Revenue recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue from the sale of product is recognised at the time of delivery. For sales on consignment, the revenue is recognised when the products are delivered by the distributors to their customers.

Interest income is accrued on a day to day basis.

(f) Cash

For purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(g) Receivables

All trade debtors are recognised at the amounts receivable and they are generally settled within 30 - 120 days depending upon the credit terms per territory.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectible are written off in the period in which they are identified. A provision for doubtful debts is raised for any doubtful debts following a review of all outstanding amounts at balance sheet date.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

Allowance for obsolete, slow-moving and defective inventories is made where necessary.

(i) Investments

Investments in subsidiaries are stated at cost less impairment losses in the Company’s balance sheet. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 1 Summary of significant accounting policies (continued)

On disposal of an investment the difference between net disposal proceeds and its carrying amount is taken to the income statement.

(j) Fixed assets and depreciation

Fixed assets are stated at historical cost less accumulated depreciation.

Depreciation is calculated on a straight-line basis to write off the cost of the fixed assets over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and Machinery	5 years
Office Equipment	3 – 5 years
Office Furniture & Fittings	5 – 10 years

Repairs and maintenance are taken to the income statement during the financial period in which they are incurred. The cost of major renovations and restorations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of originally assessed standard of performance of the existing asset will flow to the Group, and depreciated over the remaining useful life of the asset.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

(k) Accounting for Leases

Operating lease payments are charged to the income statement on a straight-line basis over the period of the lease.

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.

(l) Licences

The initial costs of acquiring licence rights are capitalised and stated at cost less accumulated amortisation. The costs of licence rights are amortised on a straight-line basis and charged to the income statements over their estimated periods of right of use, which range from 8 to 20 years. 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.

(m) Impairment of assets

At each balance sheet date, the Company and the Group reviews all the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

(n) Trade and other creditors

These amounts represent liabilities for goods and services provided to the Company and the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid between 30 – 60 days of recognition.

(o) Employee benefits

(i) Defined contribution plans

The Group's contribution to defined contribution plans is recognised as an expense in the financial year to which they relate.

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 1 Summary of significant accounting policies (continued)

(ii) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

(iii) *Equity compensation benefits*

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

(p) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

(q) Earnings per share

(i) *Basic earnings per share*

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(s) Research and development

Given the current stage of development of the Group, all research and development costs are expensed as incurred.

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 1 Summary of significant accounting policies (continued)

(t) Impacts of changes in Singapore FRS

Reconciliation of net loss after tax presented under previous FRS to that under new FRS:

For the year ended 30 June 2005

Descriptions	Notes	The Group			The Company		
		Existing GAAP	Effect of Change	New FRS	Existing GAAP	Effect of Change	New FRS
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue from ordinary activities		7,695	(895)	6,800	5,370	(598)	4,772
Other income	a,b	-	1,076	1,076	-	598	598
Changes in inventories		66	-	66	(5)	-	(5)
Purchases		(2,725)	-	(2,725)	(2,628)	-	(2,628)
Employee benefits expense	c	(5,444)	(113)	(5,557)	(3,986)	(113)	(4,099)
Depreciation & amortisation expenses	a	(350)	(7)	(357)	(311)	-	(311)
Borrowing costs		(11)	-	(11)	(10)	-	(10)
Other expenses from ordinary activities		(4,793)	-	(4,793)	(4,180)	-	(4,180)
Loss From Ordinary Activities Before Income Tax Expense		(5,562)	61	(5,501)	(5,750)	(113)	(5,863)
Income tax expense relating to ordinary activities		-	-	-	-	-	-
Loss From Ordinary Activities After Related Income Tax Expense		(5,562)	61	(5,501)	(5,750)	(113)	(5,863)
Total Changes in Equity not resulting from transactions with owners as owners		(5,562)	61	(5,501)	(5,750)	(113)	(5,863)
Earnings per security (EPS)							
		S Cents	S Cents	S Cents			
Basic EPS		(1.247)	0.014	(1.233)			
Diluted EPS		(1.247)	0.014	(1.233)			

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 1 Summary of significant accounting policies (continued)

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

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

Descriptions	Notes	The Group			The Company		
		Existing GAAP	Effect of Change	FRS	Existing GAAP	Effect of Change	FRS
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current Assets							
Cash assets		9,555	-	9,555	9,339	-	9,339
Receivables		1,475	-	1,475	796	-	796
Inventories		466	-	466	269	-	269
Other		621	-	621	406	-	406
Total Current Assets		12,117	-	12,117	10,810	-	10,810
Non-Current Assets							
Investments in subsidiaries		-	-	-	3,086	-	3,086
Property, plant & equipment	a	191	9	200	116	-	116
Intangibles		22,557	-	22,557	22,557	-	22,557
Total Non-Current Assets		22,748	9	22,757	25,759	-	25,759
Total Assets		34,865	9	34,874	36,569	-	36,569
Current Liabilities							
Payables		2,238	-	2,238	2,014	-	2,014
Provisions		419	-	419	217	-	217
Total Current Liabilities		2,657	-	2,657	2,231	-	2,231
Non-Current Liabilities							
Payables		429	-	429	429	-	429
Total Non-Current Liabilities		429	-	429	429	-	429
Total Liabilities		3,086	-	3,086	2,660	-	2,660
Net Assets		31,779	9	31,788	33,909	-	33,909
Equity							
Contributed equity		53,413	-	53,413	53,413	-	53,413
Reserves							
Share-based payments reserve	c	-	52	52	-	52	52
Foreign currency translation reserves	a	-	(90)	(90)	-	-	-
Accumulated losses	a, c	(21,634)	47	(21,587)	(19,504)	(52)	(19,556)
Total Equity		31,779	9	31,788	33,909	-	33,909

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 1 Summary of significant accounting policies (continued)

(ii) At the date of transition to new FRS : 30 June 2005

Descriptions	Notes	The Group			The Company		
		Existing GAAP	Effect of Change	FRS	Existing GAAP	Effect of Change	FRS
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current Assets							
Cash assets		15,430	-	15,430	13,726	-	13,726
Receivables		1,698	-	1,698	933	-	933
Inventories	a	532	16	548	264	-	264
Other		603	-	603	361	-	361
Total Current Assets		18,263	16	18,279	15,284	-	15,284
Non-Current Assets							
Investments in subsidiaries		-	-	-	3,587	-	3,587
Property, plant & equipment	a	315	7	322	237	-	237
Intangibles		23,208	-	23,208	23,208	-	23,208
Total Non-Current Assets		23,523	7	23,530	27,032	-	27,032
Total Assets		41,786	23	41,809	42,316	-	42,316
Current Liabilities							
Payables		2,700	-	2,700	1,611	-	1,611
Provisions		718	-	718	395	-	395
Total Current Liabilities		3,418	-	3,418	2,006	-	2,006
Non-Current Liabilities							
Payables		422	-	422	422	-	422
Total Non-Current Liabilities		422	-	422	422	-	422
Total Liabilities		3,840	-	3,840	2,428	-	2,428
Net Assets		37,946	23	37,969	39,888	-	39,888
Equity							
Contributed equity		65,142	-	65,142	65,142	-	65,142
Reserves							
Share-based payments reserve	c	-	165	165	-	165	165
Foreign currency translation reserve	a	-	(250)	(250)	-	-	-
Accumulated losses	a, c	(27,196)	108	(27,088)	(25,254)	(165)	(25,419)
Total Equity		37,946	23	37,969	39,888	-	39,888

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 1 Summary of significant accounting policies (continued)

Notes explaining the impacts on the income statements and balance sheets

(a) Foreign currency translation reserve : cumulative translation differences

Under the new FRS 21 the foreign subsidiaries' balance sheet and profit and loss are translated as follows:-

- Assets, liabilities and contributed equity are translated using closing rates at reporting date;
- Income and expenses are translated using the actual or average rates;
- Retained profits are translated at cumulative average rates; and
- Exchange differences are recognised as a separate component of equity (translation reserve).

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

The adoption of the new FRS has resulted in the consolidated entity accumulated losses at 30 June 2005 to be S\$273,000 lower (30 June 2004: S\$99,000), consolidated net loss for the year ended 30 June 2005 to be S\$174,000 lower, and the foreign currency translation reserve of the group at June 2005 decreased by S\$250,000 (30 June 2004: S\$90,000). There is no effect on the parent entity.

(b) Reclassification of other income

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

The adoption of the new FRS during the year ended 30 June 2005 has resulted in:

- (i) Consolidated entity
Consolidated revenue from ordinary activities to be S\$1,076,000 lower and the consolidated other income to be S\$1,076,000 higher.
- (ii) Parent entity
Revenue from ordinary activities to be S\$598,000 lower and the other income to be S\$598,000 higher.

(c) Equity-based compensation benefits

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

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

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

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 2 Segment information

Business segments

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

Geographical segments

The Company and the Group's operates predominately 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 & marketing.

Australia

Includes sales and marketing activities.

India

Includes sales and marketing activities.

Korea

Includes sales and marketing activities.

Pakistan

Includes sales and marketing activities.

Vietnam

Includes sales and marketing activities.

Others

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

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 2 Segment information (continued)

	Singapore		Australia		India		Korea		Pakistan		Other/Inter-Segment Eliminations/ Unallocated		Consolidated	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Sales to external customers	490	536	3,458	2,743	2,717	816	1,288	1,684	239	603	590	418	8,782	6,800
Intersegment sales	3,451	2,399	-	-	-	-	-	-	-	-	(3,451)	(2,399)	-	-
Total sales revenue	3,941	2,935	3,458	2,743	2,717	816	1,288	1,684	239	603	(2,861)	(1,981)	8,782	6,800
Segment results	1,045	1,328	385	479	161	75	(261)	15	42	111	(8,259)	(7,237)	(6,887)	(5,229)
Unallocated revenue less unallocated expenses													(678)	(272)
Profit from ordinary activities before related income tax expense													(7,565)	(5,501)
Income tax expense													(25)	-
Net loss													(7,590)	(5,501)
Segment assets	17,645	18,015	1,796	1,148	653	364	772	824	-	240	216	366	21,082	20,957
Unallocated assets													23,256	20,852
Consolidated Total assets													44,338	41,809
Segment liabilities	(1,456)	(1,949)	(165)	(1,249)	-	-	(55)	(103)	-	-	(82)	(132)	(1,758)	(3,433)
Unallocated liabilities													(12,091)	(407)
Consolidated Total liabilities													(13,849)	(3,840)
Depreciation and amortisation expense	(2)	(2)	(14)	(3)	-	-	(4)	(5)	-	-	(383)	(347)	(403)	(357)
Capital Expenditure on Property, Plant and Equipment/Intangibles	-	6	4	16	-	-	4	-	-	-	6,788	202	6,796	224

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 2 Segment information (continued)

Accounting policies

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment, net of related provisions. Segment liabilities consist primarily of trade and other creditors and employee entitlements.

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an “arm’s-length” basis and are eliminated on consolidation.

Note 3 Revenue

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Revenue from operating activities				
Sales of goods	8,782	6,800	6,148	4,772
Other income (net)				
Interest income	450	362	406	348
Foreign exchange gain	-	714	-	250
	450	1,076	406	598
	9,232	7,876	6,554	5,370

Note 4 Other expenses from ordinary activities

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Professional & Consultancy Fees	1,368	1,006	1,228	870
Advertising & Promotional Expenses	1,295	746	903	488
Insurance Premium	334	357	316	339
Rental Expenses	716	348	202	149
Regulatory & Clinical Research Expenses	1,344	506	1,199	1,028
Net Foreign Exchange Loss	867	-	1,044	-
Others	2,386	1,830	1,428	1,306
	8,310	4,793	6,320	4,180

SciGen Ltd and controlled entities
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Note 5 Loss from ordinary activities

	The Group		The Company	
	2006	2005	2006	2005
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Loss from ordinary activities is arrived at after:				
<i>Charging:</i>				
Auditors' remuneration				
▪ Auditor fees	150	105	140	93
▪ Non audit fees	49	30	42	21
Depreciation				
▪ Plant and machinery	55	5	3	5
▪ Office equipment	73	85	43	43
▪ Office furniture and fittings	4	4	1	1
▪ Renovation	13	5	10	4
Amortisation	258	258	258	258
Directors' remuneration	474	2,078	474	2,003
Professional fees paid to directors	152	155	152	155
Professional fees paid to a corporation in which a director has an interest	248	223	248	223
Net foreign exchange losses	867	-	1,044	-
Rental expenses - operating leases	703	338	196	144
Bad debts written off	19	3	4	-
Research and development	1,344	506	1,199	1,028
Defined contribution plans				
▪ Superannuation expenses of defined plans including Central Provident Fund	267	275	158	185
Interest expense				
▪ Others persons	3	11	2	10

Note 6 Income tax

There is tax expense on the results for the financial year for the Group as there is tax expense of S\$24,656 incurred by its subsidiary, SciGen Israel Ltd during the year. There is no tax expense on the results for the financial year for the Company as the Company has all incurred losses for tax purposes.

The Company has unutilised tax losses of approximately S\$27,483,818 (2005: S\$20,677,313) available for offsetting against future taxable income, subject to confirmation by relevant tax authorities and the fulfilment of certain conditions. Deferred tax benefits on these unutilised tax losses, amounting to approximately S\$5,496,764 (2005: S\$4,135,463), have not been recognised by the Company.

The Group has unutilised tax losses of approximately S\$30,173,555 (2005: S\$23,823,417) available for offsetting against future taxable income, subject to confirmation by relevant tax authorities and the fulfilment of certain conditions. Deferred tax benefits on these unutilised tax losses, amounting to approximately S\$6,034,711 (2005: S\$4,764,683), have not been recognised by the Group.

SciGen Ltd and controlled entities
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For the year ended 30 June 2006

Note 7 Current assets – Cash and cash equivalents

	The Group		The Company	
	2006	2005	2006	2005
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Cash at bank and on hand	2,317	1,522	1,314	1,023
Deposits on call	4,360	13,908	4,130	12,703
	6,677	15,430	5,444	13,726

Cash assets are denominated in the following currencies:

	The Group		The Company	
	2006	2005	2006	2005
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Singapore dollar	44	152	44	152
United States dollar	5,207	1,749	4,976	545
Australian dollar	1,153	13,205	423	13,021
Others	273	324	1	8
	6,677	15,430	5,444	13,726

Bank deposits on call have an average maturity of 1 month (2005: 1 month) from the end of the financial year with the following weighted average effective interest rates.

	The Group		The Company	
	2006	2005	2006	2005
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Singapore dollar	0.63%	0.63%	0.63%	0.63%
United States dollar	5.18%	1.55%	5.18%	1.55%
Australian dollar	4.94%	5.21%	4.94%	5.21%
Others	2.48%	2.48%	0.00%	0.00%

Note 8 Current assets – Receivables

	The Group		The Company	
	2006	2005	2006	2005
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Trade debtors	1,794	1,612	868	843
Amounts due from directors or director of related entity	232	315	232	315
	2,026	1,927	1,100	1,158
Less: Provision for doubtful debts	(245)	(229)	(228)	(225)
	1,781	1,698	872	933

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are internationally dispersed, cover a large spectrum of manufacturing and distribution and have a variety of end markets in which they sell. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's and Company's trade receivables.

The carrying amounts of receivables approximate their fair value.

SciGen Ltd and controlled entities
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Note 8 Current assets – Receivables (continued)

Receivables are denominated in the following currencies:

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Singapore dollar	95	167	95	167
United States dollar	719	712	719	712
Australian dollar	385	238	-	-
Korean won	524	527	-	-
Others	58	54	58	54
	1,781	1,698	872	933

Note 9 Current assets – Inventories

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Finished goods - At cost	1,147	548	913	264

Note 10 Current assets – Others

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Sundry Deposits	321	205	287	171
Other Debtors	211	161	157	104
Staff Advances	7	(3)	6	(5)
Prepayments	832	240	381	91
	1,371	603	831	361

The carry amounts of current assets approximate their fair value.

Note 11 Non-current assets – Investments in subsidiaries

	The Company	
	2006 S\$ '000	2005 S\$ '000
Unquoted equity shares, at cost (see note 29)	1,144	1,144
Less : Provision for impairment of investment	(1,144)	(1,144)
	-	-
Amount due from subsidiaries	6,038	3,587
	6,038	3,587

The amounts due from subsidiaries are unsecured and interest free. There are no fixed terms of repayment but repayment is not expected within the next 12 months from the balance sheet date.

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

	The Company	
	2006 S\$ '000	2005 S\$ '000
Amount due from subsidiaries	5,380	3,196

The fair values are determined from the discounted cash flows analysis using a discount rate based upon the borrowing rate which the directors expect would be available to the Group and the Company at the balance sheet date.

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Note 12 Non-current assets – Other financial assets

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Investment deposits:				
Shreya Biotech	3,185	-	3,185	-
Hefei-SciGen-Bioton Biopharmaceutical Company Ltd (HSBBC)	309	-	309	-
	3,494	-	3,494	-

Note 13 Non-current assets – Fixed assets

(a) The Group

	Plant & Machinery S\$ '000	Office Equipment S\$ '000	Office Furniture & Fittings S\$ '000	Land & Buildings S\$ '000	Total S\$ '000
<u>Cost</u>					
At 1 July 2005	28	418	106	-	552
Additions	444	77	109	1,309	1,939
Disposals	-	(58)	(41)	-	(99)
Foreign translation reserves	-	(10)	(2)	-	(12)
At 30 June 2006	472	427	172	1,309	2,380
<u>Accumulated Depreciation</u>					
At 1 July 2005	25	179	26	-	230
Depreciation charged	55	73	17	-	145
Disposals	-	(40)	(8)	-	(48)
Foreign translation reserves	-	(7)	(1)	-	(8)
At 30 June 2006	80	205	34	-	319
<u>Net book value</u>					
At 30 June 2006	392	222	138	1,309	2,061
<u>Net book value</u>					
At 30 June 2005	3	239	80	-	322

SciGen Ltd and controlled entities
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Note 13 Non-current assets – Fixed assets (continued)

(b) The Company

	Plant & Machinery S\$ '000	Office Equipment S\$ '000	Office Furniture & Fittings S\$ '000	Land & Buildings S\$ '000	Total S\$ '000
<u>Cost</u>					
At 1 July 2005	28	254	72	-	354
Additions	-	57	97	-	154
Disposals	-	(41)	(32)	-	(73)
At 30 June 2006	28	270	137	-	435
<u>Accumulated Depreciation</u>					
At 1 July 2005	25	81	11	-	117
Depreciation charged	3	43	11	-	57
Disposals	-	(24)	(4)	-	(28)
At 30 June 2006	28	100	18	-	146
<u>Net book value</u>					
At 30 June 2006	-	170	119	-	289
<u>Net book value</u>					
At 30 June 2005	3	173	61	-	237

Note 14 Non-current assets – Intangible assets

(a)

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
<u>Cost</u>				
At 1 July	24,178	23,269	24,178	23,269
Additions	4,857	909	4,857	909
At 30 June	29,035	24,178	29,035	24,178
<u>Accumulated Depreciation</u>				
At 1 July	970	712	970	712
Amortisation charged	258	258	258	258
At 30 June	1,228	970	1,228	970
Net book value	27,807	23,208	27,807	23,208

SciGen Ltd and controlled entities
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Note 14 Non-current assets – Intangible assets (continued)

(b) Type of licences in respect of biologics

	Cost <u>S\$'000</u>	<u>Duration of licences</u>
Rights to market and distribute	11,168	10 - 20 years from date of first approval for sales in specified group countries
Rights to market and distribute	7,426	10 - 20 years from date of first approval for sales in specified countries
Rights to market and distribute	64	10 - 20 years from date of agreement
Right to use technology to establish large scale production facility	8,662	10 - 20 years from date of approval in licensed territory.
Right to develop, manufacture, market and sell	1,715	99 years from 10 November 1993 (agreement date). Automatic renewal for 99 years
	<u>29,035</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 (CMO) 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 30 June 2006 and current information available to them, including an independent valuation carried out by Innovation Dynamics Pty Ltd (formerly Aoris Nova Pty Ltd) on 13 August 2006 which confirms that the fair value of the major licence is in excess of its carrying value.

The financial obligations to the licensors arising from the acquisition of these licenses are disclosed in note 15 and 17 to the financial statements.

Note 15 Current liabilities – Payables

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Trade creditors	6,100	1,369	5,916	1,202
Short-term portion of obligation to licensors	-	173	-	173
Other creditors	80	1,158	44	236
	<u>6,180</u>	<u>2,700</u>	<u>5,960</u>	<u>1,611</u>

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Note 15 Current liabilities – Payables (continued)

The amount payable to licensors are unsecured and interest-free.

The carrying amounts of payables approximate their fair value.

Payables are denominated in the following currencies:

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Singapore dollar	176	124	176	124
United States dollar	5,645	1,360	5,645	1,360
Australian dollar	188	1,022	28	-
Korean won	17	27	-	-
Others	154	167	111	127
	6,180	2,700	5,960	1,611

Note 16 Current liabilities – Provisions

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Employee benefits	193	492	159	175
Other accruals	687	226	649	220
	880	718	808	395

The carrying amounts of provisions approximate their fair value.

The provisions are denominated in the following currencies:

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Singapore dollar	197	148	197	148
United States dollar	484	116	484	116
Australian dollar	115	302	110	75
Korean won	37	76	-	-
Others	47	76	17	56
	880	718	808	395

Note 17 Non-current liabilities – Payables

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Long-term portion of obligations to licensors	399	422	399	422

The amount payable to licensors are unsecured, interest-free and payable as follows:

Payable after 30 June 2007	399	422	399	422
	399	422	399	422

The fair value of the long-term portion of obligations to licensors is as follows:-

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Long-term portion of obligations to licensors	377	386	377	386

The fair values are determined from the discounted cash flows analysis using a discount rate based upon the borrowing rate which the directors expect would be available to the Group and the Company at the balance sheet date.

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Note 18 Non-current liabilities – Interest bearing liabilities

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Loan from Parent entity	6,390	-	6,390	-
	<u>6,390</u>	<u>-</u>	<u>6,390</u>	<u>-</u>

The loan was made on normal commercial terms and conditions and at market rates, except that there were no fixed terms for the repayment of loans between the parties. There is no average interest rate on loan during the year as the interest on loan will start from 15 July 2006.

Note 19 Contributed equity

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
(a) Share Capital				
Authorised:				
Nil (2005: 761,412,500 ordinary shares of S\$0.0013133 each)	-	1,000	-	1,000
Issued and Fully Paid:				
At the beginning of the financial year				
▪ 551,270,320 ordinary shares of S\$0.0013133 each (2005 : 418,965,443 ordinary shares of S\$0.0013133).	724	550	724	550
Transfer from Share Premium	64,418		64,418	
Issue of shares during the financial year				
▪ 1,000,000 ordinary shares at no par value (2005 : 132,304,877 ordinary shares of S\$0.013133 each)	78	174	78	174
At the end of financial year	<u>65,220</u>	<u>724</u>	<u>65,220</u>	<u>724</u>
(b) Share Premium				
At the beginning of the financial year	64,418	52,863	64,418	52,863
Share premium on shares allotted during the year	-	11,641	-	11,641
Less : Expenses relating to the placement	-	(86)	-	(86)
Less : Transfer to Share Capital	(64,418)	-	(64,418)	-
At the end of financial year	<u>-</u>	<u>64,418</u>	<u>-</u>	<u>64,418</u>
Total Contributed Equity				
At the beginning of the financial year	<u>65,142</u>	<u>53,413</u>	<u>65,142</u>	<u>53,413</u>
At the end of financial year	<u>65,220</u>	<u>65,142</u>	<u>65,220</u>	<u>65,142</u>

Pursuant to the Companies (Amendment) Act 2005 effective from 30 January 2006, the concept of Authorised Share Capital and Par value has been abolished. The amount standing to the credit of the Share Premium Account is transferred to Share Capital as at that date.

The issued share capital was increased on 13 February 2006 through the exercise of 1,000,000 ordinary shares at S\$0.078455 each by Mr. Saul Mashaal, for cash.

The newly issued share rank pari passu in all respect with previously issued shares.

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

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Note 19 Contributed equity (continued)

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Share options

Information relating to the SciGen Ltd Class 1 to Class 11 options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year are set out in note 32.

Note 20 Reserves

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
(a) Share-based payment reserve				
At the beginning of the financial year	165	52	165	52
Option expense during the year	15	113	15	113
At end of the financial year	180	165	180	165
(b) Foreign currency translation reserve				
At the beginning of the financial year	(250)	(90)	-	-
Foreign currency translation reserves movement during the year	17	(160)	-	-
At end of the financial year	(233)	(250)	-	-
Total Reserves				
At the beginning of the financial year	(85)	(38)	165	52
At end of the financial year	(53)	(85)	180	165

Note 21 Accumulated losses

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
At the beginning of the financial year	(27,088)	(21,587)	(25,419)	(19,556)
Net loss attributable to members of SciGen Ltd	(7,590)	(5,501)	(7,850)	(5,863)
At end of the financial year	(34,678)	(27,088)	(33,269)	(25,419)

Note 22 Remuneration of directors

	Directors of entities in the Company and the Group		Directors of the Company	
	2006 S\$	2005 S\$	2006 S\$	2005 S\$
Income paid or payable, or otherwise made available, to directors by entities in the Company and the Group and related parties in connection with the management of affairs of the parent entity or its controlled entities*	874,277	2,455,414	874,277	2,380,882

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

The above remuneration includes consultancy fees for Mr. Saul A. Mashaal.

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Note 22 Remuneration of directors (continued)

Options are granted to executive directors under the SciGen Class 1, 7, 8, 10 & 11 options, details of which are set out in note 32. Details of options granted to and exercised by directors during the year ended 30 June 2006 are set out in note 32.

Note 23 Remuneration of key management personnel

(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:

<i>Name</i>	<i>Position</i>	<i>Employer</i>
Ms. Jenny Low Saw Imm	Chief Financial Officer	SciGen Limited
Mr. David M. Mashaal	VP Corporate Business Development	SciGen Limited
Dr. G. Balasubramaniam	Regional Director of Sales & Marketing	SciGen Limited
Ms. Rachel L. Adams	VP Global Regulatory Affairs	SciGen Limited
Ms. Lopez Bernadette S.	Regional Regulatory Affairs Manager	SciGen Limited
Mr. Yitzhak Ravid	General Manager	SciGen Israel Limited
Mr. Peter J. Clark	Country Manager	SciGen (Australia) Pty Ltd
Mr. Lee Joo Heon <i>(from 1 September 1999 to 31 May 2006)</i>	Director	SciGen Korea Limited
Mr. Pyun Dong Ha <i>(from 26 June 2006)</i>	General Manager	SciGen Korea Limited

(b) Key management personnel compensation

	The Group		The Company	
	2006	2005	2006	2005
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Short-term employee benefits	1,092	1,275	770	604
Post-employment benefits	109	112	43	44
Share-based payments	-	5	-	5
	1,201	1,392	813	653

Note 24 Remuneration of auditors

	The Group		The Company	
	2006	2005	2006	2005
	S\$ '000	S\$ '000	S\$ '000	S\$ '000

During the year the auditor of the parent entity and its related practices earned the following remuneration:

PricewaterhouseCoopers

Audit or review of the entity or any entity in the Company and the Group

Total audit and other assurance services

Other accounting advisory services

Total remuneration

	150	105	140	93
	150	105	140	93
	49	30	42	21
	199	135	182	114

Note 25 Contingent liabilities

Contingent liabilities

As at the balance sheet date, the Company has given an undertaking to provide continuing financial support to its subsidiaries. The net liabilities of the subsidiaries at the balance sheet date amounted to S\$1,269,886 (2005: \$1,566,545).

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Note 26 Commitments for expenditures

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Lease & purchase commitments				
Commitments in relation to leases & acquisition of assets contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	18,446	460	18,283	157
Later than one year but not later than 5 years	9,192	3,935	9,173	3,508
	27,638	4,395	27,456	3,665
Representing:				
Acquisition of assets	27,164	3,373	27,164	3,373
Non-cancellable operating leases	474	1,022	292	292
	27,638	4,395	27,456	3,665

Note 27 Employee benefits

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Employee benefit and related on-costs liabilities				
Provision for employee benefits - current (note 16)	193	492	159	175
Aggregate employee entitlement and related on-costs liabilities	193	492	159	175
Employee numbers				
Average number of employees during the financial year	41	42	25	30

Set out below are summaries of options granted to executive directors and employees.

Grant date	Expiry date	Exercise Price A\$	Balance at the beginning of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number
Consolidated and parent entity – 2006							
15 Nov 2002	15 Nov 2006	A\$0.20	8,379,311	-	-	-	8,379,311
15 Nov 2002	15 Nov 2006	A\$0.20	8,379,311	-	-	-	8,379,311
15 Nov 2002	15 Nov 2006	A\$0.20	1,500,000	-	-	-	1,500,000
18 Nov 2003	31 Aug 2007	A\$0.22	912,500	-	-	-	912,500
28 Feb 2005	31 Mar 2009	A\$0.065	1,000,000	-	-	1,000,000	-
18 Apr 2005	31 Mar 2009	A\$0.065	1,000,000	-	1,000,000	-	-
			21,171,122	-	1,000,000	1,000,000	19,171,122
Consolidated and parent entity - 2005							
15 Nov 2002	15 Nov 2006	A\$0.20	8,379,311	-	-	-	8,379,311
15 Nov 2002	15 Nov 2006	A\$0.20	8,379,311	-	-	-	8,379,311
15 Nov 2002	15 Nov 2006	A\$0.20	1,500,000	-	-	-	1,500,000
18 Nov 2003	31 Aug 2007	A\$0.22	1,787,500	125,000	-	1,000,000	912,500
28 Feb 2005	31 Mar 2009	A\$0.065	-	1,000,000	-	-	1,000,000
18 Apr 2005	31 Mar 2009	A\$0.065	-	1,000,000	-	-	1,000,000
			20,046,122	2,125,000	-	1,000,000	21,171,122

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Note 28 Related parties

Directors

The names of persons who were directors of SciGen Ltd at any time during the financial year are as follows: Mr. Saul A. Mashaal, Mr. Paul Freiman, Mr. Kenneth Gross, Mr. Adam Wilczega, Mr. Ryszard K. Krauze and Dr. Marian Gorecki. All of these persons were also directors during the year ended 30 June 2006, except for Marian Gorecki who was appointed on 21 November 2005. Dr. Colin S. Goldschmidt and Mr. Christopher D. Wilks were directors from the beginning of the financial year until their resignation on 20 October 2005. Mr. S. Iswaran was a director from the beginning of the financial year until his resignation on 22 October 2005.

Remuneration and retirement benefits

Information on remuneration of directors is disclosed in notes 22.

Loans to directors and director-related entities

Loans to directors of entities in the Company and the Group and their director-related entities disclosed in note 8 :

	The Group		The Company	
	2006	2005	2006	2005
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Amount due from Director-related entities (Unsecured)	232	315	232	315
Less : Provision for doubtful debts	(225)	(225)	(225)	(225)
	<u>7</u>	<u>90</u>	<u>7</u>	<u>90</u>

Loans from holding company

During the year, the Company received loans from Bioton S.A.

	The Group		The Company	
	2006	2005	2006	2005
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Loan from Parent entity	6,390	-	6,390	-

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

Aggregate numbers of shares and share options of SciGen Ltd acquired or disposed of by directors of the company and the Group or their director-related entities from the company:

	The Group and The Company	
	2006	2005
	Number	Number
Acquisitions		
Ordinary shares	358,893,124	141,181,978
Class 1,4,10 & 11 options over ordinary shares	-	2,000,000
Disposals		
Ordinary shares	(216,958,664)	(1,238,183)
Class 1,4,10 & 11 options over ordinary shares	(3,000,000)	(4,500,000)

The establishment of the Class 1, 7 & 8 SciGen Ltd Options scheme were approved by shareholders at the extraordinary general meetings held on 15 November 2002. The Class 10 SciGen Ltd Option scheme was approved by the shareholders at the annual general meeting held on 28 February 2005. The Class 11 SciGen Ltd Option scheme was approved by the shareholders at the extraordinary general meeting held on 18 April 2005. The terms and conditions of these schemes are described in note 32. All other transactions relating to shares and options of the company, including the payment and receipt of dividends, were on the same basis as similar transactions with other shareholders.

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 28 Related parties (continued)

Aggregate numbers of shares and share options of SciGen Ltd held directly, indirectly or beneficially by directors of the company or the Company and the Group or their director-related entities at balance date:

	2006	2005
	Number	Number
Ordinary shares		
Saul Mashaal	-	107,692,832
Colin S. Goldschmidt	-	950,000
Christopher D. Wilks	-	623,000
Kenneth Gross	-	107,692,832
Mark R. Compton	-	100,400
Barrie R. Martin	-	50,000
Ryszard K. Krauze	500,026,507	141,133,383
Share Options		
Paul Freiman	1,000,000	1,000,000
Mark R. Compton	-	9,379,311
Saul Mashaal	8,379,311	9,379,311
Colin S. Goldschmidt	-	1,000,000
Christopher D. Wilks	-	1,000,000
Kenneth Gross	1,000,000	1,000,000
S. Iswaran	-	1,000,000

Other transactions with directors and director-related entities

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

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

Dr. Marian Gorecki is a member of the Scientific Advisory Board. Dr. Gorecki 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:

	The Group		The Company	
	2006	2005	2006	2005
	S\$	S\$	S\$	S\$
Mashaal Enterprises - Saul Mashaal	247,820	222,809	247,820	222,809
Yehuda Zelig	83,472	70,158	83,472	70,158
Marian Gorecki	52,221	-	52,221	-

Wholly-owned group

The wholly-owned group consists of SciGen Ltd and its wholly-owned controlled entities, SciGen (Australia) Pty Ltd, SciGen Korea Ltd and SciGen IL Ltd. Interests held in these controlled entities are set out in note 29.

Transactions between SciGen Ltd and other entities in the wholly-owned group during the years ended 30 June 2006 and 2005 consisted of:

- (a) loans advanced by SciGen Ltd
- (b) loans repaid to SciGen Ltd
- (c) the sale of products by SciGen Ltd
- (d) investment by and issue of share capital to SciGen Ltd.

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 28 Related parties (continued)

The above transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of principal on loans advanced by SciGen Ltd.

	The Company	
	2006	2005
	S\$ '000	S\$ '000
Aggregate amounts included in the determination of loss from ordinary activities before income tax that resulted from transactions with entities in the wholly-owned group:		
▪ Sales	3,451	2,399
▪ Research and development expense	-	604
Aggregate amounts receivable from entities in the wholly-owned group at balance sheet	6,038	3,587

Other related parties

Aggregate amounts included in the determination of loss from ordinary activities before income tax that resulted from transactions with other related parties:

	The Group		The Company	
	2006	2005	2006	2005
	S\$	S\$	S\$	S\$
Purchases of goods from Bioton S.A.	2,129,030	907,811	2,129,030	907,811

Aggregate amounts brought to account in relation to transactions with other related parties:

	The Group		The Company	
	2006	2005	2006	2005
	S\$	S\$	S\$	S\$
Amounts payable to Bioton S.A.	608,933	623,564	608,933	623,564

Note 29 Investments in controlled entities

Name of entity	Country of incorporation	Class of shares	Equity-holding	
			2006	2005
			%	%
SciGen (Australia) Pty Ltd	Australia	Ordinary	100%	100%
SciGen Korea Ltd	Korea	Ordinary	100%	100%
SciGen (IL) Ltd	Israel	Ordinary	100%	100%
Hefei-SciGen-Bioton Biopharmaceutical Company Ltd*	China	Ordinary	51%	0%

* Hefei-SciGen-Bioton Biopharmaceutical Company Ltd (HSBBC) is incorporated on 6 June 2006. However as the amounts are not material, the accounts have not been consolidated during the financial year ended 30 June 2006.

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 30 Reconciliation of loss from ordinary activities after income tax to net cash outflows from operating activities

	The Group		The Company	
	2006 S\$ '000	2005 S\$ '000	2006 S\$ '000	2005 S\$ '000
Loss from ordinary activities after related income tax	(7,590)	(5,501)	(7,850)	(5,863)
Depreciation and amortisation	403	357	315	311
Loss on disposal of fixed assets	43	5	33	6
Non-cash employee benefits expense - share-based payments	15	113	15	113
Net exchange differences	17	(160)	-	-
Changes in operating assets and liabilities, net of effects from purchase from purchase of controlled entity and sale:-				
Decrease (Increase) in receivables	(165)	(240)	(21)	(155)
Decrease (Increase) in inventories	(599)	(83)	(649)	5
Decrease (Increase) in other operating assets	(531)	18	(234)	45
Decrease (Increase) in trade creditors	(1,140)	1,517	(271)	653
Decrease (Increase) in other operating liabilities	(22)	(8)	(22)	(8)
Decrease (Increase) in other provisions	161	299	413	177
Net cash outflows from operating activities	<u>(9,408)</u>	<u>(3,683)</u>	<u>(8,271)</u>	<u>(4,716)</u>

Note 31 Earnings per share

	The Group	
	2006 S Cents	2005 S Cents
Basic earnings per share	(1.376)	(1.233)
Diluted earnings per share	(1.376)	(1.233)

	The Group	
	2006 Number	2005 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>551,640,183</u>	445,905,060
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>551,640,183</u>	445,905,060

	The Group	
	2006 S\$ '000	2005 S\$ '000
Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Net loss	(7,590)	(5,501)
Earnings used in calculating basic earnings per share	<u>(7,590)</u>	<u>(5,501)</u>
Diluted earnings per share		
Net loss	(7,590)	(5,501)
Earnings used in calculating diluted earnings per share	<u>(7,590)</u>	<u>(5,501)</u>

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 31 Earning per share (continued)

Information concerning the classification of securities

(a) Options

Options granted to employees under the Class 1, 6, 7, 8, 9, 10 and 11 Option Plans are considered to be anti-dilutive potential ordinary shares. Therefore they have not been included in the determination of basic and diluted earnings per share. Details relating to the options are set out in note 32.

Note 32 Share options

Set out below are the different classes of options granted, exercised and cancelled during the financial year, and options as at the end of the financial year:-

Grant date	Class	Exercise Period	Exercise Price A\$	Options Granted	Options Exercised	Options Cancelled	Balance as at 30 June 2006
15 Nov 2002	Class 1	15 Nov 2003 to 20 Dec 2003	A\$0.20	-	-	3,000,000	3,500,000
27 Nov 2002	Class 5	20 Apr 2006 to 16 Jan 2005	A\$0.25	-	-	3,424,400	-
27 Nov 2002	Class 6	16 May 2007 to 15 Nov 2003	A\$0.15	-	-	321,500	1,256,000
15 Nov 2002	Class 7	15 Nov 2006 to 15 Nov 2003	A\$0.20	-	-	-	8,379,311
15 Nov 2002	Class 8 *	15 Nov 2006 to 1 Sep 2004	A\$0.20	-	-	-	8,379,311
18 Nov 2003	Class 9	31 Aug 2007 to 28 Mar 2005	A\$0.22	-	-	462,500	3,950,000
28 Feb 2005	Class 10 **	31 Mar 2009 to 18 May 2005	A\$0.065	-	-	1,000,000	-
18 Apr 2005	Class 11	31 Mar 2009	A\$0.065	-	1,000,000	-	-

* The exercise period for Class 8 is from 15 November 2003 to 15 November 2006 with potential to extend to 15 November 2012 upon satisfaction of certain conditions.

** The holder of the Class 10 options accepted the Options proposal in the mandatory offer from Bioton S.A. which closed on 8 March 2006.

No shares have been issued during the financial year by virtue of the exercise of options to take up un-issued shares of the Company or of its subsidiaries.

No option holder has any right under the options to participate in any other share issue of the company or of any other entity.

SciGen Ltd and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2006

Note 33 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under policies approved by the Board of Directors.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States Dollars. Entities in the Group use natural hedging for each foreign currency exposure risk in connection with the measurement currency.

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest bearing liabilities.

(ii) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

(iii) Liquidity risk

The Group monitors cash flows on a regular basis to ensure availability of cash for day-to-day operations.

Note 34 Event occurring after balance sheet date

After 30 June 2006, the Company received additional loans from Bioton S.A. which at the date of this report amounted to US\$22,000,000. These loans were to enable SciGen perform its obligations arising from the transaction agreements for the acquisition of Shreya Biotech Pvt. Ltd, the establishment of the facilities in Israel and in China. Under the terms of the loan agreements, the loans are to be repaid with interest accrued thereon by December 2011. Interest is payable on the loans and is fixed at 5% per annum to 1% above LIBOR rate.

The acquisition of Shreya Biotech Pvt. Ltd is to be completed by September 2006. The accounts of Shreya Biotech Pvt. Ltd prior to this completion have not been consolidated with the accounts of the Group. All deposits paid for the acquisition which as at 30 June 2006 amounted to US\$2,000,000 has been reflected in the accounts as non-financial assets (note 12).

After 30 June 2006, the Group will change its financial year end to 31 December to coincide that of with its holding company, Bioton S.A.

The directors are not aware of any other event occurring after balance sheet date that has significantly or may significantly affect the operations of the Company and the Group.

Note 35 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of SciGen Ltd on 21 September 2006.

SciGen Ltd and controlled entities
Shareholder Information

The shareholder information set out below was applicable as at 31 August 2006.

A Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary shares Shares
1	-	1,000	67,191
1,001	-	5,000	303,305
5,001	-	10,000	610,316
10,001	-	10,000	14,327,603
100,001	and over		536,961,905
			<u>552,270,320</u>

There were 276 holders of less than a marketable parcel of ordinary shares.

B Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	Percentage of issued shares
Bioton S.A.	500,026,507	90.54%
Citicorp Nominees Pty Limited	3,630,727	0.66%
HSBC Custody Nominees (Australia) Limited	1,731,480	0.31%
Mr Lawrence Chan	1,660,317	0.30%
Dankab Pty Ltd <Dankab P/L Super Fund A/C>	1,500,000	0.27%
Bullimore Investments Pty Ltd <The CK Super Fund A/C>	1,133,000	0.21%
Mr Bernard Staunton<The Staunton Super Fund A/C>	952,341	0.17%
Maronese Nominees Pty Ltd	910,000	0.16%
Mr Nelson Yeung	812,600	0.15%
Dr Michael Barratt	700,000	0.13%
Mr Raymond John Gaskell	652,500	0.12%
Mr Darrell Cedric Allardice	600,000	0.11%
Dr Andrew Tan	597,455	0.11%
Mr Bradley William Smith	574,423	0.10%
Mr Stephen Bennett Keller	566,486	0.10%
Ms Xiao Yi Chen	525,000	0.10%
Mr Dinesh Chandra Balgovind	500,100	0.09%
Mr Charles Bruce Leibowitz	476,486	0.09%
Mr Vinod Kumar Rajput + Mrs Reeta Rajput<Rajput Australia Family A/C>	460,000	0.08%
R Mala Pty Ltd	450,000	0.08%
	<u>518,459,422</u>	<u>93.88%</u>

C Substantial holders

Substantial holders in the company are set out below:

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

SciGen Ltd and controlled entities
Shareholder Information

D Voting rights

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

- (a) Ordinary 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.