

Delivering human solutions





SciGen Ltd (“SciGen”) is a biopharmaceutical company involved in co-developing and marketing genetically engineered biopharmaceutical products for human healthcare.



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CHAIRMAN'S REPORT	2
SCIGEN'S BUSINESS OPERATIONS	4
PRODUCT PORTFOLIO	6
FINANCIAL REPORT	11



To optimise performance and broaden our income stream, we strive for operational efficiency, workforce competency and strong collaborations with our global business partners in expanding our product offerings.

2015 was the first year in which the Group devoted its entire resources into its distribution network in Asia Pacific, after relinquishing its investment in insulin manufacturing facility the year before. The lean business structure enabled the Group to strive through the difficult operating environment, precipitated by global economic uncertainties and volatile currency movement. In spite of these challenges, including expiry of distribution contracts for two products during the year, the financial performance of the Group was stable.

During the year, the Group launched new products across its subsidiaries, comprising therapeutic joint restoration injection, amniotic fluid leak detector for pregnant women, allogeneic keratinocyte sheet for treatment of second degree burns and skin ulcers, as well as anti-diabetic oral tablets. In our quest to expand our product portfolio, the Group has since launched additional oncology and paediatric products in first quarter of 2016.

#### FINANCIAL PERFORMANCE

The Group posted revenue for the year ended 31 December 2015 of US\$23.5 million, relatively consistent with preceding year's of US\$23.6 million. A large proportion of Group revenue, at 75%, was denominated in Australian dollars, Korean won and Philippines peso. Depreciation of these currencies against United States dollars during the year adversely impacted Group revenue upon translation. In addition to currency woes, we faced constant price competition in the hospital segment, particularly in Thailand, Philippines and Pakistan. Consequently, most territories registered decline in revenue. Notable revenue increment was recorded by our subsidiary in Korea, a growth of 42% to US\$9.0 million and our partner in Singapore of 164% to US\$0.2 million.

Blockbuster products of the Group, consisting of SciLin® (insulin) and Heri Injection™ (immune regulator containing thymosin alpha 1) outperformed expectations by 33% and 57% respectively. SciTropin® (human growth hormones), however, fell short of budget by 8%. The Group will build on the momentum of SciLin® and Heri Injection™ growth for the coming year, whilst driving for patient enrolments to boost volumes of SciTropin®.

Profit sharing income from our ultimate holding company, Bioton S.A. ("Bioton") escalated by 28% to US\$0.7 million during the financial year, following robust demand of insulin in China. To further strengthen our marketing position in China, we embarked on a new business partnership with a local reputable pharmaceutical company, Harbin Gloria Pharmaceuticals Co. Ltd, since early 2016.

On the back of currency impact on revenue, the Group generated earnings before interest and tax ("EBIT") of US\$3.2 million, compared to US\$3.3 million in 2014. Net profit for the year was US\$1.3 million, a major improvement from preceding year's loss of US\$1.7 million (after loss from discontinued operations of US\$3.3 million). Loss from discontinued operations for the previous year comprised results from ordinary activities of SciGen BioPharma Pvt. Ltd., as well as loss incurred upon divestment of the subsidiary to an unrelated party on 7 October 2014.

In 2015, the Group's operating cash flow before movement in working capital improved by 68% to US\$3.6 million. We trust that our business strategy of divesting former manufacturing facilities in Israel, China and India will continue to enhance our liquidity management.



## MOVING FORWARD

To optimise performance and broaden our income stream, we strive for operational efficiency, workforce competency and strong collaborations with our global business partners in expanding our product offerings. In the pipeline, we will launch anti-diabetic drugs, paediatric supplements, oncology products and medical devices to complement the existing range of products.

We continually seek to identify new geographical opportunities, assess the barriers to entry and seize to engage partnerships with well-established local pharmaceutical companies. Growth in our key markets of Australia, Korea and Philippines remain a priority, even as we explore other profitable territories in Asia.

To implement the long term business development strategy of the Group, we will continue to work relentlessly with Bioton's management team. We believe that the diversified portfolio will provide a resilient platform of sustainable growth for the Group.

Even while we focus on business development, we remain steadfast to our endocrinology and gastroenterology products, particularly in recombinant human insulin manufactured by Bioton. The above-mentioned new supply and distribution agreement with an esteemed pharmaceutical company in China gives impetus for the Group to drive for greater visibility in the saturated insulin market in the country. China has one of the highest diabetes prevalence rate in Asia, in that 10.6 percent of Chinese adults representing some 109 million people, are diagnosed with diabetes<sup>(1)</sup>. This sum accounted for approximately a quarter of global diabetes patients. The rapidly rising incidences of diabetes in China have fuelled double-digit year-on-year growth in drug sales, stoking intense competition amongst the local and foreign pharmaceutical giants.

Going forward, the Group will leverage on its close co-operation with business partners and its agile business structure to steer through the coming year's inevitable challenges of volatility in market currencies, downward pricing pressures and evolving regulatory hurdles.

## ACKNOWLEDGEMENT

In closing, I would like to extend my appreciation to all shareholders for your continued confidence in the Group and to our valued customers and business partners for their support and co-operation throughout the year. I would also like to acknowledge my fellow Board members for their stewardship and to our employees for their commitment to the Group.

### Slawomir Ziegert

Chairman and Chief Executive Officer

<sup>(1)</sup> International Diabetes Federation facts and figures 2015



SciGen's current focus is in the Asia Pacific region which provides growth opportunities for its range of products. Following a new licensing agreement signed in early 2012, SciGen now has marketing rights for recombinant human insulin in the Middle East and Africa.



**S**ciGen Ltd ("SciGen") is a biopharmaceutical company involved in co-developing and marketing genetically engineered biopharmaceutical products for human healthcare. SciGen focuses in the areas of gastroenterology, endocrinology and immunology.

Its product portfolio consists of biosimilar products such as recombinant human insulin, recombinant human growth hormone and recombinant Granulocyte Colony Stimulating Factor (GCSF), which have undergone substantial clinical development. SciGen has since built a diversified portfolio in recent years, comprising oncology products, paediatric supplements, anti-hypertensive drugs, oral anti-diabetic treatment, medical devices, therapeutic joint restoration injection and allogeneic keratinocyte sheet for treatment of second degree burns and skin ulcers.

SciGen has acquired the rights to distribute and market biopharmaceutical and proprietary products under both exclusive and semi-exclusive licensing arrangements. Its strategy is to focus on biosimilar products which have undergone much of the clinical development and trials required to bring new drugs to market. This minimises the risks associated with early stage product development.

SciGen's current focus is in the Asia Pacific region which provides growth opportunities for its range of products. Following a new licensing agreement signed in early 2012, SciGen now has marketing rights for recombinant human insulin in the Middle East and Africa. SciGen's contract manufacturer for recombinant human insulin is its ultimate holding company in Poland, Bioton S.A.

SciGen currently maintains internal sales and marketing teams at its subsidiary offices, whilst venturing into distribution partnerships in other markets. Through joint collaboration with its strategic partners, SciGen uses its extensive expertise in regulatory and clinical environments, to cater to a broader spectrum of market.

SciGen was established in 1988, as a Singapore biopharmaceutical company. SciGen is listed on the Australian Stock Exchange (ASX code SIE). Its corporate headquarters is located in Singapore, with subsidiary offices in Australia, South Korea, China and a sales office in Philippines. Strategic distribution channels are present in Thailand, Hong Kong, China, Pakistan, Indonesia, Singapore, Malaysia, Myanmar and Vietnam.



### What is SciLin®

SciLin® is a second generation recombinant human insulin expressed in E. Coli.

SciLin® is used in treating diabetes patients and is available in different preparations. .



### What is SciTropin A®

SciTropin A®, synthesized in E.coli cells, is identical to naturally occurring Human Growth Hormone.

SciTropin A® is indicated for the treatment of:

- Short stature due to growth hormone deficiency
- Growth disturbance due to Turner syndrome
- Chronic renal insufficiency
- Growth disturbance in short children born small for Gestational Age
- Prader-Willi Syndrome
- Growth hormone deficiency in adults



### SciLocyte®

SciLocyte® is a recombinant Granulocyte Colony Stimulating Factor (GCSF) that is E. coli derived and manufactured by recombinant DNA technology, which is almost identical to natural human GCSF.

Recombinant GCSF is used to prevent and treat the decrease of white blood cells resulting from chemotherapy.



### Heri Injection™

Heri Injection™ contains thymosin alpha 1 and acts as immune regulator in the treatment of malignant tumour, hepatitis and other immunodeficiency diseases.

Important features of Heri Injection™ :

- 28 amino – acids, with structure homologous to the endogenous thymosin. First choice for immunotherapy of tumour and hepatitis.
- Enhancement of immune function and reduction of inflammation following major operations and severe infections.
- Enhance effect in combination with Interferon and Lamivudine.
- Effective and safe.





### Zonegran®

Zonegran® (Zonisamide) is an adjunctive anti-epileptic drug for the treatment of adult patients with partial seizures with or without secondary generalisation.

Important features of Zonegran® :

- Zonegran® is an effective drug as it reduces the frequency of seizures by up to 51% and is well tolerated.
- It has no interaction with other anti-epileptic drugs nor with contraceptives.
- Zonegran® is not associated with weight gain and is a once-a-day treatment after titration.



### Zinc - S™

Zinc – S™ contains zinc sulfate hydrate and comes as an injectable solution.

Zinc-S™ can be used for treatments as follows :

- Prevention of low levels of zinc.
- Prevention of childhood diarrhea and respiratory illnesses.
- Adjunct treatment in infants aged between 7 and 120 days with probable serious bacterial infection.
- TPN (Total Parenteral Nutrition) therapy for cancer patients and wound healing for patients before and after surgery.



### Zinc - I™ Syrup

Zinc – I™ contains zinc sulfate monohydrate and comes as an oral solution.

Zinc-I™ can be used for treatments as follows :

- Prevention of zinc deficiency and psoriasis.
- Prevention of childhood diarrhea and respiratory illnesses.
- Adjunct treatment in infants aged between 7 and 120 days with probable serious bacterial infection.
- Supplemental mineral for the growth and development of children and adolescents.



### Durolane®

Durolane® is the original single hyaluronic acid stabilised injection for Osteoarthritis pain relief

Important features of Durolane®

- Advanced and unique Non Animal Stabilised Hyaluronic Acid.
- History of safe use as does not generate product specific antibodies.
- Effectiveness in comparison to corticoid.
- Longer lasting in the joint by design.
- Significant and sustained benefits for Osteoarthritis.



### Al-Sense™

Al-Sense™ is the only reliable, cost effective easy to use amniotic fluid leak detection test during the last trimester of pregnancy that offers rapid and continual reassurance.

Important features of Al-Sense™ :

- Non –invasive.
- High sensitivity and specificity.
- 12-hour monitoring capability, can be used at home with no laboratory resource requirement.
- Rapid, easy to read result and safe



### SciCosal™ Activator

SciCosal™ Activator (Neo Mucosal Activator) is effective in achieving symptomatic relief. It also helps to clean the wound & accelerate healing process.

SciCosal™ Activator is used to treat :

- Hand –Foot – and – Mouth disease.
- Bedsore (Superficial & Deep).
- Deep skin injuries.
- Pressure sore / Pressure ulcers.
- Decubitus ulcers.
- Diabetic skin ulcers.



### Kaloderm®

Kaloderm® is used to treat wounds such as deep second degree burns and diabetic foot ulcers.

Important features of Kaloderm® :

- It secretes a variety of wound healing factors and promotes regeneration of skin.
- It is conveniently stored and easy to use.
- It contains no immune cells, eliminating concerns for immunological rejection.
- It can be used to heal all kinds of wound and we are exploring cosmetic and dermatological application.
- A 56 cm<sup>2</sup>- sized sheet of Kaloderm® contains one billion cells.
- It minimizes scars by controlling collagen formation.



### SciBenclamide®

SciBenclamide® (Glibenclamide) belongs to the antidiabetic drug class of sulfonylureas.

SciBenclamide® works by increasing the amount of insulin that the pancreas produces.



### SciLodipine®

SciLodipine® (Amlodipine Besilate) is a long acting Calcium Channel Blocking (CCB) agent for the management of angina pectoris and hypertension.



### SciLosar®

SciLosar® (Losartan) is an Angiotensin Receptor Blockers (ARBs) that can be used to treat coronary artery disease or heart failure for patients :

- who cannot tolerate Angiotensin Converting Enzyme (ACE) inhibitors.
- who have kidney disease from diabetes (diabetic nephropathy) in people with Type 2 diabetes.

ARBs are alternatives for ACE-inhibitors for patients who cannot tolerate certain side effects such as cough.



## Gensupen®

Gensupen® is the latest innovative automatic delivery system for SciLin® with the following features:

- Easy and comfortable to use.
- Easy-to-read dosage indicator.
- Dose adjustment function.
- Light weight and durable design.



## Insupen needles

Insupen needles are used together with injection pens to deliver injectable medicines like insulin.

- Manufactured by Artsana in Italy with more than 50 years of experience in cannula production.
- 100% compatible with all pen devices.
- Insupen needles meet all the relevant international standards of compliance and have been subjected to many rigorous additional quality tests to ensure that they consistently exceed all the required standards.



	Page
Corporate Directory	12
Directors' Statement	14
Corporate Governance Statement	29
Independent Auditors' Review Report	42
Financial Report for the year – ended 31 December 2015	44
Shareholders' Information	105

**Directors**

**Executive Chairman and Chief Executive Director**

Slawomir Ziegert  
Executive Chairman and Chief Executive Officer

**Executive Directors**

Adam Tomasz Polonek  
Chief Financial Officer  
Member, Audit Committee

Jenny Low  
Senior Vice President & Corporate Secretary

**Non-Executive Directors**

Kenneth Gross  
Non-Executive Director  
Chairman, Audit Committee

Mateusz Patryk Kosecki  
Non-Executive Director

Adam Wilczega  
Non-Executive Director  
Member, Audit Committee

Marcin Dukaczewski  
Non-Executive Director

**Secretaries**

Lai Leng Wong

Jenny Low  
Senior Vice President & Corporate Secretary

**Principal registered office in Singapore**

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

**Principal registered office in Australia**

Suite 1, 13B Narabang Way, Belrose, NSW 2085, Australia

**Share and debenture registers**

Computershare Investor Services Pty Limited  
Level 5, 115 Grenfell Street, Adelaide,  
South Australia, 5000, Australia  
Ph: 1300 556 161 (within Australia)  
Ph: (61) 8 8236 2300 (outside Australia)  
Fax: (61) 8 8236 2305  
Website: [www.computershare.com](http://www.computershare.com)

**Auditors**

Deloitte & Touche LLP  
6 Shenton Way, OUE Downtown 2 #33-00  
Singapore 068809  
Partner-in-charge: Panjabi Sanjay Gordhan

**Solicitors**

Allen & Gledhill  
Norton Rose  
Thomson Geer  
PK Wong & Associates

**Bankers**

DBS Bank Ltd  
Kookmin Bank Ltd  
Citibank Korea  
ANZ Bank Ltd  
Westpac Banking Corporation  
Agricultural Bank of China

**Stock exchange listings**

SciGen Ltd (the "Company" or "SciGen") is a public company incorporated in Singapore. Shares are held by CHESS Depository Nominees Pty Ltd in Australia and are publicly traded on the Australian Stock Exchange in the form of CHESS Units of Foreign Securities (CUFS) on a 1 CUFS for 1 fully paid ordinary share basis.

**Website address**

[www.scigenltd.com](http://www.scigenltd.com)

**Currency**

The annual report is prepared in United States dollars.

The directors present their statement together with the audited consolidated financial statements of SciGen Ltd (the "Company") and its subsidiaries (the "Group") and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2015.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 44 to 104 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, with the continued financial support from its ultimate holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**Directors**

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

Mr. Slawomir Ziegert

Mr. Adam Tomasz Polonek

Ms. Jenny Low

Mr. Kenneth Gross

Mr. Adam Wilczega

Mr. Marcin Dukaczewski

Mr. Mateusz Patryk Kosecki

**Principal activities**

During the year, the principal activities of the Group and the Company consisted of sales, marketing and business development of pharmaceutical and recombinant technology derived products.

**Dividends**

Due to the working capital requirements of the Company, the directors have not declared a dividend for the financial year ended December 31, 2015. 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 revenue and results by significant reportable segments is set out below:

	Segment revenue		Segment results	
	Year ended 31/12/2015	Year ended 31/12/2014	Year ended 31/12/2015	Year ended 31/12/2014
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore	178	67	12	(24)
Australia	7,023	9,225	971	2,020
Korea	8,953	6,321	2,348	1,707
Thailand	4,287	4,875	252	477
Philippines	1,595	1,726	315	405
China	-	-	(111)	(98)
Others	1,491	1,391	920	820
Total for continuing operations	<b>23,527</b>	23,605	<b>4,707</b>	5,307
Unallocated expenses			<b>(1,533)</b>	<b>(1,972)</b>
Profit before finance expense and income tax			<b>3,174</b>	3,335
Finance income			<b>10</b>	19
Finance expense			<b>(906)</b>	(1,103)
Profit before income tax			<b>2,278</b>	2,251
Income tax expense			<b>(1,010)</b>	<b>(631)</b>
Profit from continuing operations			<b>1,268</b>	1,620
Discontinued operations			-	(3,322)
Net profit (loss) for the year			<b>1,268</b>	<b>(1,702)</b>

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

SciGen group ("Group") posted revenue of US\$23,527,000 for the current year, which was relatively consistent to preceding year. Growth in revenue for our subsidiary in Korea was remarkable at 42% following strong listing of our Thymosin alpha 1 product at hospitals, however, this gain was offset by negative growth in other regions. Revenue in Australia was weighed down by expiry of contracts for 2 products during the year and was further exacerbated by depreciation of Australian dollars against United States dollars by 19% year-on-year. In Thailand, sales to our distributor declined by 12% as competition for hospital tender intensified.

New products marketed by the Group this year include a therapeutic joint restoration injection, amniotic fluid leak detector for pregnant women, allogeneic keratinocyte sheet for treatment of second degree burns and skin ulcers and anti-diabetic oral tablets. Two of the new products, particularly therapeutic joint restoration injection and allogeneic keratinocyte sheet, have had encouraging first-year revenue. Demand for existing products, Thymosin alpha 1 and paediatric supplements which were sold in Korean market, grew by 57% compared to preceding year and constituted 22% of total group revenue for the year. Profit sharing income from our ultimate holding company, Bioton S.A., rose by 28% on the back of higher sales of insulin to China.

Results from ordinary activities of a subsidiary in India, SciGen BioPharma Pvt. Ltd. ("SBPL"), were classified as discontinued operations in the comparative figures of the income statement. The sale transaction was completed on October 7, 2014 and represented a change in Group's strategy after undue delays and increased costs for the completion of the manufacturing facility.

Gross margin declined from 54% in 2014 to 52% as group revenue is adversely impacted by depreciation of Australian dollars, Korean Won and Philippines Peso against United States dollars, coupled with increase in purchase price of human growth hormones. Reduction in overheads such as staff costs and storage and distribution expenses partially mitigated the decline in gross margin. Consequently, profit before interest and tax from operating activities was US\$3,174,000 from preceding year of US\$3,335,000.

After net finance expense of US\$896,000 (2014 : US\$1,084,000) and income tax expense of US\$1,010,000 (2014 : US\$631,000), the Group posted profit from ordinary activities amounting to US\$1,268,000 (2014 : US\$1,620,000) for the year. Income tax expense mainly comprised deferred tax expense of US\$568,000 (2014 : US\$70,000) resulting from the utilisation of tax losses brought forward recognised as deferred tax assets previously.

Profit for the year amounted to US\$1,268,000, a significant turnaround from loss in preceding year of US\$1,702,000 (after loss on discontinued operations). Profit attributable to members after tax was US\$1,268,000, in contrast to preceding year's deficit of US\$806,000 as 73% of the loss on discontinued operations amounting to US\$3,322,000 was attributable to members.

The financial year 2015 was a difficult year for the Group with the expiry of contracts for two products and downward movement in currencies where major sales were denominated. The coming year is anticipated to remain challenging as we focus on business development projects amidst intense pricing pressure in the market.

**Earnings per share**

	Group	
	<b>Year ended 31/12/2015 US cents</b>	Year ended 31/12/2014 US cents
Basic and diluted earnings (loss) per share	<b>0.230</b>	(0.146)

**Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures**

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

**Directors' interests in shares and debentures**

The directors of the Company holding office at the end of the financial year had no interest in the share capital and debenture of the Company and related corporations as recorded in the register of directors' shareholding kept by the Company under Section 164 of the Singapore Companies Act.

**Share options***(a) Options to take up unissued shares*

During the financial year, no option to take up unissued shares of the company or any corporation in the Group was granted.

*(b) Options exercised*

During the financial year, there were no shares of the company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

*(c) Unissued shares under option*

At the end of the financial year, there were no unissued shares of the company or any corporation in the Group under option.

**Matters subsequent to the end of the financial year**

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

Likely developments and expected results of operations

Likely developments in the operations of the Group and the Company at the date of this statement include:

- (a) The Group continues to drive for enlargement of its product portfolio, working in collaboration with its ultimate holding company, Bioton S.A. ("Bioton") and its business partners. To complement the existing products, multiple anti-diabetic and paediatric supplements will be introduced across the subsidiaries.
- (b) With support from the management team of Bioton, the Group continues to explore opportunities in expansion of distribution network within Asia Pacific. The Group strives for sustainable business partnerships with local distributors in emerging markets.

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

**Going concern**

The management is responsible for preparation of financial statements that give a true and fair view in accordance with provisions of the Singapore Companies Act and Singapore Financial Reporting Standards. The directors of the Company consider that the going concern assumption in the preparation of the financial statements is appropriate as the Group and the Company will have sufficient funding to carry out its operating and investment activities based on the financial support given by the ultimate holding company.

## Information on directors

Director	Experience
<p><b>Mr. Slawomir Ziegert</b> (Age 50)</p>	<p>Mr. Slawomir Ziegert, is a medical doctor, graduate of the Medical University in Gdansk. He has been connected with the pharmaceutical industry for over sixteen years, working in Poland and abroad for such concerns as Eli Lilly, Egis Group (a part of Servier Group) and Ipsen. He has enormous business experience covering different sectors of the pharmaceutical industry, including biotechnology, in particular business development within the scope of endocrinology and treatment of diabetes. From 1993 to 2004 he worked in the Polish branch of Eli Lilly, one of the world's leading pharmaceutical concerns and manufacturers of recombinant human insulin and insulin analogues, where he was responsible for the development of diabetes business, relations with the diabetes environment and governmental affairs.</p> <p>In 1998 to 2000, he was also Eli Lilly's Country Manager in Slovakia, supervising, among others, the development of sale of insulins and antibiotics. In 2004 to 2005 he was CEO of Egis Pharmaceuticals (a part of Servier Group) where he was responsible for the Baltic States area. In 2006 to 2009 he was CEO of Ipsen Poland. Working for Ipsen Poland, he was responsible for introduction of somatostatin analogue and IgF1 to the Polish market and for improvement of efficiency of marketing and sales activities. He is fluent in English, Russian, German and Slovak.</p> <p>Since November 9, 2009 he has been holding the position of the President of the Managing Board of Bioton S.A. and is CEO of the Company.</p>
<p><b>Adam Tomasz Polonek</b> (Age 39)</p>	<p>Mr Adam Polonek is a graduate of the Economic Faculty at Academy of Economics in Poland. Mr. Polonek joined Bioton S.A. in 2006 as Deputy Finance Director and since April 2009 as the Finance Director. Mr. Polonek was appointed to the position of Chief Financial Officer of SciGen Ltd in January 2013 and holds finance-related positions in other subsidiaries of SciGen and the Bioton Group.</p> <p>Since December 21, 2011, he has been holding the position of the Chief Financial Officer and Member of the Management Board of Bioton S.A.</p> <p>Mr. Polonek's professional experience includes successful career in one of the leading investment bank in CEE Europe, CAIB Financial Advisers, which is part of the leading banking Group Unicredit in Europe. During Mr. Polonek's career, he was involved in several Corporate Finance transactions and he has vast experience in stock exchange markets.</p>

## Information on directors

Director	Experience
<b>Ms. Jenny Low</b> (Age 64)	<p>Ms. Jenny Low is the Senior Vice President &amp; Corporate Secretary of the Company. Ms. Low, who has been with the company for over 20 years, is the longest service staff member and has been involved in many areas of the Company's operations, including the listing of the Company in ASX. Prior to her appointment as the Senior Vice President in October 2006, Ms. Low was the Chief Financial Officer of the Company.</p> <p>Ms. Low, a Chartered Accountant, held senior accountancy positions in various companies in both Malaysia and Singapore. With over 30 years of accounting experience, Ms. Low is well versed with accounting practices and tax laws of the Asia-Pacific region. Before joining SciGen in September 1991, Ms. Low was with Abacus Distribution Systems Pte Ltd, a company owned jointly by the major airline companies in Asia.</p>
<b>Mr. Kenneth Gross</b> (Age 86)	<p>Mr. Kenneth 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.</p>
<b>Mr. Adam Wilczega</b> (Age 61)	<p>Mr. Adam Wilczega is a graduate of Warsaw School of Economics, where he obtained the title of MSc in economics. Moreover, in 1991 he completed managers training in Japan. His professional career started in 1979 at PTHZ Varimex in Warsaw where he worked as a section manager until 1984. In 1984 to 1989 he was employed as a director of Technical and Trade Information Centre in Cairo, Egypt. Then, in the period 1989 to 1991 he held the position of the Director of PTHZ Varimex in Warsaw.</p> <p>In 1991 to 1996 he was the president of the managing board of Future Trading Co. Sp. z o.o. (limited liability company) in Warsaw. He has been working in Bioton S.A. since 1996, when he became director for foreign co-operation and a member of the Managing Board. From 1997 till January 15, 2009, he was holding the post of the President of the Managing Board of Bioton S.A.. From January 15, 2009 till December 2, 2015, he was Vice President of the Managing Board. From March 2009 till December 2, 2015, he has been holding the post of Director for Foreign Markets of Bioton S.A..</p>

**Information on directors**

<b>Director</b>	<b>Experience</b>
<b>Marcin Dukaczewski</b> (Age 37)	<p>Mr. Marcin Dukaczewski was trained in International Political and Economical Relations at the Warsaw University. Mr. Dukaczewski holds the position of The Vice President of the Management Board of Prokom Investments – a Polish private-equity fund. Mr. Dukaczewski also serves as the Chairman of the Supervisory Boards of Petrolinvest (oil &amp; gas exploration in Kazakhstan) and is a member of the Supervisory Board of other companies listed on the Warsaw Stock Exchange: Bioton (biotechnology) and Polnord (real estate development).</p> <p>Mr. Dukaczewski is also a member of the Supervisory Board of Biolek (veterinary products), Silurian (shale gas exploration).</p>
<b>Mateusz Patryk Kosecki</b> (Age 41)	<p>Mr. Mateusz Kosecki is a graduate of the Executive MBA Program of European University, Montreux, Switzerland. Mr Kosecki is the Foreign Markets Director of Bioton S.A. and is responsible for the operations of the company on overseas market. Mr. Kosecki is also the President of Biolek Sp z.o.o., a member of Bioton Group. Biolek develops innovative and specialized feed additives for animals and innovative food supplements for human use. Mr. Kosecki possesses extensive experience in international business. From 1995 to 1996 he worked as the Marketing Manager in Lenex Company in Sofia, Bulgaria. From 1997 to 2001 he was Head of Foreign Corporate Governance and Operations of Ciech S.A., the biggest Polish chemical holding company. He has been connected with pharmaceutical industry for 10 years. From 2002 to 2006, as the Country Manager for Russia of the Polish pharmaceutical company Ciech Polfa, and from 2006 to 2009 as Regional Director for Eastern Europe in Bioton S.A.</p>

**Information on company secretaries**

Ms. Jenny Low was appointed to the position of company secretary in August 2003. Ms. Jenny Low previously held the role of Chief Financial Officer of the Company for 17 years.

Lai Leng Wong has been the Company Secretary of the Company since 2002.

## Meetings of directors

The numbers of meetings of the Company's Board of directors and of each board committee held during the financial year ended December 31, 2015, and the numbers of meetings attended by each director were:

Full meetings of directors	Directors		Meetings of committees		Remuneration	
	A	B	A	B	A	B
Mr. Slawomir Ziegert	2	2	-	-	-	-
Mr. Adam Tomasz Polonek	2	2	3	3	-	-
Mr. Kenneth Gross	2	2	3	3	-	-
Mr. Adam Wilczega	-	2	3	3	-	-
Mr. Mateusz Patryk Kosecki	2	2	-	-	-	-
Ms. Jenny Low	2	2	-	-	-	-
Mr. Marcin Dukaczewski	-	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

## Key management personnels' emoluments

The Remuneration Committee, comprising the following directors:

- Mr. Marcin Dukaczewski
- Mr. Adam Tomasz Polonek

The Remuneration Committee should comprise entirely of non-executive directors and be chaired by an independent director. Whilst this is a departure from the recommendation, the Board believes that the new Committee has the knowledge and experience on remunerations in the biopharmaceutical industry. During the year, the remuneration committee did not meet.

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



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 Group and the Company's operations.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time. No options were issued and bonuses are not payable to non-executive directors. No remuneration have been paid to the remuneration committee.

### **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. During the year, the directors did not receive remunerations from the Company, except for those as disclosed in the tables below.

The key management personnel of the Company include the directors as per pages 19 to 21 above and the following executive officers, which also includes the following highest paid executives of the entity:

- Marcus Poh - *Regional Marketing Manager*
- Yvonne Lim - *Group Financial Controller*
- Liza Domingo - *Country Manager - Philippines*
- Hedy Ong - *Finance and Logistics Manager*
- Li Minyi - *Accounts Executive*

The key management personnel of the Group are the directors of SciGen Ltd (see pages 19 to 21 above) and those executives that are involved in the decision making of the Company and the Group. This includes these Group executives who received the highest remuneration for the financial year ended December 31, 2015. The executives are:

- Jean-Claude Balducci - *Country Manager - Australia & New Zealand*
- Marcus Poh - *Regional Marketing Manager*
- Edward Thomas - *Business Development Executive*
- Chander Shekhar Sharma - *Business Development Executive*
- Yvonne Lim - *Group Financial Controller*

**Key management personnel of Company**

Year ended December 31, 2015

Name	Short-term employee benefits			Post-employment benefits	Termination benefits		
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement and insurance benefits	Amount	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Non-executive directors</b>							
Mr. Kenneth Gross	22,713	-	-	-	-	-	22,713
<b>Sub-total non-executive directors</b>	<b>22,713</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,713</b>
<b>Executive director</b>							
Ms. Jenny Low	234,395	15,256	5,060	5,139	-	-	259,850
<b>Other key management personnel</b>							
Mr. Marcus Poh	112,960	22,248	782	10,619	-	-	146,609
Ms. Yvonne Lim	100,013	8,081	621	8,931	-	-	117,646
Ms. Liza Domingo	94,122	2,639	426	34	-	-	97,221
Ms. Hedy Ong	63,827	5,206	2,259	4,647	-	-	75,939
Ms. Li Minyi	38,812	3,190	612	6,772	-	-	49,386
<b>Total</b>	<b>666,842</b>	<b>56,620</b>	<b>9,760</b>	<b>36,142</b>	<b>-</b>	<b>-</b>	<b>769,364</b>

**Key management personnel of Company**

Year ended December 31, 2014

Name	Short-term employee benefits			Post-employment benefits	Termination benefits		
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement and insurance benefits	Amount	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Non-executive directors</b>							
Mr. Kenneth Gross	27,017	-	-	-	-	-	27,017
<b>Sub-total non-executive directors</b>	<b>27,017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,017</b>
<b>Executive director</b>							
Ms. Jenny Low	246,981	16,316	6,230	4,806	-	-	274,333
<b>Other key management personnel</b>							
Mr. Marcus Poh	125,201	14,729	1,407	10,847	-	-	152,184
Ms. Yvonne Lim	105,644	8,642	475	9,378	-	-	124,139
Ms. Liza Domingo	90,808	11,917	8,289	35	-	-	111,049
Ms. Hedy Ong	71,027	5,568	1,623	6,553	-	-	84,771
Ms. Li Minyi	42,828	3,412	2,101	5,875	-	-	54,216
<b>Total</b>	<b>709,506</b>	<b>60,584</b>	<b>20,125</b>	<b>37,494</b>	<b>-</b>	<b>-</b>	<b>827,709</b>

**Key management personnel of the Group**

Year ended December 31, 2015

Name	Short-term employee benefits			Post-employment benefits		Termination benefits	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement and insurance benefits	Amount	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Non-executive directors</b>							
Mr. Kenneth Gross	22,713	-	-	-	-	-	22,713
Mr. Tim Holden	6,022	-	-	-	-	-	6,022
<b>Sub-total non-executive directors</b>	<b>28,735</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,735</b>
<b>Executive directors</b>							
Ms. Jenny Low	234,395	15,256	5,060	5,139	-	-	259,850
Mr. Henry Dong-Ha Pyun	156,085	18,215	13,282	1,970	-	-	189,552
<b>Other key management personnel</b>							
Mr. Jean-Claude Balducci	222,445	23,121	-	29,264	-	-	274,830
Mr. Marcus Poh	112,960	22,248	782	10,619	-	-	146,609
Mr. Edward Thomas	102,415	15,990	-	11,249	-	-	129,654
Mr. Chander Shekhar Sharma	101,093	14,713	-	11,002	-	-	126,808
Ms. Yvonne Lim	100,013	8,081	621	8,931	-	-	117,646
<b>Total</b>	<b>1,058,141</b>	<b>117,624</b>	<b>19,745</b>	<b>78,174</b>	<b>-</b>	<b>-</b>	<b>1,273,684</b>

**Key management personnel of the Group**

Year ended December 31, 2014

Name	Short-term employee benefits			Post-employment benefits		Termination benefits	
	Cash salary and fees US\$	Cash bonus US\$	Non-monetary benefits US\$	Super-annuation US\$	Retirement and insurance benefits US\$	Amount US\$	Total US\$
<b>Non-executive directors</b>							
Mr. Kenneth Gross	27,017	-	-	-	-	-	27,017
Mr. Tim Holden	7,222	-	-	-	-	-	7,222
<b>Sub-total non-executive directors</b>	<b>34,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,239</b>
<b>Executive directors</b>							
Ms. Jenny Low	246,981	16,316	6,230	4,806	-	-	274,333
Mr. Henry Dong-Ha Pyun	159,277	22,970	13,857	2,072	-	-	198,176
<b>Other key management personnel</b>							
Mr. Jean-Claude Balducci	268,795	30,470	-	28,119	-	-	327,384
Mr. Marcus Poh	125,201	14,729	1,407	10,847	-	-	152,184
Mr. Edward Thomas	109,281	28,866	-	12,937	-	-	151,084
Mr. Chander Shekhar Sharma	117,192	10,156	-	11,937	-	-	139,285
Ms. Yvonne Lim	105,644	8,642	475	9,378	-	-	124,139
<b>Total</b>	<b>1,166,610</b>	<b>132,149</b>	<b>21,969</b>	<b>80,096</b>	<b>-</b>	<b>-</b>	<b>1,400,824</b>

**Insurance of officers**

During 2015, the Company paid a premium of US\$21,665 (2014 : US\$34,046) to insure the directors and officers of the Company and its controlled entities, and the managers of each of the divisions of the Group and the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group and the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful 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.

**Appointment of auditors**

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming AGM of the Company.

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept reappointment.

ON BEHALF OF THE DIRECTORS



.....  
Slawomir Ziegert  
Chairman, Chief Executive Officer & Director



.....  
Adam Polonek  
Chief Financial Officer & Director

Singapore  
March 29, 2016

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**

#### 1.1 Establish the functions reserved to the Board and those delegated to Senior Executives

The relationship between the Board and senior executives 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 Chief Executive Officer (“CEO”) and senior executives. Responsibilities are delineated by formal authority delegation.

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.

#### **Roles of the Chairman and Chief Executive Officer**

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

#### **Roles of the Company Secretary**

The Company Secretary supports the Board by monitoring the Board policy and ensuring that the procedures are followed. The Company Secretary coordinates the completion and despatch of board agenda. The Company Secretary also advises the Board on corporate governance matters. Each director is able to communicate directly with the Company Secretary.

**Roles 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) appointing and removing the CEO;
  - (3) where appropriate, approving the appointment and the removal of senior executives;
  - (4) monitoring the implementation of these objectives, strategies and long-term plans to ensure SciGen, to the best of its ability, delivers shareholder value;
  - (5) approval and monitoring the progress of major capital expenditure, acquisitions and disposals;
  - (6) monitoring SciGen's overall performance and financial results, including adopting annual budgets and approving SciGen's financial statements;
  - (7) ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;
  - (8) selecting and reviewing the performance of the CEO and reviewing the performance of senior operating management;
  - (9) ensuring significant business risks are identified and appropriately managed;
  - (10) ensuring that SciGen meets the statutory, regulatory and reporting requirements of the ASX and requirements under Australia and Singapore corporations law;
  - (11) ensuring that SciGen, its directors, officers, employees and associates are aware of and comply with all relevant laws and regulations;
  - (12) reporting to shareholders on performance;
  - (13) deciding the payment of dividends to shareholders; and
  - (14) reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance.



- (c) The Board consists of the Chairman and CEO, two executive directors, 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. Kenneth Gross having attained the age of 70 years, is required to seek re-election annually, under the provision of the Singapore Companies Act.
- (d) Directors receive a letter of appointment outlining the Company's expectations of directors with respect to their participation, time commitment and compliance.
- (e) 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.

#### 1.2 Process for evaluating the performance of senior executives

The evaluation of the performance of senior executives by way of annual appraisals are conducted annually with the respective supervisors and reported to the CEO.

## Principle 2

### Structure the Board to add value

ASX recommends having a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties. The Company had addressed these recommendations as noted below:

A majority of the Board should be independent directors

### Board members

Details of the members of the Board, their experience, expertise, qualifications are set out in the directors' statement in pages 19 to 21. At the date of this report, the Board comprises seven (7) directors, three (3) being executive directors and four (4) being non-executive directors. Of the four (4) non-executive directors, one (1) of whom is deemed independent under the principles set out in the Guidelines.

### Directors' independence

The Board does not comprise of a majority of independent directors. The non-independent directors have the diverse mix of business skills including skills and experience in the pharmaceutical industry, manufacturing, sales & marketing, finance, legal and skills and Corporate Governance. Whilst this is a departure from the recommendation, 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. The Board has also resolved that the mere fact that a director has been in office for a period greater than ten (10) years does not change that director's status as an independent.

The independent director as of the date of this report is:

- Mr. Kenneth Gross

### 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. Matters requiring professional independent advice are tabled and discussed at Board meetings.

### Commitment

The number of meetings of the Company's Board of directors and of each Board Committee held during the year ended December 31, 2015, and the number of meetings attended by each director is disclosed on page 22. It is the Company's practice to allow its executive directors to accept appointments outside the Company with prior written approval of the Chairman.

### Conflict of interests

Entities connected with Mr. Slawomir Ziegert, Mr. Adam Polonek, Mr. Adam Wilczega, Mr. Marcin Dukaczewski and Mr. Mateusz Kosecki had business dealings with the Group and the Company during the year, as described in notes 5 and 6 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.

### Performance assessment

It is intended that the Board may undertake an annual self-assessment of its collective performance. The process may be facilitated by an independent third party. In addition, each Board Committee may undertake an annual self-assessment on the performance of the Committee and achievement of Committee objectives.

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

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

2.1 The Chair should be an independent director

Mr. Slawomir Ziegert, Chairman of the Board is not an independent director under the principles set out in the Guidelines. Whilst this is a departure from the recommendation, the appointment of Mr. Ziegert, who is the Chief Executive Officer of Bioton S.A., holder of 95.57% of the Company, is vital at this point in time as Mr. Ziegert is well positioned to take an active and effective role to oversee and expedite the restructure, formulate objectives, strategies and long-term plans of the Company.

2.2 The roles of the Chair and Chief Executive Officer should not be exercised by the same individual

The Chairman of the Company is Mr. Slawomir Ziegert, the Chief Executive Officer. Whilst this is a departure from the recommendation, the Board believes that given the current size of the Company and its history, the Board considers that this function is efficiently achieved with the appointment of the Chief Executive.

2.3 The Board should establish a Nomination Committee

The Company does not have a formally constituted Nomination Committee given the complete nature of the Board composition currently. The Board is of the opinion that there would be no efficiencies to be gained in establishing a separate Nomination Committee. The function of reviewing the competencies of directors, appoint and re-appointment of directors, review of Board succession and evaluation of the performances of the Board and Committees is undertaken by the full Board. At such time when the Company is well established, a Nomination Committee will be formed and the Board restructured.

2.4 Process for evaluating the performance of the Board, its Committees and individual directors

The Chairman of the Board is responsible for evaluating Board and individual directors' performance annually.

### **Induction and education**

Induction procedures have not been required as all recently appointed directors have been involved with the industry and or with the Company prior to their appointment as directors.

## Access to information

The Board is provided access to all documents and information it needs in order to discharge its responsibilities effectively. As directed by the Board, senior executives furnish the Board with monthly, quarterly and ad hoc reports on the operations.

## Principle 3

### Promote ethical and responsible decision-making

ASX recommends that the Company should actively promote ethical and responsible decision-making. The Company had addressed these recommendations as noted below:

#### 3.1 Establish and Disclosure of a 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 Company is in the process of reviewing the current policies of the Code of Conduct to include the reporting and investigation of unethical practices. Although the process is not included in the current Code of Conduct, to date, all reports of unethical practices received have been taken seriously by the Board and investigated and action taken if required.

### 3.2 Diversity Policy

In accordance with the ASX Recommendations, the Company has established a Diversity Policy. The Company recognises that a talented and diverse workforce at all levels of the Company is a key competitive advantage and that experienced, skilled and diversified employees are an important contributor to the Company's success.

The Company promotes an inclusive workplace where employee differences like race, colour, gender, sexual orientation, gender, age, national origin, disability and lifestyle choice are valued. The unique skills, perspectives and experience that our employees possess promotes greater creativity and innovation that better reflects and serves the needs of our diverse customer base ultimately driving improved business performance. The Company recognises that encouraging workplace diversity is not just the socially responsible course of action but is also a source of competitive advantage for the Group.

The Group is committed to improving the gender diversity throughout the business with a particular focus on what can be achieved to improve the number of females in senior leadership roles. The Company's current objective in relation to gender diversity is to monitor and maintain the percentage of females in senior leadership positions at a level of at least 40%.

The Remuneration Committee recommends annually measurable objectives for promoting and maintaining gender diversity and measures towards the achievement of those objectives.

The proportion of female employees to male employees within the Group as of December 31, 2015 was 61% female and 39% male. 74% of senior leadership positions are held by females and 14% of SciGen's directors are female (0% of non-executive directors).

The Company utilises a range of inputs to inform its strategy and also assess its performance in this area such as employee opinion surveys, targeted focus groups, monitoring a host of employee data as well as external benchmarking.

### 3.3 Policy concerning trading in the Company's securities

Trading in Company securities is regulated by the Securities and Futures Act and the ASX Listing Rules. The Board makes all directors, officers and employees aware on the appointment that it is prohibited to trade in the Company's securities whilst that director, officer or employee is in the possession of price sensitive information.

For details of shares held by directors and officers, please refer to the directors' statement on page 17. Directors are required to report to the Company Secretary any movements in their holdings of Company securities, which are reported to ASX in the required timeframe prescribed by the ASX Listing Rules. The Share Trading Policy can be found on the Company website.

## Principle 4

### Safeguard integrity in financial reporting

ASX recommends that the Company should have a structure to independently verify and safeguard the integrity of their financial reporting. The Company had addressed these recommendations as noted below:

#### 4.1 The Board should establish an Audit Committee

The Board has established an Audit Committee to assist in the execution of its duties and to allow detailed consideration of complex issues. Matters determined by the Audit Committee are submitted to the Board as recommendations for Board decision, as required unless the Board has delegated the authority for a decision to the appropriate Committee.

Minutes of Audit Committee meetings are tabled at subsequent Board meetings.

#### 4.2 Structure of the Audit Committee

The Audit Committee comprises 3 members:

- Mr. Kenneth Gross (Chairman) (Independent director)
- Mr. Adam Wilczega (Non-independent director)
- Mr. Adam Polonek (Non-independent director)

The Chairman of the Audit Committee is an independent director. Details of these directors' qualification, expertise, experience and attendance at Audit Committee meetings are set out in the directors' statement on pages 19 to 22.

#### 4.3 Charter

The Audit Committee meets at least 2 times in a year.

The CEO, Chief Financial Officer ("CFO") and external auditors are invited to attend Audit Committee Meetings at the discretion of the Audit Committee. Time is allocated for the Audit Committee to meet with the external auditors without management being present. The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The responsibilities of the Audit Committee are to:

- (a) assist the Board to discharge fiduciary responsibilities with regard to the Company'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 the Company's CFO;
- (c) provide assurance regarding the quality and reliability of financial information used by the Board to enable the Board to maintain confidence in the financial reports;
- (d) oversee the activities of the external auditors of the Company and to review the Company's risk management policies, internal control processes, financials, operating results and accounting policies;
- (e) review and recommend to the Board the adoption of the Company'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.

#### 4.4 Assurances from Chief Executive Officer and Chief Financial Officer

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

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

The Board has received the declaration in writing referred to above from the CEO and the CFO on March 29, 2016.

#### 4.5 External auditors

The Company's and Audit Committee's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually, taking into consideration assessment of performance and existing value. Deloitte & Touche LLP were appointed as the external auditors in June 2010.

During the financial year, the external auditors did not render any non-audit services to the Group. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

In terms of external audit, a formal invitation has been extended by the Board to the audit partner at Deloitte & Touche LLP 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 5

#### **Make timely and balanced disclosure**

ASX recommends that the Company should promote timely and balanced disclosure of all material matters concerning the Company. The Company had addressed these recommendations as noted below:

##### 5.1 Establish written policies to ensure compliance with ASX Listing Rule

###### Disclosure requirement

All announcements made are reviewed and approved by the Board prior to the release to the market. The CEO, CFO and Senior Vice President & Corporate Secretary have been nominated as the persons 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 Corporate Secretary advises the Board on ASX Listing Rules and Guidance Recommendations matters.

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

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



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

The website also includes a feedback mechanism and an option for shareholders to register their e-mail address for e-mail updates of the Company's matters.

## Principle 6

### Respect the rights of shareholders

ASX recommends that the Company should respect the rights of shareholders and facilitate the effective exercise of those rights. The Company had addressed these recommendations as noted below:

#### 6.1 Communications Policy

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 e-mail the Company and receive updates or answers to specific questions where appropriate.

## Principle 7

### Recognise and manage risk

ASX recommends that the Company establish a sound system of risk oversight and management and internal control. The Company had addressed these recommendations as noted below:

#### 7.1 Policies for oversight and management of material business risks

The Company 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, the Company 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 the Company 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 the Board as appropriate.

## 7.2 Risk Management and internal control system

### **Risk assessment and management**

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

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

### **Internal Audit**

Given the present size of the Company, the Board does not employ an internal auditor.

## **Principle 8**

### **Remunerate fairly and responsibly**

ASX recommends that the Company should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. The Company had addressed these recommendations as noted below:

#### 8.1 Remuneration Committee

The Remuneration Committee currently consists of the following directors:

Mr. Marcin Dukaczewski  
Mr. Adam Tomasz Polonek

The Remuneration Committee should comprise of at least three members, a majority of whom are independent directors and be chaired by an independent director. Whilst this is a departure from the recommendation, the Board believes that the Committee have the knowledge and experience on remunerations in the biopharmaceutical industry.

Until now, the Remuneration Committee was responsible mainly for the review and recommendation of the remuneration of the CEO. Given the size of the Company and the only function of the Remuneration Committee, there is no formal charter for the role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. The Remuneration Committee is in the process of reviewing the scope of the Remuneration Committee and will be preparing a formal Charter and when adopted, it will be made available on the Company's website.

Matters determined by the Remuneration Committee are submitted to the Board as recommendations for Board decision, as required unless the Board has delegated the authority for a decision to the appropriate Committee.

Details of these directors' qualifications, experience and attendance at Remuneration Committee meetings are set out in the directors' statement on pages 19 to 22. During the year, the Remuneration Committee did not meet.

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' statement on pages 24 to 27 and Note 6 to the financial statements.

## 8.2 Distinguish the structure of non-executive director's remuneration from that of executives

Current remuneration packages of executive directors and senior executives include a balance between fixed and incentive pay. The incentives are payable upon achievement of certain short term and long term objectives. Non-executive directors, if paid, receive a fixed fee.

The twelve-month report of the Company contains detailed information of the remuneration of directors and senior executives. This information includes references to share option allocations, if any.

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of SciGen Ltd (the "Company") and its subsidiaries (the "Group") which comprises the statements of financial position of the Group and the Company as at December 31, 2015, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 104.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

**Auditors' Responsibility**

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

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

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

**Bases for Qualified Opinion**

The financial statements for the year ended December 31, 2014 were qualified, as we were unable to verify the accuracy of the net loss from discontinued operations of \$3,322,000 recorded in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2014.

Our audit report for the year ended December 31, 2015 is qualified because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures which include the results of the discontinued operations.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Bases for Qualified Opinion paragraphs, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

In our opinion, 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.



Public Accountants and  
Chartered Accountants  
Singapore

March 29, 2016

	Note	Group		Company	
		2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	3,579	2,759	571	1,098
Trade and other receivables	8	15,344	4,110	14,463	3,010
Income tax receivable		119	-	-	-
Inventories	9	2,257	2,525	402	474
Assets classified as held for sale	10	-	11,280	-	11,280
Total current assets		<b>21,299</b>	20,674	<b>15,436</b>	15,862
<b>Non-current assets</b>					
Property, plant and equipment	11	98	138	31	36
Intangible assets	12	4,064	4,423	4,026	4,371
Deferred tax assets	13	6,355	6,923	6,300	6,923
Subsidiaries	14	-	-	1,416	-
Total non-current assets		<b>10,517</b>	11,484	<b>11,773</b>	11,330
<b>Total assets</b>		<b>31,816</b>	32,158	<b>27,209</b>	27,192
<b>LIABILITIES AND CAPITAL DEFICIENCY</b>					
<b>Current liabilities</b>					
Trade and other payables	15	2,347	4,541	1,683	3,796
Income tax payable		315	310	-	-
Total current liabilities		<b>2,662</b>	4,851	<b>1,683</b>	3,796

	Note	Group		Company	
		2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
<b>LIABILITIES AND CAPITAL DEFICIENCY</b>					
<b>Non-current liabilities</b>					
Other payables	15	12,014	11,359	12,014	11,359
Loans and borrowings	16	74,527	74,527	74,527	74,527
Total non-current liabilities		86,541	85,886	86,541	85,886
<b>Capital and reserves</b>					
Share capital	17	42,530	42,530	42,530	42,530
Translation reserves	18	(1,417)	(1,341)	-	-
Accumulated losses		(98,500)	(99,768)	(103,545)	(105,020)
Net capital deficiency		(57,387)	(58,579)	(61,015)	(62,490)
<b>Total liabilities, net of capital deficiency</b>		<b>31,816</b>	<b>32,158</b>	<b>27,209</b>	<b>27,192</b>

See accompanying notes to financial statements.

	Note	Group	
		2015 US\$'000	2014 US\$'000
<b>Continuing Operations</b>			
Revenue	19	<b>23,527</b>	23,605
Other income		<b>220</b>	226
Changes in inventories of finished goods		<b>(190)</b>	257
Purchases		<b>(10,988)</b>	(11,075)
Employees' benefits expense	21	<b>(3,381)</b>	(3,602)
Depreciation of property, plant and equipment	11	<b>(48)</b>	(58)
Amortisation of intangible assets	12	<b>(384)</b>	(434)
Write-off of inventories		<b>(8)</b>	(11)
Write-off of intangible assets		-	(48)
Other operating expenses	20	<b>(5,574)</b>	(5,525)
<b>Profit before finance expense and income tax</b>		<b>3,174</b>	3,335
Finance income	22	<b>10</b>	19
Finance expense	22	<b>(906)</b>	(1,103)
<b>Profit before income tax</b>		<b>2,278</b>	2,251
Income tax expense	23	<b>(1,010)</b>	(631)
<b>Profit from continuing operations</b>		<b>1,268</b>	1,620
<b>Discontinued Operations</b>			
Loss from discontinued operations, net of income tax	24	-	(3,322)
<b>Profit (loss) for the year</b>	21	<b>1,268</b>	(1,702)
Other comprehensive (loss) income			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		<b>(76)</b>	(131)
Exchange differences reclassified to profit or loss for the year, on disposal of subsidiary	24	-	3,903
Other comprehensive (loss) income for the year		<b>(76)</b>	3,772
<b>Total comprehensive income for the year</b>		<b>1,192</b>	2,070



	Note	Group	
		2015 US\$'000	2014 US\$'000
<b>Profit (loss) for the year attributable to:</b>			
Equity holders of the Company		1,268	(806)
Non-controlling interests		-	(896)
<b>Profit (loss) for the year</b>		<b>1,268</b>	<b>(1,702)</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Equity holders of the Company		1,192	2,930
Non-controlling interests		-	(860)
<b>Total comprehensive income for the year</b>		<b>1,192</b>	<b>2,070</b>
<b>Earnings (loss) per share</b>			
<b>From continuing and discontinued operations:</b>			
Basic and diluted earnings (loss) per share (cents)	25	<b>0.230</b>	(0.146)
<b>From continuing operations:</b>			
Basic and diluted earnings per share (cents)	25	<b>0.230</b>	0.293

See accompanying notes to financial statements.

	Share capital US\$'000	Capital reserve US\$'000	Translation reserves US\$'000	Accumulated losses US\$'000	Attributable to equity holders of the company US\$'000	Non- controlling interests US\$'000	Net capital deficiency US\$'000
<u>Group</u>							
At January 1, 2014	42,530	551	(5,077)	(98,962)	(60,958)	5,537	(55,421)
<u>Total comprehensive income for the year</u>							
Loss for the year	-	-	-	(806)	(806)	(896)	(1,702)
Other comprehensive income for the year	-	-	3,736	-	3,736	36	3,772
Total	-	-	3,736	(806)	2,930	(860)	2,070
<u>Transactions with owners, recognised directly in equity</u>							
Disposal of subsidiary (Note 24)	-	(551)	-	-	(551)	(4,677)	(5,228)
At December 31, 2014	42,530	-	(1,341)	(99,768)	(58,579)	-	(58,579)
<u>Total comprehensive income for the year</u>							
Profit for the year	-	-	-	1,268	1,268	-	1,268
Other comprehensive loss for the year	-	-	(76)	-	(76)	-	(76)
Total	-	-	(76)	1,268	1,192	-	1,192
At December 31, 2015	42,530	-	(1,417)	(98,500)	(57,387)	-	(57,387)

See accompanying notes to financial statements.

	Share capital US\$'000	Accumulated losses US\$'000	Net capital deficiency US\$'000
<u>Company</u>			
At January 1, 2014	42,530	(106,770)	(64,240)
Profit for the year, representing total comprehensive income for the year	-	1,750	1,750
At December 31, 2014	42,530	(105,020)	(62,490)
Profit for the year, representing total comprehensive income for the year	-	1,475	1,475
At December 31, 2015	42,530	(103,545)	(61,015)

See accompanying notes to financial statements.

	2015	2014
	US\$'000	US\$'000
<b>Operating activities</b>		
Profit (Loss) before income tax	<b>2,278</b>	(1,068)
Adjustments for:		
Depreciation of property, plant and equipment	<b>48</b>	69
Amortisation of lease prepayment	-	3
Amortisation of intangible assets	<b>384</b>	434
Allowance for doubtful debts	<b>15</b>	5
Inventories written-off	<b>8</b>	11
Intangible assets written-off	-	48
Loss on sale of discontinued operation	-	1,273
Interest income	<b>(10)</b>	(22)
Interest expenses	<b>656</b>	1,186
Net foreign exchange losses	<b>250</b>	221
Operating cash flow before movement in working capital	<b>3,629</b>	2,160
Inventories	<b>260</b>	(342)
Trade and other receivables	<b>31</b>	680
Trade and other payables (Note A)	<b>(2,408)</b>	(9,371)
Cash used in operations	<b>(2,117)</b>	(6,873)
Income taxes paid	<b>(561)</b>	(636)
Net cash flows from (used in) operating activities	<b>951</b>	(7,509)
<b>Investing activities</b>		
Interest received	<b>10</b>	22
Purchase of property, plant and equipment	<b>(18)</b>	(278)
Purchase of intangible assets	<b>(30)</b>	(34)
Proceeds from disposal of discontinued operation, net of cash (Note A)	-	6,487
Net cash flows (used in) from investing activities	<b>(38)</b>	6,197

	2015	2014
	US\$'000	US\$'000
<b>Financing activities</b>		
Interest paid	(1)	(121)
Proceeds from bank loans (Note B)	-	2,415
Net cash flows (used in) from financing activities	<b>(1)</b>	2,294
Net increase in cash and cash equivalents	<b>912</b>	982
Cash and cash equivalents at beginning of the year	<b>2,759</b>	1,665
Effect of exchange rate fluctuations on cash held	<b>(92)</b>	112
<b>Cash and cash equivalents at end of the year</b>	<b>3,579</b>	2,759

*Note A:*

During the year ended December 31, 2014, proceeds from disposal of discontinued operation amounting to US\$7,000,000 was utilised to reduce the trade and other payables owing to the ultimate holding company.

*Note B:*

During the year ended December 31, 2014, proceeds from loan amounting to US\$2,415,000 were received in favour of a subsidiary in India which was classified as discontinued operation. Disposal transaction of discontinued operation was completed on October 7, 2014.

See accompanying notes to financial statements.

## 1 GENERAL

The Company (Registration Number: 199805796R) is incorporated in the Republic of Singapore with its principal place of business and registered office is located at 152 Beach Road, #26-07/08 Gateway East, Singapore 189721.

The Company is listed on the Australian Stock Exchange. The consolidated financial statements are presented in United States dollars, which is the Company's functional currency and rounded to the nearest thousand (\$'000), unless stated otherwise.

The principal activities of the Group and the Company consisted of sales, marketing and business development of pharmaceutical and recombinant technology derived products. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

As at December 31, 2015, the Group's and Company's current assets exceed their current liabilities by US\$18,637,000 (2014 : US\$15,823,000) and US\$13,753,000 (2014 : US\$12,066,000) respectively. The Group and Company have net capital deficiency of US\$57,387,000 (2014 : US\$58,579,000) and US\$61,015,000 (2014 : US\$62,490,000) respectively as of that date and the Group incurred a net profit of US\$1,268,000 (2014 : net loss of US\$1,702,000) during the financial year. Notwithstanding these conditions, on the account of continued financial support from the ultimate holding company, the directors do not believe that there are any material uncertainties surrounding the ability of the Group and Company to operate on a going concern basis, as disclosed in Note 4 (iv) to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2015 were authorised for issue by the Board of Directors on March 29, 2016.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payments, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**ADOPTION OF NEW AND REVISED STANDARDS** – On January 1, 2015, the Group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and relevant to its operations.

The adoption of these new/revised FRSs and INT FRSs did not result in any substantial changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior years.

**AT THE DATE OF AUTHORISATION** of these financial statements, the following new/revised FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative
- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers

Consequential amendments were also made to various standards as a result of these new/revised standards.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

### Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The amendments to FRS 1 are effective for companies with annual periods beginning on or after January 1, 2016, with retrospective application subject to transitional provisions.

The Group is currently assessing the potential impact of amendments to FRS 1 in the period of initial adoption.

### FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 Financial Instruments: Recognition and Measurement and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 109 will take effect for companies with financial years beginning on or after January 1, 2018, with retrospective application subject to transitional provisions.

The Group is currently evaluating the potential impact of FRS 109 on the financial statements of the Group and the Company in the period of initial adoption.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### FRS 115 Revenue from Contracts with Customers

FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: identify the contracts with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. In addition, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after January 1, 2018, with early application permitted.

The Group is currently evaluating the impact of FRS 115 on the financial statements of the Group and the Company in the period of initial adoption.

**BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company (a) has power over the investee, (b) is exposed, or has rights, to variable returns from its involvement with the investee; and (c) has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**BUSINESS COMBINATIONS** – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and FRS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instrument other than those financial instruments "at fair value through profit or loss".

## **Financial assets**

### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flow from the asset expire or it transfers the financial asset and substantially all of the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing from such proceeds received.

### **Financial liabilities and equity instruments**

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payable when the recognition of interest would be immaterial.

Interest-bearing bank loans and loan from ultimate holding company are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy.

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

OFFSETTING ARRANGEMENTS – Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NON-CURRENT ASSETS HELD-FOR-SALE – Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held-for-sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives using the straight-line method on the following bases:

Plant and machinery	-	5 years
Office furniture and fittings	-	5 to 10 years
Office equipment	-	3 to 5 years
Motor vehicle	-	5 years

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### INTANGIBLE ASSETS -

#### Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

#### Internally-generated intangible assets - research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development costs are charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

**IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS** – At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which it belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**PROVISIONS** – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

### Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

### Profit sharing

Profit sharing revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Profit sharing agreements are based on sales and other measures, recognised by reference to the underlying arrangement. Profit share are for the use of the Group's intangible assets.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**BORROWING COSTS** - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and state schemes where the Group's operations are located, are dealt with as payments to defined contribution plans where the company's obligation under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**EMPLOYEE LEAVE ENTITLEMENT** - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

**INCOME TAX** - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in profit or loss.

**DISCONTINUED OPERATIONS** - A component of a Group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity within the Group. In other words, a component Group will have been a cash-generating unit or a group of cash-generating units while being held for use.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations, (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale.

**FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** - The financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the company operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollars, which is the functional currency of the Company and presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In application of the Group's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

### 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### ***Critical judgements in applying the Group's accounting policies***

Management did not make judgements that will have significant effect on the amounts recognised in the financial statements apart from those involving estimations which are dealt with below and in other notes to the financial statements.

#### ***Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

(a) Impairment of intangible assets

The Group has substantial investments in intangible assets, which mainly comprise of licences and the related development costs.

Impairment loss is recognised when events and circumstances indicate that the Group and the Company's intangible assets may be impaired and the carrying amounts of the intangible assets exceed their recoverable amounts.

The recoverable amounts of the licences and development costs were estimated based on its value in use for all products. Value in use was determined by discounting the future cash flows generated from the continuing use of the intangible assets.

The management has estimated the recoverable amount of the licences for SciLin®. with carrying amount of US\$3,562,000 (2014 : US\$3,778,000) (Note 12). The recoverable amount was estimated based on its value in use which includes discounting future cash flows generated from the continuing use of the licences. The Company signed two (2014 : three) profit sharing agreements with its ultimate holding company, whereby the Company will receive a share of the revenues from the use of the SciLin® licence in the countries wherein the Group has the licence and rights to distribute the product. The Company expected profit from its ultimate holding company for contracts with annual sale for the next ten years (2014 : eleven years) with projected fee based on estimated volume for the use of SciLin® licence and development cost which confirms the non-impairment of the licences and related development costs for SciLin®.

The carrying amounts of the Group and the Company's intangible assets are disclosed in Note 12 to the financial statements.

**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)****(b) Impairment of subsidiaries**

The Company maintains impairment losses at a level considered adequate to provide for potential non-recoverability of investment in subsidiaries. The level of allowance is evaluated by the Company on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities and market factors. The Company reviews and identifies balances that are to be impaired at the end of each reporting period.

The management reviewed the recoverable amount of its investments in a subsidiary in Korea and a subsidiary in China. For the current financial year, the subsidiary in Korea generated profit of US\$2,348,000 (2014 : US\$1,707,000), resulting in net capital position of US\$3,827,000 (2014 : US\$2,132,000). The subsidiary in China remained inactive in generating income. During the year, the management reversed impairment loss for investment in subsidiary in Korea of US\$1,416,000 (2014 : nil) but provided impairment loss for investment in subsidiary in China of US\$115,000 (2014 : US\$128,000).

The carrying amounts of the investments in subsidiaries are disclosed in Note 14 to the financial statements.

**(c) Useful lives of property, plant and equipment**

The carrying amount of the property, plant and equipment is depreciated on a straight-line basis over the remaining useful life of each property, plant and equipment. Management reviews and revises the estimates of the remaining useful life and residual values (if any) of the property, plant and equipment at the end of each reporting period based on their age and condition at that time. Changes in the way the property, plant and equipment are used and other factors (such as market or technological factors) could impact the useful life and residual values of the property, plant and equipment, therefore future depreciation charges could be revised. Any changes in the useful life and residual values of the property, plant and equipment would impact the depreciation charges and consequently affect the Group's and the Company's results. During the year, there were no changes in useful lives of the Group's property, plant and equipment.

**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)****(d) Assessment of recoverability of debts**

The assessment of the recoverability of debts of the Group and the Company is based on the on-going evaluation of collectability and ageing analysis of outstanding debts and on management's estimate of the ultimate realisation of these debts, including credit worthiness and the past collection history of each debtor. Management has evaluated the recovery of these debts based on each estimate and is confident that the allowance for doubtful debts, where necessary is adequate.

The carrying amounts of trade and other receivables at the end of the reporting period are disclosed in Note 8 to the financial statements.

**(e) Allowance for inventories**

Management reviews the inventory age listing on a periodic basis to identify aged inventory. This review involves comparison of the carrying amount of the inventory items with the respective net realisable values. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodic basis in order to determine whether an allowance is required to be made in respect of any obsolete and defective inventories identified. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

The carrying amount of inventories is disclosed in Note 9 to the financial statements.

**(f) Deferred tax assets valuation**

The carrying amount of deferred tax assets amounts to US\$6,355,000 (2014 : US\$6,923,000). The deferred tax assets are recognised for unused tax losses and some temporary tax differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies. The Group expects sufficient taxable profits to be generated in the future years with launches of new products covering oncology, anti-diabetics and health supplements in the pipeline, coupled with robust growth of insulin sales to China. In the view of management, the recognition of deferred tax assets is appropriate.



#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>				
Loans and receivables (including cash and cash equivalents)	<b>18,527</b>	6,380	<b>14,937</b>	3,960
<b>Financial liabilities</b>				
Amortised cost	<b>88,888</b>	90,427	<b>88,224</b>	89,682

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

**Group and Company**

As at December 31, 2015 (US\$'000)

**Financial assets**

	(a)	(b)	(c) = (a) – (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial asset	Gross amounts of recognised financial asset	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount
GROUP AND COMPANY						
Trade and other receivables	12,192	(793)	11,399	-	-	11,399
Total	12,192	(793)	11,399	-	-	11,399

**Group and Company**

As at December 31, 2015 (US\$'000)

**Financial liabilities**

	(a)	(b)	(c) = (a) – (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial asset	Gross amount of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount
GROUP AND COMPANY						
Trade and other Payables	1,361	(793)	568	-	-	568
Total	1,361	(793)	568	-	-	568

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

**Group and Company**

As at December 31, 2014 (US\$'000)

**Financial assets**

Type of financial asset	(a)	(b)	(c) = (a) – (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
	Gross amounts of recognised financial asset	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount
<b>GROUP</b>						
Trade and other receivables	744	(519)	225	-	-	225
<b>Total</b>	<b>744</b>	<b>(519)</b>	<b>225</b>	<b>-</b>	<b>-</b>	<b>225</b>
<b>COMPANY</b>						
Trade and other Receivables	681	(519)	162	-	-	162
<b>Total</b>	<b>681</b>	<b>(519)</b>	<b>162</b>	<b>-</b>	<b>-</b>	<b>162</b>

**Group and Company**

As at December 31, 2014 (US\$'000)

**Financial liabilities**

Type of financial asset	(a)	(b)	(c) = (a) – (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
	Gross amount of recognised financial liabilities	Gross amounts of recog- nised financial assets set off in the statement of financial position	Net amounts of financial liabi- ties presented in the statement of financial position	Financial instru- ments	Cash col- lateral received	Net amount
<b>GROUP AND COMPANY</b>						
Trade and other Payables	2,411	(519)	1,892	-	-	1,892
<b>Total</b>	<b>2,411</b>	<b>(519)</b>	<b>1,892</b>	<b>-</b>	<b>-</b>	<b>1,892</b>

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

##### (c) Financial risk management policies and objectives

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

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

##### (i) Foreign exchange risk management

The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk. The Group manages its exchange risk by monitoring the movements in exchange rate regularly. The Group does not enter into any forward contracts to hedge its exposure to movement in exchange rate.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currency are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2015	2014	2015	2014	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
United States dollars	-	72	-	-	-	-	-	-
Singapore dollar	<b>87</b>	110	<b>161</b>	207	<b>87</b>	110	<b>161</b>	207
Australian dollar	<b>17</b>	18	<b>4</b>	5	<b>17</b>	18	<b>4</b>	5
Euro	<b>30</b>	69	-	69	<b>30</b>	69	-	-
Philippine peso	-	2	<b>19</b>	18	-	2	<b>19</b>	18

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

##### *Foreign currency sensitivity*

The sensitivity rate used when reporting foreign currency risk to key management personnel is 10%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at year end.

If the relevant foreign currency strengthens by 10% against the functional currency of the each group entity, loss before tax will (increase) decrease by:

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
United States dollars	-	7	-	-
Singapore dollar	(7)	(10)	(7)	(10)
Australian dollar	1	1	1	1
Euro	3	-	3	7
Philippines peso	(2)	(1)	(2)	(2)

If the relevant foreign currency weakens by 10% against the functional currency of the company, there would be an equal and opposite impact on the profit or loss.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

##### (ii) Interest rate risk management

Interest rate risk arise from potential change in interest rate that may have an adverse effect on the Group in the current period and future years.

The Group's exposure to changes in interest rates relates primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Summary quantitative data of the Group's and the Company's interest-bearing financial instruments can be found in Note 4(c)(iv) to the financial statements.

##### *Interest rate risk*

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

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

##### *Sensitivity analysis*

At the reporting date, the Group and the Company has a floating rate loan from the ultimate holding company of US\$74,527,000 (2014 : US\$74,527,000). A change of 100 basis points ("bp") in interest rates at the reporting date would (increase)/decrease loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 bp increase	100 bp decrease
	US\$'000	US\$'000
<b>Group and Company</b>		
<b>2015</b>		
Variable rate loans from ultimate holding company	(745)	745
<b>2014</b>		
Variable rate loans from ultimate holding company	(745)	745

##### (iii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

It is the Group's policy to transact with creditworthy counterparties. Therefore, the Group does not expect to incur material credit losses on its financial assets or other financial instruments.

Concentration of credit risk exist when changes in economic, industry or geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. If the customers are independently rated, these ratings are used. Otherwise, the credit quality of customers is assessed after taking into account its financial position and past experience with the customers. The Group does not require collateral in respect of trade and other receivables.

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

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Except for a customer in Thailand with trade receivables as at December 31, 2015 of US\$788,000 (2014 : US\$642,000), trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Management continuously monitor recoverability of debts. Management is of the view that there is no concentration of credit risk apart from the customer in Thailand. Further details of credit risks on trade and other receivables are disclosed in Note 8 to the financial statements.

Cash and fixed deposits are held with reputable financial institutions.

(iv) Liquidity risk management

The Group and the Company maintains sufficient cash and cash equivalents and internally generated cash flows to finance their activities. As at December 31, 2015, the Group and the Company has available cash and cash equivalents totalling to US\$3,579,000 (2014 : US\$2,759,000) and US\$571,000 (2014 : US\$1,098,000), respectively, to finance its operations.

The Group had a net profit of US\$1,268,000 (2014 : net loss of US\$1,702,000) for the year ended December 31, 2015, out of which none (2014 : loss of US\$3,322,000) was attributable to discontinued operations. As at December 31, 2015, the Group's and Company's current assets exceed their current liabilities by US\$18,637,000 (2014 : US\$15,823,000) and US\$13,753,000 (2014 : US\$12,066,000) respectively. The Group and Company have a net capital deficiency of US\$57,387,000 (2014 : US\$58,579,000) and US\$61,015,000 (2014 : US\$62,490,000) respectively.

The Group and the Company are dependent on the ultimate holding company, for continued financial support to enable the Group and the Company to operate as going concern and to discharge the obligations as and when they fall due. The management is satisfied that financial support will be available when required.

No additional loans were provided by the ultimate holding company during the year (2014 : no additional loans). The ultimate holding company has also undertaken to provide financial support and that it will not demand for cash settlement of the loans granted to the Company of US\$74,527,000 (2014 : US\$74,527,000), within the next twelve months, which are due for repayment on December 31, 2017.

Accordingly, the financial statements of the Group have been prepared assuming that the Group and the Company will continue as going concerns.

The Group and the Company's financial assets and financial liabilities are substantially short-term in nature, except for loans and borrowings as disclosed in Note 16 to the financial statements.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

**Liquidity and interest risk analyses**Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>						
<b>2015</b>						
Variable interest rate loans from ultimate holding company	1.30	-	76,479	-	(1,952)	74,527
Non-interest bearing	-	2,347	12,014	-	-	14,361
		2,347	88,493	-	(1,952)	88,888
<b>2014</b>						
Variable interest rate loans from ultimate holding company	1.25	-	77,357	-	(2,830)	74,527
Non-interest bearing	-	4,541	11,359	-	-	15,900
		4,541	88,716	-	(2,830)	90,427
<b>Company</b>						
<b>2015</b>						
Variable interest rate loans from ultimate holding company	1.30	-	76,479	-	(1,952)	74,527
Non-interest bearing	-	1,683	12,014	-	-	13,697
		1,683	88,493	-	(1,952)	88,224
<b>2014</b>						
Variable interest rate loans from ultimate holding company	1.25	-	77,357	-	(2,830)	74,527
Non-interest bearing	-	3,796	11,359	-	-	15,155
		3,796	88,716	-	(2,830)	89,682

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

##### Non-derivative financial assets

The Group's and the Company's non-derivative financial assets are cash and cash equivalents and trade and other receivables which are non-interest bearing and repayable on demand except for fixed deposits with bank which are at fixed interest rate.

##### (v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables, other assets, payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

##### (d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Management reviews the capital structure on an on-going basis to achieve its capital objective. The capital structure of the Group consists of debts, which includes borrowings disclosed in Note 16 to the financial statements, share capital, reserves and retained earnings. The Group's overall strategy remains unchanged from 2014.

#### 5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Bioton S.A., incorporated in Poland, which is also its ultimate holding company. Related companies refer to members of the ultimate holding company's group of companies.

Some of the Group's transactions and arrangements are between members of the ultimate holding company's group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest free and repayable on demand unless otherwise stated.



## 5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (cont'd)

Transactions between subsidiaries have been eliminated on consolidation. Transactions with the ultimate holding company and a related company during the year are disclosed below.

	Group	
	2015	2014
	US\$'000	US\$'000
<u>Ultimate holding company</u>		
Purchases of goods	<b>3,960</b>	4,365
Profit sharing on sales of insulin	<b>(687)</b>	(538)
Interest accrued for loan from ultimate holding company	<b>655</b>	931
Sales proceeds on disposals of design package recorded in other receivables	<b>(11,280)</b>	-

No expense has been recognised in the period for doubtful debts in respect of the amounts owed by related companies.

Following the execution of the exclusive supply and distribution agreements ("Distribution Agreements"), the ultimate holding company entered into two profit sharing agreements with Company covering the markets of China and Vietnam, whereby the Company will receive fees based on the product sold and paid by the distributor under the Distribution Agreements. The Company owns the licence and development costs rights to sell and distribute in China and Vietnam. The fee is specified as price per unit (per vial/cartridge) of the product sold and paid by the distributor. Profit share are for the use of the Group's intangible assets.

## 6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured, interest free, will be settled in cash and repayable on demand unless otherwise stated.

No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

### Compensation of directors and key management personnel

Remuneration and retirement benefits paid/payable to directors and key management personnel are as follows:

	Group		Company	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
Short-term employee benefits	<b>1,195,510</b>	1,320,728	<b>733,222</b>	790,215
Post-employment benefits	<b>78,174</b>	80,096	<b>36,142</b>	37,494
	<b>1,273,684</b>	1,400,824	<b>769,364</b>	827,709

**7 CASH AND CASH EQUIVALENTS**

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank and on hand	<b>3,496</b>	2,669	<b>571</b>	1,098
Fixed deposits	<b>83</b>	90	-	-
	<b>3,579</b>	2,759	<b>571</b>	1,098

Fixed deposits bear average effective interest rate of 2.19% (2014 : 3.13%) per annum and for a tenure of approximately six to twelve months (2014 : six to twelve months). The carrying amounts of these assets approximate their fair values.

**8 TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables	<b>3,338</b>	3,431	<b>1,289</b>	1,417
Allowance for doubtful debts	<b>(28)</b>	(284)	-	(271)
	<b>3,310</b>	3,147	<b>1,289</b>	1,146
Amounts due from subsidiaries - trade (Note 5)	-	-	<b>1,529</b>	1,389
Amounts due from subsidiaries - non-trade (Note 5)	-	-	<b>6</b>	-
Deposits	<b>187</b>	174	<b>100</b>	99
Other receivables	<b>5</b>	64	<b>5</b>	64
Staff advances	-	2	-	2
Amounts due from ultimate holding company - non-trade (Note 5)	<b>11,399</b>	225	<b>11,399</b>	162
Amounts due from related company - non-trade (Note 5)	<b>47</b>	9	<b>38</b>	-
	<b>14,948</b>	3,621	<b>14,366</b>	2,862
Prepayments	<b>396</b>	489	<b>97</b>	148
	<b>15,344</b>	4,110	<b>14,463</b>	3,010

The trade and other receivables are unsecured, interest-free and are repayable on demand.

Amount due from ultimate holding company – non-trade includes sale proceeds on disposal of assets classified as held for sale at cost of US\$11,280,000.

## 8 TRADE AND OTHER RECEIVABLES (cont'd)

The average credit period on sales of goods is 60 days (2014 : 60 days). No interest is charged on the trade and other receivables. Allowances for doubtful debts are recognised against trade and other receivables based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

In determining the recoverability of a trade or other receivable the Group considers any change in the credit quality of the trade or other receivable from the date credit was initially granted up to the end of the reporting period. The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade and other receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engaged in a wide spectrum of pharmaceutical product distribution activities and sell in a variety of end markets.

The Group's historical experience in the collection of accounts receivable falls within the credit period. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group and the Company's trade receivables.

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

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Thailand	<b>788</b>	642	<b>788</b>	642
Philippines	<b>341</b>	287	<b>341</b>	287
Australia	<b>233</b>	731	-	-
Korea	<b>1,788</b>	1,270	-	-
Others	<b>160</b>	217	<b>160</b>	217
	<b>3,310</b>	3,147	<b>1,289</b>	1,146

The Group's most significant customer accounts for US\$788,000 (2014 : US\$642,000) of the trade receivables carrying amount as at December 31, 2015.

The table below is an analysis of trade receivables as at December 31:

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Not past due and not impaired	<b>2,704</b>	2,803	<b>1,095</b>	1,089
Past due but not impaired (i)	<b>606</b>	344	<b>194</b>	57
	<b>3,310</b>	3,147	<b>1,289</b>	1,146
Impaired receivables – collectively assessed (ii)	<b>28</b>	284	-	271
Less: Allowance for impairment	<b>(28)</b>	(284)	-	(271)
	-	-	-	-
Total trade receivables, net	<b>3,310</b>	3,147	<b>1,289</b>	1,146

**8 TRADE AND OTHER RECEIVABLES (cont'd)**

(i) Aging of receivables that are past due but not impaired:

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Past due for 0 to 30 days	<b>364</b>	187	<b>194</b>	54
Past due for 31 to 120 days	<b>242</b>	157	-	3
	<b>606</b>	344	<b>194</b>	57

(ii) Movement in the allowance for doubtful debts:

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Outside parties:</u>				
Balance at beginning of the year	<b>284</b>	279	<b>271</b>	271
Increase in allowance recognised in profit or loss (Note 21)	<b>15</b>	5	-	-
Write-off of debts	<b>(271)</b>	-	<b>(271)</b>	-
Balance at end of the year	<b>28</b>	284	-	271

The table below is an analysis of other receivables as at December 31, 2015:

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Not past due and not impaired	<b>5</b>	17	<b>5</b>	17
Past due but not impaired (i)	-	47	-	47
Total other receivables	<b>5</b>	64	<b>5</b>	64

**8 TRADE AND OTHER RECEIVABLES (cont'd)**

(i) Aging of receivables that are past due but not impaired:

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Less than 6 months	-	16	-	16
6 months to 12 months	-	31	-	31
	-	47	-	47

**9 INVENTORIES**

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Finished goods	<b>2,257</b>	2,525	<b>402</b>	474

**10 ASSETS CLASSIFIED AS HELD FOR SALE**

On July 8, 2014, the Company entered into an agreement with Bioton for the sale of design package for use in facilities for the manufacture of recombinant human insulin ("Design Package"). As a result, intangible assets with carrying amount of US\$11,280,000 were reclassified to assets held for sale as at December 31, 2014 (Note 12).

The Design Package purchased from BioPharmax B.V., was owned by the Company. The Company granted SciGen BioPharma Pvt. Ltd. ("SBPL") a right to utilise the Design Package for the construction and design of the manufacturing facility in India and was utilised by SBPL until the date of its disposal.

All conditions precedent of the sale agreement in relation to assets classified as held for sale were fulfilled during the year. The sale proceeds owing by Bioton amounting to US\$11,280,000 was recorded in other receivables.

There was no gain or loss on disposal from this transaction.

## 11 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Office furniture and fittings	Office equipment	Motor vehicles	Construction in progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>						
Cost:						
At January 1, 2014	672	329	458	31	16,596	18,086
Additions	-	2	15	-	262	279
Disposals	-	-	(17)	-	-	(17)
Disposal of subsidiary (Note 24)	(657)	(98)	(57)	(31)	(16,930)	(17,773)
Translation differences	3	(21)	(13)	-	72	41
At December 31, 2014	18	212	386	-	-	616
Additions	-	-	18	-	-	18
Disposals	-	-	(12)	-	-	(12)
Reclassification	-	30	(30)	-	-	-
Write-off	(18)	(1)	(46)	-	-	(65)
Translation differences	-	(18)	(24)	-	-	(42)
At December 31, 2015	-	223	292	-	-	515
Accumulated depreciation:						
At January 1, 2014	639	208	366	22	-	1,235
Depreciation charge for the year	2	36	27	4	-	69
Disposals	-	-	(17)	-	-	(17)
Eliminated on disposal of subsidiary (Note 24)	(626)	(79)	(53)	(26)	-	(784)
Translation differences	3	(17)	(11)	-	-	(25)
At December 31, 2014	18	148	312	-	-	478
Depreciation charge for the year	-	21	27	-	-	48
Disposals	-	-	(12)	-	-	(12)
Reclassification	-	25	(25)	-	-	-
Write-off	(18)	(1)	(46)	-	-	(65)
Translation differences	-	(12)	(20)	-	-	(32)
At December 31, 2015	-	181	236	-	-	417
Accumulated impairment losses:						
At January 1, 2014	-	-	-	-	2,589	2,589
Eliminated on disposal of subsidiary (Note 24)	-	-	-	-	(2,600)	(2,600)
Translation differences	-	-	-	-	11	11
At December 31, 2014	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
At December 31, 2015	-	-	-	-	-	-
Carrying amount:						
At December 31, 2015	-	42	56	-	-	98
At December 31, 2014	-	64	74	-	-	138

## 11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Plant and machinery	Office furniture and fittings	Office equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>				
Cost:				
At January 1, 2014	18	73	103	194
Additions	-	-	9	9
Disposals	-	-	(17)	(17)
At December 31, 2014	18	73	95	186
Additions	-	-	11	11
Disposals	-	-	(12)	(12)
Write-off	(18)	(1)	(46)	(65)
At December 31, 2015	-	72	48	120
Accumulated depreciation:				
At January 1, 2014	18	56	74	148
Depreciation for the year	-	3	16	19
Disposals	-	-	(17)	(17)
At December 31, 2014	18	59	73	150
Depreciation for the year	-	5	11	16
Reclassification	-	3	(3)	-
Disposals	-	-	(12)	(12)
Write-off	(18)	(1)	(46)	(65)
At December 31, 2015	-	66	23	89
Carrying amount:				
At December 31, 2015	-	6	25	31
At December 31, 2014	-	14	22	36

The Group and Company review the carrying amount of its property, plant and equipment at the end of each reporting year to determine whether there is any indication that those assets have suffered impairment loss. No impairment loss was recognised in 2015 and 2014 as a result of such assessment.

## 12 INTANGIBLE ASSETS

	Licences	Computer software	Development costs	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>				
Cost:				
At January 1, 2014	13,666	75	1,890	15,631
Additions	-	-	34	34
Reclassification from long-term prepayment	3,000	-	-	3,000
Reclassification to assets held for sale (Note 10)	(11,280)	-	-	(11,280)
Write-off	-	-	(112)	(112)
Disposal of subsidiary (Note 24)	-	-	(186)	(186)
Translation differences	-	-	(3)	(3)
At December 31, 2014	5,386	75	1,623	7,084
Additions	-	-	30	30
Write-off	-	(9)	-	(9)
Translation differences	-	-	(21)	(21)
At December 31, 2015	5,386	66	1,632	7,084
Amortisation:				
At January 1, 2014	1,392	70	818	2,280
Amortisation charge for the year	216	2	216	434
Write-off	-	-	(64)	(64)
Eliminated on disposal of subsidiary (Note 24)	-	-	(186)	(186)
Translation differences	-	-	(2)	(2)
At December 31, 2014	1,608	72	782	2,462
Amortisation charge for the year	216	3	165	384
Write-off	-	(9)	-	(9)
Translation differences	-	-	(5)	(5)
At December 31, 2015	1,824	66	942	2,832
Impairment losses:				
At January 1, 2014	-	-	200	200
Translation differences	-	-	(1)	(1)
At December 31, 2014	-	-	199	199
Translation differences	-	-	(11)	(11)
At December 31, 2015	-	-	188	188
Carrying amount:				
At December 31, 2015	3,562	-	502	4,064
At December 31, 2014	3,778	3	642	4,423



## 12 INTANGIBLE ASSETS (cont'd)

	Licences	Computer software	Development costs	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>				
Cost:				
At January 1, 2014	13,666	75	1,297	15,038
Additions	-	-	17	17
Reclassification from long term prepayment	3,000	-	-	3,000
Reclassification to assets held for sale (Note 10)	(11,280)	-	-	(11,280)
At December 31, 2014	5,386	75	1,314	6,775
Additions	-	-	29	29
Write-off	-	(9)	-	(9)
At December 31, 2015	5,386	66	1,343	6,795
Amortisation:				
At January 1, 2014	1,392	70	522	1,984
Amortisation charge for the year	216	2	202	420
At December 31, 2014	1,608	72	724	2,404
Amortisation charge for the year	216	3	155	374
Write-off	-	(9)	-	(9)
At December 31, 2015	1,824	66	879	2,769
Carrying amount:				
At December 31, 2015	3,562	-	464	4,026
At December 31, 2014	3,778	3	590	4,371

Included in the above development costs of the Group and the Company are clinical trial and regulatory compliance costs.

The intangible assets included above have finite useful lives, over which the assets are amortised. The amortisation period for development costs incurred is on average 5 to 15 years. Computer software is amortised over their estimated useful lives of 3 years, and licences is amortised over an average of 10 to 20 years. The remaining useful life of the intangible assets on average is 11 years.

The amortisation expense has been included in the line item "Amortisation of intangible assets" in the consolidated statement of profit or loss and other comprehensive income.

**12 INTANGIBLE ASSETS (cont'd)**

Type of licences in respect of biologics

	<b>Cost 2015</b>	Cost 2014	
	<b>US\$'000</b>	US\$'000	<b>Duration of licences</b>
Rights to market and distribute - SciLin®	<b>5,386</b>	5,386	10 to 20 years from the date of first approval for sales in specified group countries or from the date of repayment.

The licence to market and distribute insulin require the Company to obtain the relevant regulatory approvals in respective countries. The countries are largely within the Asia Pacific region.

**13 DEFERRED TAX ASSETS**

The following are the deferred tax recognised by the Group and the Company and the movement thereon:

	Tax losses	Other temporary differences	Total
	US\$'000	US\$'000	US\$'000
<u>Group</u>			
At January 1, 2014	6,993	-	6,993
Charge to profit or loss for the year (Note 23)	(70)	-	(70)
At December 31, 2014	6,923	-	6,923
Charge to profit or loss for the year (Note 23)	(579)	11	(568)
At December 31, 2015	<b>6,344</b>	<b>11</b>	<b>6,355</b>
<u>Company</u>			
At January 1, 2014	6,993	-	6,993
Charge to profit or loss for the year	(70)	-	(70)
At December 31, 2014	6,923	-	6,923
Charge to profit or loss for the year	(634)	11	(623)
At December 31, 2015	<b>6,289</b>	<b>11</b>	<b>6,300</b>

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group and the Company has unutilised tax losses of approximately US\$37,683,000 and US\$36,988,000 (2014 : US\$41,006,000 and US\$40,605,000) respectively, available for offsetting against future taxable income, subject to agreement by the relevant tax authorities and compliance with the tax regulations (such as retention of majority shareholders as defined) in which the Group and the Company operates. Tax losses of the Company do not expire under the current tax regulations.

Deferred tax benefits on these unutilised tax losses for the Group and the Company, amounting to approximately US\$6,355,000 and US\$6,300,000 (2014 : US\$6,923,000 and US\$6,923,000) respectively, have been recognised by the Group and the Company as the management is of the view that it is probable that future taxable profit will be available against which certain subsidiaries of the Group and the Company can utilise the benefits.

## 14 SUBSIDIARIES

	Company	
	2015	2014
	US\$'000	US\$'000
Unquoted equity shares, at cost	<b>2,229</b>	2,114
Less: Allowance for impairment loss	<b>(813)</b>	(2,114)
	<b>1,416</b>	-

Movement in the impairment loss on unquoted equity shares:

	Company	
	2015	2014
	US\$'000	US\$'000
Balance at beginning of the year	<b>2,114</b>	12,656
Increase in impairment loss recognised in profit or loss <sup>(1)</sup>	<b>115</b>	128
Reversal of impairment loss <sup>(2)</sup>	<b>(1,416)</b>	-
Disposal of subsidiary <sup>(3)</sup>	-	(10,670)
Balance at end of the year	<b>813</b>	2,114

<sup>(1)</sup> Relate to impairment loss on unquoted equity shares in SciGen (Beijing) Biotechnology Co. Ltd. The recoverable amount of investment is determined based on management estimates disclosed in Note 3(c) to the financial statements.

<sup>(2)</sup> Relate to reversal of impairment loss on unquoted equity shares in SciGen Korea Ltd. This is because SciGen Korea Ltd is making profit and in net assets position which exceeds the Company's cost of investment.

<sup>(3)</sup> Disposal of subsidiary in the corresponding year relate to the sale of 50.01% of Company's interest in SciGen BioPharma Pvt. Ltd. in India, on October 7, 2014 (Note 24).

Name of subsidiary	Country of incorporation and operations	Proportion of ownership interest and voting power held		Principal activities
		2015	2014	
		%	%	
SciGen (Australia) Pty Ltd <sup>(1)</sup>	Australia	<b>100</b>	100	Sales and distribution
SciGen Korea Ltd <sup>(2)</sup>	Republic of Korea	<b>100</b>	100	Sales and distribution
SciGen (Beijing) Biotechnology Co. Ltd <sup>(3)</sup>	People's Republic of China	<b>100</b>	100	Regulatory activities

<sup>(1)</sup> Not required to be audited in accordance with the laws of country of incorporation, but audited for Group consolidation purposes only by Deloitte & Touche LLP.

<sup>(2)</sup> Audited by overseas practices of Deloitte & Touche Tohmatsu Limited for Group consolidation purposes only.

<sup>(3)</sup> Not required to be audited in accordance with the laws of country of incorporation, but reviewed for Group consolidation purposes only by Deloitte & Touche LLP.

**15 TRADE AND OTHER PAYABLES**

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Accrued interest payable to ultimate holding company (Note 5)	<b>12,014</b>	11,359	<b>12,014</b>	11,359
Trade payables to outside parties	<b>872</b>	1,541	<b>651</b>	1,165
Amounts due to ultimate holding company - trade (Note 5)	<b>568</b>	1,892	<b>568</b>	1,892
Amounts due to a subsidiary - non-trade (Note 5)	-	-	<b>200</b>	138
Other payables	<b>151</b>	210	<b>47</b>	154
Accrued employee benefits	<b>78</b>	85	<b>54</b>	55
Accrued operating expenses	<b>678</b>	813	<b>163</b>	392
	<b>14,361</b>	15,900	<b>13,697</b>	15,155
Less: Amount due for settlement after 12 months presented as non-current liabilities	<b>(12,014)</b>	(11,359)	<b>(12,014)</b>	(11,359)
Amount due for settlement within 12 months	<b>2,347</b>	4,541	<b>1,683</b>	3,796

The average credit period on purchase of goods is 60 days (2014 : 60 days). No interest is charged on trade and other payables.

The non-current accrued interest payable to ultimate holding company comprises the loan interest payable to the ultimate holding company which is due for repayment on December 31, 2017. The effective interest rate is 1.30% (2014 : 1.25%) per annum.

**16 LOANS AND BORROWINGS**

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Loans from ultimate holding company	<b>74,527</b>	74,527	<b>74,527</b>	74,527
Less: Amount due for settlement after 12 months	<b>(74,527)</b>	(74,527)	<b>(74,527)</b>	(74,527)
Amount due for settlement within 12 months	-	-	-	-

The loans from ultimate holding company were made on normal commercial terms and conditions and bear interest of LIBOR 3 months + 1% (2014 : LIBOR 3 months + 1%) per annum.

**16 LOANS AND BORROWINGS (cont'd)**

The loans from ultimate holding company is due for repayment on December 31, 2017. Interests on the loans shall be paid by reference to the outstanding principal sum being repaid, on the repayment date.

The weighted average effective interest rates per annum relating to borrowings at the reporting dates for the Group and the Company are as follows:

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Loans from ultimate holding company	<b>1.30</b>	1.25	<b>1.30</b>	1.25

Management estimates that the fair value of the Group's and the Company's borrowings approximate their carrying value.

**17 SHARE CAPITAL**

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares ('000)	Number of ordinary shares ('000)	US\$'000	US\$'000
Issued and fully paid up:				
At beginning and end of year	<b>552,270</b>	552,270	<b>42,530</b>	42,530

The Company has one class of ordinary shares which carry one vote per share, has no par value and carries a right to dividend as and when declared by the company.

**18 TRANSLATION RESERVES**

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Foreign currency translation reserve	<b>(1,417)</b>	(1,341)	-	-

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company, and the exchange differences on foreign currency loans to subsidiaries, which form part of the Group's net investment in foreign operations.

**19 REVENUE**

	Group	
	2015	2014
	US\$'000	US\$'000
Sales of goods	<b>22,840</b>	23,067
Profit sharing on sales of insulin (Note 5)	<b>687</b>	538
	<b>23,527</b>	23,605

**20 OTHER OPERATING EXPENSES**

	Group	
	2015	2014
	US\$'000	US\$'000
Advertising and promotional expenses	<b>3,288</b>	2,803
Professional and consultancy fees	<b>334</b>	480
Travel and entertainment expenses	<b>310</b>	335
Insurance premium	<b>166</b>	259
Rental expenses	<b>280</b>	300
Regulatory and clinical research expenses	<b>67</b>	77
Administrative and communication expenses	<b>334</b>	378
Statutory compliance fee	<b>87</b>	113
Storage and distribution expenses	<b>693</b>	776
Others	<b>15</b>	4
	<b>5,574</b>	5,525

**21 PROFIT (LOSS) FOR THE YEAR**

Profit (loss) for year has been arrived at after charging (crediting):

	Group	
	2015	2014
	US\$'000	US\$'000
Allowance for doubtful debts	<b>15</b>	5
Loss on disposal of subsidiary relating to discontinued operations (Note 24)	-	1,273
Operating lease expenses	<b>289</b>	300
Auditors' remuneration	<b>87</b>	113
Cost of inventories recognised as expense	<b>11,178</b>	10,818
Employees' benefits expense:		
Contributions to defined contribution plans, included in staff costs	<b>65</b>	73
Salaries and other benefits	<b>2,852</b>	3,041
	<b>2,917</b>	3,114
Directors' remuneration:		
of the Company	<b>283</b>	301
of the subsidiaries	<b>181</b>	187
	<b>464</b>	488
Total employees' benefits expense	<b>3,381</b>	3,602

**22 FINANCE INCOME AND EXPENSE**

	Group	
	2015	2014
	US\$'000	US\$'000
Interest income received/receivable from:		
- banks	<b>10</b>	19
Interest expense paid/payable to:		
- third party	<b>(1)</b>	(2)
- ultimate holding company (Note 5)	<b>(655)</b>	(931)
	<b>(656)</b>	(933)
Unrealised exchange loss	<b>(250)</b>	(170)
Finance expenses	<b>(906)</b>	(1,103)

**23 INCOME TAX EXPENSE**

	Group	
	2015	2014
	US\$'000	US\$'000
Tax expense comprises:		
Current tax expense	<b>437</b>	559
Adjustments recognised in the current year in relation to the current tax of prior years	<b>5</b>	2
Deferred tax expense (Note 13)	<b>568</b>	70
Total income tax expense	<b>1,010</b>	631

Domestic income tax calculated at 17% (2014 : 17%) of the assessable profit for the year. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdictions.

	Group	
	2015	2014
	US\$'000	US\$'000
Profit before income tax	<b>2,278</b>	2,251
Income tax expense calculated at 17% (2014 : 17%)	<b>387</b>	383
Effect of revenue that is exempt from taxation	<b>(74)</b>	(390)
Effect of expenses that are not deductible in determining taxable profit	<b>117</b>	201
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>170</b>	318
Effect of foreign currency movement on unutilised tax losses	<b>372</b>	278
Others	<b>38</b>	(159)
Income tax expense recognised in profit or loss	<b>1,010</b>	631

Subject to agreement with Comptroller of Income tax and the tax authorities in the relevant tax jurisdictions in which the Group operates and conditions imposed by laws, the Group has tax losses carry-forwards and temporary differences available for offsetting against future taxable income as detailed in Note 13.

## 24 DISCONTINUED OPERATIONS

On October 7, 2014, the Company closed the transaction for sale for its entire interest (representing 50.01% shareholding) in SciGen BioPharma Pvt. Ltd. ("SBPL") to Anglo Gulf FZE or its nominee for a total consideration of US\$7,000,000. The divestment of the SBPL followed a change in strategy after undue delays and increased costs for the completion of the manufacturing facility in SBPL. The Company does not intend to invest in any new insulin manufacturing facilities. It is intended that the ultimate holding company, Bioton S.A. ("Bioton"), will supply all of the Company's requirements for recombinant human insulin from its manufacturing facility in Poland.

During the year ended December 31, 2014, the Company agreed on settlement of corporate income tax relating to its former subsidiary in Israel, in accordance to the sale agreement. The subsidiary was classified as discontinued operation and subsequently disposed in 2012. Inclusive of tax and legal consultancy fees, the amount included in discontinued operations was US\$256,000.

Results attributable from discontinued operations for the period from January 1, 2014 to October 7, 2014 are as follows:

	Group
	2014
	US\$'000
Revenue	-
Other income	5
Expenses <sup>(1)</sup>	(1,512)
Other operating expenses	-
Finance income <sup>(2)</sup>	3
Finance expenses <sup>(3)</sup>	(304)
Results from operating activities	(1,808)
Income tax <sup>(1)</sup>	(241)
Loss for the year	(2,049)
Loss on disposal of discontinued operations (Note 21)	(1,273)
Loss from discontinued operations	<u>(3,322)</u>
 <u>Loss for the year attributable to</u>	
Equity holders of the Company (Note 25)	(2,426)
Non-controlling interest	(896)
	<u>(3,322)</u>
 <sup>(1)</sup> For year ended December 31, 2014, expenses and income tax included charges of US\$256,000 relating to a former subsidiary in Israel which was classified as discontinued operation and disposed in 2012	
<sup>(2)</sup> <u>Finance income</u>	
	Group
	2014
	US\$'000
Interest income received from:	
- banks	<u>3</u>



**24 DISCONTINUED OPERATIONS (cont'd)**<sup>(3)</sup> Finance expenses

	Group
	2014
	US\$'000
Interest expense paid/payable to:	
- banks	(151)
- third party	(102)
	(253)
Unrealised exchange loss	(51)
Finance expenses	<u>(304)</u>

At the date of disposal of SBPL, the book values of Group's net assets over which control was lost are as follows:

	Group
	2014
	US\$'000
<u>Non-current asset</u>	
Property, plant and equipment	14,389
Intangible assets	328
Total non-current assets	<u>14,717</u>
<u>Current assets</u>	
Inventories	20
Other receivables	1,200
Bank balances and cash	513
Total current assets	<u>1,733</u>
<u>Non-current liabilities</u>	
Loan	(5,502)
<u>Current liabilities</u>	
Trade and other payables	(1,880)
Net assets derecognised	<u>9,068</u>
<u>Consideration received</u>	
Satisfied by cash in current reporting period, and net cash inflow arising on disposal	<u>7,000</u>
<u>Loss on disposal</u>	
Consideration received	7,000
Net assets derecognised	(9,068)
Non-controlling interests derecognised	4,677
Capital reserve derecognised	551
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	(3,903)
Cost of disposal	(530)
Loss on disposal	<u>(1,273)</u>

**24 DISCONTINUED OPERATIONS (cont'd)**

A loss of US\$1,273,000 was generated on the disposal of SBPL and was recognised in consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2014. No tax charge or credit arose on the transaction.

For the year ended December 31, 2014, SBPL incurred net cash outflow from operating activities of US\$1,696,000, net cash outflow from investing activities of US\$305,000 and net cash inflow from financing activities of US\$2,296,000.

**25 EARNINGS PER SHARE**From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	Group	
	2015	2014
	US\$'000	US\$'000
(i) Profit (loss) for the purposes of basic and diluted earnings per share	<b>1,268</b>	(806)
	2015	2014
	Number of ordinary shares	
	'000	'000
(ii) Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<b>552,270</b>	552,270

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary owners of the Company is based on the following data:

	Group	
	2015	2014
	US\$'000	US\$'000
Profit (loss) for the year attributable to owners of the Company	<b>1,268</b>	(806)
<u>Less:</u>		
Loss for the year from discontinued operations attributable to equity holders of the Company (Note 24)	-	2,426
Profit for the purposes of basic and diluted earnings per share from continuing operations	<b>1,268</b>	1,620

**26 SEGMENT INFORMATION**

Segment information is presented in respect of the Group's reportable segments. The reportable segment presentation is based on the Group's management and internal reporting structure, used for its strategic decision-making purposes. Intersegment pricing is determined on mutually agreed terms.

The Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

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

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets.

The Group's reportable segments are as follows:

**Singapore**

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

**Australia**

Includes sales and marketing activities.

**India**

Disposal of subsidiary was completed in October 2014. The segment was classified as discontinued operations in the comparative figures.

**Korea**

Includes sales and marketing activities.

**Thailand**

Includes sales and marketing activities.

**Philippines**

Includes sales and marketing activities.

**26 SEGMENT INFORMATION (cont'd)****China**

Includes regulatory activities.

**Others**

Include operations carried on in Indonesia, Pakistan, Vietnam, Hong Kong, Myanmar, Malaysia and profit sharing income on sale of insulin. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2015 or 2014.

**Major customers**

Revenue from two distributors, namely one based in Thailand and Myanmar and another in Philippines, represent approximately US\$5,928,000 (2014 : US\$6,601,000 from Thailand and Philippines) of the Group's total revenue.

**Information regarding the Group's reportable segments:**

	Singapore	Australia	Korea	Thailand	Philippines	China	Others	Unallocated	Continuing Operations	Discontinued Operations	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>For year ended December 31, 2015</b>											
<b>Revenue</b>											
Sales to external customers	5,194	4,003	6,957	4,287	1,595	-	1,491	-	<b>23,527</b>	-	<b>23,527</b>
Inter-segment sales	(5,016)	3,020	1,996	-	-	-	-	-	-	-	-
Total sales revenue	178	7,023	8,953	4,287	1,595	-	1,491	-	<b>23,527</b>	-	<b>23,527</b>
<b>Results</b>											
EBITDA	12	1,011	2,349	252	317	(110)	920	(1,145)	<b>3,606</b>	-	<b>3,606</b>
Depreciation & amortisation	-	(40)	(1)	-	(2)	(1)	-	(388)	<b>(432)</b>	-	<b>(432)</b>
Interest expense	-	(141)	(27)	-	(1)	-	-	(737)	<b>(906)</b>	-	<b>(906)</b>
Interest income	-	6	3	-	-	1	-	-	<b>10</b>	-	<b>10</b>
Tax income/(expense)	-	50	(437)	-	-	-	-	(623)	<b>(1,010)</b>	-	<b>(1,010)</b>
	12	886	1,887	252	314	(110)	920	(2,893)	<b>1,268</b>	-	<b>1,268</b>
Non-controlling interest											-
Profit attributable to equity holders											<b>1,268</b>

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Others	Unallocated	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>As at December 31, 2015</b>										
<b>Segment Assets</b>										
Total non-current assets	-	102	-	1	-	2	1	-	4,056	<b>4,162</b>
Deferred tax assets	-	55	-	-	-	-	-	-	6,300	<b>6,355</b>
Total current assets	40	2,721	-	4,682	788	581	45	158	12,284	<b>21,299</b>
	40	2,878	-	4,683	788	583	46	158	22,640	<b>31,816</b>
<b>Segment liabilities</b>										
Segment liabilities	-	(365)	-	(811)	-	(91)	(3)	(4)	(87,929)	<b>(89,203)</b>

\* EBITDA – Earnings before interest, Taxation, Depreciation and Amortisation

**Information regarding the Group's reportable segments (cont'd):**

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Others	Unallocated	<b>Total</b>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>For year ended</b>										
<b>December 31, 2015</b>										
<b>Other segment information</b>										
Capital expenditure on property, plant and equipment / intangible assets	-	7	-	-	-	17	-	-	24	<b>48</b>
<b>Material non-cash items</b>										
Write-off of inventories	-	-	-	-	-	8	-	-	-	<b>8</b>

**Information regarding the Group's reportable segments:**

	Singapore	Australia	Korea	Thailand	Philippines	China	Others	Unallocated	Continuing Operations	Discontinued Operations	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>For year ended December 31, 2014</b>											
<b>Revenue</b>											
Sales to external customers	4,679	6,238	4,696	4,875	1,726	-	1,391	-	23,605	-	<b>23,605</b>
Inter-segment sales	(4,612)	2,987	1,625	-	-	-	-	-	-	-	-
Total sales revenue	<u>67</u>	<u>9,225</u>	<u>6,321</u>	<u>4,875</u>	<u>1,726</u>	<u>-</u>	<u>1,391</u>	<u>-</u>	<u>23,605</u>	<u>-</u>	<b><u>23,605</u></b>
<b>Results</b>											
EBITDA	(24)	2,073	1,708	477	406	(97)	820	(1,536)	3,827	(3,006)	<b>821</b>
Depreciation & amortisation	-	(53)	(1)	-	(1)	(1)	-	(436)	(492)	(13)	<b>(505)</b>
Interest expense	-	(203)	41	-	(2)	-	-	(939)	(1,103)	(304)	<b>(1,407)</b>
Interest income	-	12	7	-	-	-	-	-	19	3	<b>22</b>
Tax expense	-	(251)	(310)	-	-	-	-	(70)	(631)	(2)	<b>(633)</b>
	<u>(24)</u>	<u>1,578</u>	<u>1,445</u>	<u>477</u>	<u>403</u>	<u>(98)</u>	<u>820</u>	<u>(2,981)</u>	<u>1,620</u>	<u>(3,322)</u>	<b><u>(1,702)</u></b>
Non-controlling interest											<b>896</b>
Loss attributable to equity holders											<b>(806)</b>

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Others	Unallocated	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>As at December 31, 2014</b>										
<b>Segment Assets</b>										
Total non-current assets	-	150	-	2	-	2	2	-	4,405	<b>4,561</b>
Deferred tax assets	-	-	-	-	-	-	-	-	6,923	<b>6,923</b>
Total current assets	31	3,041	-	3,091	642	522	119	166	13,062	<b>20,674</b>
Segment assets	<u>31</u>	<u>3,191</u>	<u>-</u>	<u>3,093</u>	<u>642</u>	<u>524</u>	<u>121</u>	<u>166</u>	<u>24,390</u>	<b><u>32,158</u></b>
<b>Segment liabilities</b>										
Segment liabilities	-	(653)	-	(538)	-	(47)	(2)	-	(89,497)	<b>(90,737)</b>

\* EBITDA – Earnings before interest, Taxation, Depreciation and Amortisation

**Information regarding the Group's reportable segments (cont'd):**

	Singapore	Australia	India	Korea	Thailand	Philippines	China	Others	Unallocated	<b>Total</b>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>For year ended December 31, 2014</b>										
Other segment information										
Capital expenditure on property, plant and equipment / intangible assets	-	26	261	-	-	1	-	-	25	<b>313</b>
Material non-cash items										
Write-off of intangible assets	-	48	-	-	-	-	-	-	-	<b>48</b>
Write-off of inventories	-	-	-	-	-	11	-	-	-	<b>11</b>



## 27 COMMITMENTS

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

(a) Operating lease commitments

The Group as lessee

	Group	
	2015	2014
	US\$'000	US\$'000
Minimum lease payments under operating leases recognised as an expense in the year	<b>289</b>	300

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

The Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Within 1 year	<b>177</b>	298	<b>60</b>	136
After 1 year but within 5 years	<b>56</b>	137	<b>18</b>	64
	<b>233</b>	435	<b>78</b>	200

(b) Capital commitments

There were no capital commitments as at December 31, 2015 and December 31, 2014.

**28 CONTINGENT LIABILITIES**

During the year, the Company provided corporate financial guarantee up to Polish zloty 62,000,000 (equivalent to US\$15,500,000 as at December 31, 2015) in favour of a bank in Poland as a secondary security for a term loan facility granted to its ultimate holding company.

Management has evaluated the fair value of the corporate guarantee and is of the view that the fair value of the benefits derived from the guarantee to the bank in Poland is minimal and hence it has not been recognised in the financial statements.

At the end of reporting period, the Company was not required to fulfil any corporate guarantee given to bank.

**Shareholder information**

The shareholder information set out below was applicable as at February 29, 2016.

**On-market buy-back**

There is no current on-market buy-back.

**Distribution of equity securities**

Analysis of CUFS<sup>(1)</sup> holders:

			No. of CUFS	No. of CUFS holders
1	-	1,000	57,295	115
1,001	-	5,000	228,557	89
5,001	-	10,000	391,058	51
10,001	-	100,000	7,118,765	193
100,001 and over			44,448,138	58
			52,243,813	506
Number of holders holding less than a marketable parcel				438

**Note:**

<sup>(1)</sup> CUFS are CHESS Units of Foreign Securities relating to ordinary shares in the Company. The shares are held by CHESS Depository Nominees Pty Ltd on behalf of the persons entered in the CUFS register.

Analysis of shareholders:

			No. of Shares	No. of Shareholders
1	-	1,000	-	-
1,001	-	5,000	-	-
5,001	-	10,000	-	-
10,001	-	100,000	-	-
100,001 and over			552,270,320	2
			552,270,320	2

**Equity security holders**Major CUFS holders List – Top 20:

		CUFS	
		Number held	Percentage of issued CUFS
1.	Bioton S.A.	27,760,228	53.14%
2.	J P Morgan Nominees Australia Limited	2,053,884	3.93%
3.	HSBC Custody Nominees (Australia) Limited	1,238,774	2.37%
4.	Mr. Bernard Staunton <The Staunton Super A/C>	1,129,943	2.16%
5.	Dankab Pty Ltd <Dankab P/L Super Fund A/C>	839,000	1.61%
6.	Citicorp Nominees Pty Limited	653,070	1.25%
7.	Dr. Andrew Tan	597,455	1.14%
8.	Bedel & Sowa Corp Pty Ltd	500,000	0.96%
9.	Mr. Charles Bruce Leibowitz	476,486	0.91%
10.	R Mala Pty Ltd <Superfund A/C>	450,000	0.86%
11.	Truganini Pty Ltd	449,538	0.86%
12.	Mr. Raymond John Gaskell	408,500	0.78%
13.	Mr. Paul Anthony Ockelford	374,943	0.72%
14.	Mr. David Alexander Archibald	300,000	0.57%
15.	Mr. Ronald James Witney	285,000	0.55%
16.	Navigator Australia Ltd <MLC Investment Sett A/C>	253,332	0.48%
17.	Mr. Neale Stewart Plattfuss	250,000	0.48%
18.	Mr. Arthur Morris + Mrs. Raewyn Morris + Mr. Chris Hocquard <The Niloc A/C>	225,000	0.43%
19.	Mr. Mark Chapman	224,399	0.43%
20.	Mr. Anthony Ronald Bierre	214,943	0.41%
		<b>38,684,495</b>	<b>74.04%</b>

Major Shareholders List – Top 20:

		Shares	
		Number held	Percentage of issued shares
1.	Bioton S.A.	500,026,507	90.54%
2.	CHESS Depositary Nominees Pty Ltd	52,243,813	9.46%
		<b>552,270,320</b>	<b>100.00%</b>

**Substantial shareholders**

Substantial shareholder in the Company is set out below:

	Shares and CUFs	
	Number held	Percentage of issued shares
Bioton S.A.	527,786,735	95.57%

**Voting rights**

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

- (a) Voting shares

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

- (b) Options

No voting rights.