

## Results of Research and Data Gathering

*The remaining pages of this Chapter are illustrations of the research and data gathered during the process of performing this valuation engagement.*

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## FACT PATTERN AND ASSUMPTION

Peter Tsui, Vice-President, Finance, of Tiger Biotech Limited (“Tiger” or the “Company”), a Taiwanese biotechnology firm engaged in developing drugs for disorders of the Central Nervous System (“CNS”), was working with his staff on an alliance with Adanac Corp., a major U.S. pharmaceutical company, that will involve an investment in Tiger. He was concerned as to the value of Tiger’s intangible assets and 31,427,064 issued common shares.

**Biotechnology** is the “use of cellular and molecular processes to solve problems or make useful products.” The industry has grown exponentially through scientific advancements of the late twentieth and early twenty-first centuries, see Part VIII. Biotechnology can be applied to basic scientific research, development of healthcare products, agriculture, and nutraceuticals (food that provides medical or health benefits).

Generally, a biotechnology company is a collection of one or more market opportunities, technologies or products. Therefore, to value one, each item or product must be considered separately. The value of the firm is the total of those of all its products and other assets less liabilities. Some companies have a “platform” technology with a large number of possible products or services. One method to value this is to identify the leading product candidates for it and value those candidates.

## Financial Position of Tiger

The Company’s Balance Sheet at 30 September 2007 was as follows:

ASSETS	NT \$’000
<b>Current</b>	
Cash	227,136
Receivables	4,992
Prepays	<u>17,248</u>
	<u>249,376</u>
<b>Capital</b>	
Computer Hardware & Software	24,160
Furniture & Fixtures	22,112
Vehicles	<u>2,144</u>
	<u>48,416</u>
Accumulated Depreciation	<u>(30,960)</u>

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	<u>17,456</u>
<b>Intangible</b>	
Patents	388
Patent Applications	<u>244</u>
	<u>632</u>
	<u>267,464</u>
<b>LIABILITIES</b>	
Bank	6,272
Payables & Accruals	32,832
Current Capital Leases	<u>3,072</u>
	39,176
Capital Leases	<u>9,792</u>
	<u>48,968</u>
<b>EQUITY</b>	
Capital Stock	756,192
Currency Conversion Adjustment	3,936
Accumulated Deficit	<u>(541,632)</u>
	<u>218,496</u>
	<u>267,464</u>

The Intangible Assets, which are carried at the legal costs incurred, comprise:

- (a) two patents (both a product and a process) relating to a drug PROBAL to treat depression; it is in Phase I (safety) clinical trials, and may also have a weight loss application.
- (b) three patent applications relating to the regeneration of nerves; unrelated to the current valuation project.