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## **ASX Announcement and Media Release**

**5 December, 2017**

**SciGen Ltd**

### **ANNOUNCEMENT**

The Board of Directors of SciGen Limited (ASX: SIE) (“Company”) wishes to announce that the management of its holding company, Bioton S.A. (“Bioton”), has published the attached report on the Warsaw Stock Exchange on 4 December 2017.

Following a fair value assessment performed at Bioton, an impairment allowance of US\$ 52.4 million was recognised against its investment in the Company. The impairment allowance is recognised in the standalone books of Bioton and has no impact on the books of the Company.

#### **About SciGen Limited**

SciGen Ltd (“SciGen”) is a biopharmaceutical company involved in sales and marketing of genetically engineered biopharmaceutical products for human healthcare. SciGen focuses in the areas of endocrinology, paediatrics, neurology and oncology care.

Its core product portfolio consists of biosimilar products, notably, recombinant human insulin and recombinant human growth hormone which have undergone substantial clinical development. SciGen has since built a diversified portfolio in recent years, comprising neurology, oncology care products, paediatric supplements, orthopaedic injection therapy, anti-hypertensives and a range of medical devices.

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 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 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, Pakistan, Indonesia, Singapore, Bangladesh, Myanmar and Vietnam.

<b>For further information: Company - Investor Relations</b>	<b>Company</b>
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## **Making an impairment regarding SciGen Ltd with its registered office in Singapore**

The Management Board of Bioton S.A. ("**Company**") hereby informs about the receipt on December 4, 2017 from KPMG Advisory sp. z o.o. sp. k. ("**KPMG**") of the following: (i) the report on assessment of the fair value of the shares in subsidiary company – SciGen Ltd with its registered office in Singapore ("**SciGen**") ("**Report 1**") and (ii) the report on the assessment of the fair value of the asset owned by SciGen, the asset being the license allowing the trade of medicinal products in the form of recombinant human insulin ("**License**") and agreements on profit sharing ("**Report 2**"). Both reports were made as at September 30, 2017 and indicate values in USD.

The valuation of SciGen's shares was prepared based on the income approach with the application of the discounted cash flow method and auxiliary based on the market approach. The valuation of the License and the profit sharing agreements was prepared based on the income approach with the application of the Multiperiod Excess Earnings Model. Both of the reports were prepared with the assumption of a discount rate (of the weighted average cost of capital) set at 11.3%.

The valuations revealed that the fair valuation of the combined engagement in SciGen (including the License and the profit sharing agreements) is in the range of USD 58.7 million and USD 64.1 million. The Company adopted – for internal purposes – the fair valuation at USD 61.4 million, i.e. the arithmetical mean of the combined values indicated in the Report 1 and Report 2.

The value of the Company's investment in SciGen disclosed in the Company's accounting books as at December 4, 2017 amounts to USD 113.8 million. This value included the investment into shares of SciGen (in the total amount of USD 35.4 million) and the loans granted to SciGen (in the total amount of USD 78.4 million). On the basis of Report 1 and Report 2 the Company established, that the fair valuation of the Company's investment in SciGen amounts to USD 61.4 million.

As a result of receiving Report 1 and Report 2, the Company decided to make an impairment of the valuation of engagement in SciGen. The Value of the impairments due to the decrease of the value of the investment in SciGen amounted to USD 52.4 million.

The impairment made is of a non-cash nature and does not have any influences on the current cash-flow position of the Company.

The impairment regards the standalone financial data of the Company.

The values indicated above are estimated and may be subject to changes. The final influence of the impairment made will be presented in the standalone financial statement for 2017.

The exchange rate of USD to PLN was established as at December 1, 2017.

Simultaneously the Management Board informs that on December 4, 2017, it received from KPMG the summary of key assumptions of strategic options analysis regarding the further capital engagement in SciGen. The Management Board, in the course of its ordinary activity, analyzing the development needs of the Company and the projects being carried out, in view of the aforesaid summary from KPMG, will consider the possible steps regarding SciGen and will inform immediately about the steps undertaken.