iX Biopharma Ltd.

(Company Registration No. 200405621W)

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

1(a)(i) A statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended		
	30.09.18 S$'000	**30.09.17 S$'000** (Restated)#	**Incr/(Decr) %**
Revenue	1,666	1,673	0%
Cost of sales	(1,328)	(1,183)	12%
Gross profit	**338**	**490**	(31%)
	20%	*29%*	
Other income	218	478	(54%)
Expenses			
- Research and development	(1,376)	(1,842)	(25%)
- Sales and marketing	(454)	(417)	9%
- General and administrative	(1,507)	(1,734)	(13%)
- Others	(430)	(121)	255%
- Finance expense	(65)	(68)	(4%)
Total expenses	(3,832)	(4,182)	(8%)
Loss before income tax	**(3,276)**	**(3,214)**	2%
Income tax credit	35	27	30%
Loss for the financial period	**(3,241)**	**(3,187)**	2%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gain/(Loss) - net of tax	316	(50)	n.m
Total comprehensive loss	**(2,925)**	**(3,237)**	(10%)

Note

Certain laboratory testing costs incurred by the Group for its research & development (R&D) works had been previously reported as part of Cost of Sales. In the current year presentation, these costs have been reclassed and reported as R&D Expenses instead of being part of Cost of Sales. This provides a more complete presentation of total R&D expenses incurred by the Group. Comparative figures in the statement of comprehensive income have been changed from previous year to conform to current year's presentation.

† *comprises net currency exchange (losses) / gains principally due to unrealised translation differences arising from foreign currency deposits.*

n.m. : not meaningful
Incr/(Decr) : Increase / (Decrease)

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

Loss before income tax of the Group is arrived at after charging/crediting the following:

		Group		
		3 months ended		
	Note	30.09.18 S$'000	30.09.17 S$'000	Incr/ (Decr) %
After crediting:				
Research and development tax incentive	(i)	146	426	(66%)
Interest income		51	48	6%
After charging:				
Share based payment expense	(ii)	77	211	(64%)
Depreciation and amortisation expense		370	336	10%
Currency exchange losses/(gains) - net		430	121	255%
Interest expense		65	68	(4%)

(i) The research and development (R&D) tax incentive is a programme administered jointly by the Australian Taxation Office and Innovation Australia which provides a rate of 43.5% refundable tax offset for expenditure incurred for eligible R&D activities.

(ii) The share-based payment expense was due to amortisation of the fair value of the share options granted to employees over the vesting period.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30.09.18 S$'000	30.06.18 S$'000	30.09.18 S$'000	30.06.18 S$'000
ASSETS				
Current assets				
Cash and cash equivalents	15,244	21,066	13,993	18,880
Trade and other receivables	2,261	2,033	6,071	5,220
Other current assets	346	486	167	305
Inventories	605	528	-	-
	18,456	24,113	20,231	24,405
Non-current assets				
Deposits – operating lease	54	-	54	-
Intangible assets	710	865	-	-
Property, plant and equipment	8,352	8,096	315	124
Investments in subsidiaries	-	-	5,404	5,404
	9,116	8,961	5,773	5,528
Total assets	27,572	33,074	26,004	29,933
LIABILITIES				
Current liabilities				
Trade and other payables	4,211	6,776	1,457	1,416
Borrowings	300	285	21	-
Provision	81	71	-	-
	4,592	7,132	1,478	1,416
Non-current liabilities				
Provision	45	61	-	-
Deferred government grant	13	17	-	-
Borrowings	4,196	4,254	99	-
Deferred income tax liabilities	54	90	-	-
	4,308	4,422	99	-
Total liabilities	8,900	11,554	1,577	1,416
NET ASSETS	18,672	21,520	24,427	28,517
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	71,129	71,129	71,129	71,129
Other reserves	1,033	637	273	196
Accumulated losses	(53,490)	(50,246)	(46,975)	(42,808)
Total equity	18,672	21,520	24,427	28,517

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	30.09.18 S$'000	30.06.18 S$'000
Amount repayable in one year or less, or on demand		
- Secured	300	285
Amount repayable after one year		
- Secured	4,196	4,254
Total borrowings	4,496	4,539

Details of any collateral:

The loans are secured over land and building, certain plant and equipment and motor vehicles of subsidiaries of the Group.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended	
	30.09.18 S$'000	30.09.17 S$'000
Cash flows from operating activities		
Total loss after tax	(3,241)	(3,187)
Adjustments for:		
- Deferred government grant income	(4)	(5)
- Depreciation and amortisation expense	370	336
- Income tax credit	(35)	(27)
- Interest income	(51)	(48)
- Interest expense	65	68
- Provision	(3)	(1)
- Research and development tax incentive	(146)	(426)
- Share based payment expense	77	211
- Unrealised currency exchange losses/(gains) – net	312	161
	(2,656)	(2,918)
Changes in working capital:		
- Trade and other receivables	(246)	403
- Other current assets	137	(118)
- Trade and other payables	(2,453)	(125)
- Inventories	(86)	(282)
Cash used in operations	(5,304)	(3,040)
Interest received	119	32
Net cash used in operating activities	(5,185)	(3,008)
Cash flows from investing activities		
Additions to property, plant and equipment (note C)	(526)	(176)
Additions to intangible assets	-	(5)
Net cash used in investing activities	(526)	(181)
Cash flows from financing activities		
Repayment of borrowings	(73)	(81)
Interest paid	(65)	(68)
Net cash (used in)/from financing activities	(138)	(149)
Net (decrease)/increase in cash and cash equivalents	(5,849)	(3,338)
Cash and cash equivalents		
Beginning of financial period	20,666	30,688
Effects of currency translation on cash and cash equivalents	27	(254)
End of financial period	14,844	27,096

Note:

A. Cash and cash equivalents comprise the following:

	Group
	30.09.18 S$'000
Cash and cash equivalents in Balance Sheet	15,244
Less: Bank deposits pledged	(400)
Cash and cash equivalents per consolidated statement of cash flows	14,844

Bank deposits are pledged as security for a foreign exchange facility.

B. Reconciliation of liabilities arising from financing activities

	1 July 2018 $'000	Principal and interest payments $'000	Non-cash change $'000			30 Sept 2018 $'000
			Acquisition	Interest expense	Foreign exchange movement	
Borrowings	4,539	(138)	124	65	(94)	4,496

C. The Group purchased property, plant and equipment with an aggregate cost of $0.65 million during 1Q19. Of the total purchase, $0.12 million was acquired under finance lease arrangement.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Company					
Group	**Share capital**	**Shares to be issued**	**Share based payment reserve**	**Currency translation reserve**	**Accumulated losses**	**Total equity**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 July 2018	71,129	-	196	441	(50,246)	21,520
Loss for the period					(3,241)	(3,242)
Other comprehensive loss for the period	-	-	-	316	-	316
Total comprehensive loss for the period	-	-	-	316	(3,241)	(2,925)
Share based payment scheme						
- Value of employees' services	-	-	77	-	-	77
Total transactions with owners, recognised directly in equity	-	-	77	-	-	77
At 30 September 2018	**71,129**	**-**	**273**	**757**	**(53,487)**	**18,672**
At 1 July 2017	70,131	-	787	(141)	(35,152)	35,625
Loss for the period	-	-	-	-	(3,187)	(3,187)
Other comprehensive loss for the period	-	-	-	(50)	-	(50)
Total comprehensive loss for the period	-	-	-	(50)	(3,187)	(3,237)
Share based payment scheme						
- Value of employees' services	-	-	211	-	-	211
Total transactions with owners, recognised directly in equity	-	-	211	-	-	211
At 30 September 2017	**70,131**	**-**	**998**	**(191)**	**(38,339)**	**32,599**

	Attributable to equity holders of the Company				
Company	**Share capital**	**Shares to be issued**	**Share based payment reserve**	**Accumulated losses**	**Total equity**
	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 July 2018	71,129	-	196	(42,808)	28,517
Loss for the period	-	-	-	(4,167)	(4,167)
Total comprehensive loss for the period	-	-	-	(4,167)	(4,167)
Share based payment scheme					
- Value of employees' services	-	-	77	-	77
Total transactions with owners, recognised directly in equity	-	-	77	-	77
At 30 September 2018	**71,129**	-	**273**	**(46,975)**	**24,427**
At 1 July 2017	70,131	-	787	(34,881)	36,037
Loss for the period	-	-	-	(2,118)	(2,118)
Total comprehensive loss for the period	-	-	-	(2,118)	(2,118)
Share based payment scheme					
- Value of employees' services	-	-	211	-	211
Total transactions with owners, recognised directly in equity	-	-	211	-	211
At 30 September 2017	**70,131**	-	**998**	**(36,999)**	**34,130**

Save for the foregoing, there are no (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is no change in the Company's share capital arising from any rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous reported period.

	Number of outstanding share awards / share options	**Number of Shares that may be issued upon exercise of options / release of awards**
As at 30 September 2018		
iX Performance Share Plan	1,365,000	1,365,000
As at 30 September 2017		
iX Performance Share Plan	3,171,000	3,171,000

There were no treasury shares and subsidiary holdings as at 30 September 2018 and 30 September 2017. The Company has not granted any options under iX Employee Share Option Scheme since its inception.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 September 2018, the number of issued shares excluding treasury shares was 642,695,724 (30 June 2018: 642,695,724).

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 30 June 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 July 2018, the Group adopted the standards, amendments and interpretations to existing standards that are mandatory for application from that date. The following are the new or amended FRS that are relevant to the Group:

- FRS 109 Financial instruments
- FRS 115 Revenue from contracts with customers

As required by the listing requirements of the Singapore Exchange, the Group has also adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations to SFRS(I) ("SFRS(I) INT") that are mandatory for the accounting periods beginning on or after 1 July 2018. The adoption of these new and revised SFRS(I) and SFRS(I) INT did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:
(a) based on the weighted average number of ordinary shares on issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	3 months ended	
	30.09.18	30.09.17
Net loss attributable to equity holders of the Company (S$'000)	(3,241)	(3,187)
Weighted average number of shares outstanding ('000)	642,696	639,525
Basic (loss)/profit per share (Cents per share)	(0.5)	(0.5)

The Company has 1,365,000 share awards under iX Performance Share Plan (30 September 2017: 3,171,000 shares awards). As they were anti-dilutive and had the effect of decreasing the loss per share, they were not included in the calculation of diluted loss per share above. Accordingly, the basic loss per share and diluted loss per share were the same for the financial periods presented.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30.09.18	30.06.18	30.09.18	30.09.18
Net asset value per ordinary share (in cents)	2.9	3.3	3.8	4.4

The net asset value per ordinary share of the Group and the Company as at 30 September 2018 were calculated based on the total number of issued shares of 642,695,724 (30 June 2018: 642,695,724).

There were no treasury shares as at 30 September 2018 and 30 June 2018.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overview

The Group is a specialty pharmaceutical and nutraceutical company. The Group's speciality pharmaceutical division is focused on the development and commercialisation of innovative therapies for improving the quality of life of those suffering from pain and other health conditions. The Company leverages its drug formulation expertise and patented sublingual drug delivery technology, **WaferiX™**, to develop products for rapid onset of action with potentially more predictable effects and ease of use.

The Group's nutraceuticals division, Entity Health, is engaged in the development and commercialisation of nutraceutical products that address specific health conditions to improve quality of lifestyles throughout all phases of life. Unlike many of the health supplement products on the market which focus on replenishing deficiencies in nutrition and diet, Entity nutraceuticals

are the next generation of health supplements which are uniquely positioned between nutrition and therapy. Entity products are developed by its team of PhD scientists based on compelling scientific and clinical research, formulated with premium grade extracts, and designed to address specific health conditions associated with ageing and lifestyle pursuits. The powerful combination of science and nature in Entity products supports DNA and cellular repair, promotes skin fairness and skin protection, and improves joint and brain health, among others.

In addition, the Group operates a Therapeutic Goods Administration of Australia (TGA) licensed chemical testing laboratory in Australia. The laboratory provides analytical services comprising chemical testing, complex problem solving and quality assurance services for the food, environmental, pharmaceutical and clinical sectors.

During the quarter, the Group had been active in developing its pharmaceutical product pipeline and research and development (R&D) activities.

Wafermine™

KET010, our phase 2 multi-dose efficacy study, is a randomized, double-blind, placebo-controlled study to demonstrate the efficacy of Wafermine™ in patients experiencing acute pain following bunionectomy or abdominoplasty surgery. The study is being conducted under an Investigational New Drug (IND) application with the US FDA (Food & Drug Administration).

The study completed recruitment in July 2018 and the Company reported positive top-line efficacy and safety results in September 2018. Following on from the success of the study, preparations are now underway to schedule an End-of-Phase-2 (EOP2) meeting with the FDA where the Phase 3 program will be determined. The EOP2 meeting is anticipated to occur in 3Q19.

Background: As previously advised, to obtain marketing approval for the indication of acute moderate to severe pain with the US FDA, the Company is required to demonstrate the efficacy of Wafermine™ in two separate Phase 3 studies, one in a bony surgical pain model (e.g. bunionectomy) and the other in a soft tissue surgery model (e.g. abdominoplasty).

Wafesil™ and Silcap™

As previously announced, the Company obtained marketing approval from the TGA in Australia for Wafesil™ and Silcap™ in June and August 2018, respectively. Both products are approved for the treatment of male erectile dysfunction in Australia.

The Company is preparing for the market launch of these products anticipated in 4Q19, with revenues expected in the subsequent financial year. It will be supplied to the market via wholesaler and pharmacy channels. The Company is also exploring opportunities to register the products in markets in SE Asia and Europe.

Both Wafesil™ and Silcap™ are available in dosage strengths of 25 mg and 50 mg in pack sizes of 4, 8 and 12 wafers and capsules, respectively.

BnoX™

The Group successfully completed a Phase 1 PK study, BUP001, in 3Q17. The results of BUP001 were published in the prestigious American medical journal, Pain Medicine, in January 2018.

BnoX is currently being supplied to various hospitals for the treatment of moderate to severe pain in Australia under exemption Schedule 5A of the Therapeutic Goods Regulations.

Nutraceuticals – Entity Health

During the quarter, the Group continued to utilise the soft launch phase to gather data and feedback regarding the acceptance of Entity products in the market place, optimise production capacity and improve logistical capabilities to meet demand. The Entity range is now stocked in 25 pharmacies and health food stores. 5 more pharmacies have contracted with the Group to stock the Entity range.

Pharmacies that market our products in Australia have expressed their support for LumeniX, Entity's innovative skin-brightening and antioxidant formula delivered using the WaferiX sublingual technology. We believe that LumeniX holds great appeal to those customers searching for beauty

supplements, in particular supplements that can help them to achieve skin fairness faster.

To meet the anticipated commercial demand for LumeniX and other WaferiX-based products, the Group invested in new manufacturing equipment to scale up its production capacity. During the quarter, the Group also increased its sales headcount in New South Wales to support the Group's push to expand its business with pharmacies and to service existing pharmacy partners.

In Singapore, we provided LumeniX to the press for their reviews. Reputable magazines like Elle and Her World published glowing reviews of LumeniX online after their beauty writers conducted unpaid independent testing of the product. These reviews noted that LumeniX not only beautifies the skin, it also helps to relieve the skin of conditions like eczema.

The Group is planning for an official launch of Entity in Australia in April 2019. The launch is anticipated to encompass a nationwide sales launch across banner franchise pharmacy groups, a marketing campaign featuring the Entity brand and selected products, and a public relations press and media launch campaign. During the quarter the management focused on assembling the teams necessary to execute its strategic and tactical plans comprising creative and media agencies and contract sales organisations.

Review of performance for quarter ended 30 September 2018 (1Q19)

Revenue	1Q19	1Q18	Incr/ (Decr)
	S$'000	S$'000	%
Chemical Analysis	1,565	1,661	(6%)
Specialty Pharmaceutical	19	12	58%
Nutraceuticals	82	-	n.m
Total revenue	**1,666**	**1,673**	**0%**

Total revenue for the quarter was S$1.66 million compared to corresponding quarter ended 30 September 2018 (1Q18) of S$1.67 million.

The Chemical Analysis segment, which provides laboratory testing services, recorded a marginal improvement in revenue to A$1.56 million in 1Q19, from A$1.55 million in the same quarter last year (1Q18). However, due to the translation effect of a weaker Australian dollar, it reported a lower revenue of S$1.57million as compared to S$1.66 million.

The Group's nutraceuticals division, Entity Health, launched 12 new nutraceutical products via its e-commerce portal (*www.entity-health.com*) in late November 2017 and derived a revenue of S$82,000 during the quarter.

The Group's cost of sales, comprising mainly personnel and consumable expenses relating to provision of chemical analysis services and manufacturing, was S$1.33 million in 1Q19 as compared to S$1.18 million in 1Q18. The higher cost of sales was mainly due to increase in personnel cost as the Group geared up its manufacturing resources in preparation for supply of its nutraceutical products for national launch in April 2019.

Accordingly, the Group recorded a gross profit of S$0.34 million or 20% of revenue in 1Q19 versus S$0.49 million or 29% of revenue in 1Q18.

Other income - Research and Development (R&D) Incentive

The Group conducts its R&D activities through its wholly-owned subsidiaries in Australia and has been eligible for R&D tax incentive under a programme administered jointly by the Australian Taxation Office and Innovation Australia. This incentive provides a rate of 43.5% refundable tax offset for eligible R&D expenditure incurred in Australia by these subsidiaries. The Group recognised a lower R&D incentive of S$0.15 million in 1Q19 compared to S$0.43 million in 1Q18 due to the mix of the eligible expenditure qualified for R&D incentive.

Expenses

The expense items in loss before tax were analysed below:

R&D expense

The Group undertook R&D activities in pharmaceutical product developments, including formulation and manufacturing for clinical trials.

R&D expense was S$1.38 million in 1Q19 as compared to S$1.84 million in 1Q18. The decrease was mainly due to timing and progress of clinical trial studies and product developments, principally KET010 undertaken during the respective periods.

Sales and marketing

Sales and marketing expenses were marginally higher in 1Q19 as compared to 1Q18, from S$0.42 million to S$0.45 million, mainly due to increases in design and market research expenses and engagement activities on social media, e.g. Instagram and Facebook.

General and administrative (G&A)

G&A expense in 1Q19 was lower as compared to that in 1Q18 principally due to lower share-based payment expenses.

Others

Others consist principally of currency exchange loss.

Currency exchange loss was S$0.430 million in 1Q19 as compared to a smaller loss of S$0.12 million in 1Q18. The higher loss in 1Q19 arose mainly from the impact of the depreciation of the Australian dollar against the Singapore dollar during the quarter on the receivables from its subsidiaries.

Review of financial position

Except for items reviewed below, balance sheet as at 30 September 2018 remained comparable to that as at 30 June 2018 (FY2018).

As at 30 September 2018, the Group's cash and cash equivalents was S$15.24 million. The decrease of S$5.83 million was mainly due to cash outflows in operating activities of S$5.30 million.

Trade and other receivables were S$2.26 million, a decrease of S$0.23 million mainly due to lower accrued R&D incentive receivable.

Inventories of S$0.61 million comprised raw materials of S$0.51 million and finished goods of S$0.10 million, principally related to our new nutraceutical products.

Trade and other payables decreased from S$6.78 million to S$4.21 million substantially due to payment of billings for cost of clinical trial undertaken during previous quarter.

Property, plant and equipment was S$8.35 million as compared to S$8.10 million as at 30 September 2017. The increase was attributed to S$0.65 million in additions which was mainly for manufacturing equipment and a motor vehicle and offset mainly by depreciation of S$0.37 million. Intangible assets decreased from S$0.870 million to S$0.71 million, due to amortisation of S$0.14 million in 1Q19.

Cash flow analysis

During 1Q19, the Group recorded a net cash used in operating activities of S$5.19 million as compared to S$3.01 million in 1Q18, which was mainly due to the timing and progress of clinical trials.

In the same quarter, the Group invested S$0.45 million in plant & equipment principally for manufacturing purposes and S$0.20 million for a motor vehicle. Of the total purchase, $0.53 million was acquired in cash and $0.12 million by finance lease.

Net cash used in financing activities of S$0.14 million was for the repayment of interest and borrowings.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders for the current reporting period.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Following the positive outcome of the KET010 study of Wafermine™, the Company is making preparations to schedule an End of Phase 2 (EOP2) meeting with the US FDA to determine the pathway for Phase 3 studies. Additionally, the Company's strategy is to partner a suitable pharmaceutical company via out-licensing to jointly develop the Wafermine™ programme. Out-licensing following a successful Phase 2 study is a typical approach for a speciality pharmaceutical company like ours.

Following the approval of both Wafesil™ and Silcap™ by the TGA for male erectile dysfunction in Australia, the Company is preparing for market launch via both wholesaler and pharmacy channels in the 4th quarter of FY2019. Revenues are expected in the subsequent financial year. The Company also plans to seek marketing authorisation in various markets in SE Asia and in the European Union.

In late November 2017, Entity Health, the Group's nutraceutical business unit, commenced sale of a new line of health supplement products in Singapore on its website at www.entity-health.com. Unlike many of the health supplement products on the market which focus on replenishing deficiencies in nutrition and diet, Entity nutraceuticals are the next generation of health supplements which are uniquely positioned between nutrition and therapy. Entity products are developed by its team of PhD scientists based on compelling scientific and clinical research, formulated with premium grade extracts, and designed to address specific health conditions associated with ageing and lifestyle pursuits. The powerful combination of science and nature in Entity products supports DNA and cellular repair, promotes skin fairness and skin protection, and improves joint and brain health, among others.

During the soft launch phase following the commencement of sale, the Group received enthusiastic feedback from healthcare professionals and consumers who recognise Entity's innovative approach to preventative healthcare. Entity has strategically and tactically selected 25 pharmacies in major Australian cities of Melbourne, Sydney and Perth to carry its range of products in Australia. These pharmacies include some of the larger premium pharmacy chains in Australia such as Priceline Pharmacy and TerryWhite Chemmart in high traffic, cosmopolitan locations. This development supports Entity's push to establish itself as a home-grown Australian brand and is important in raising its profile and credibility with consumers from other parts of the world who associate high quality health supplements with Australian brands. The Group will continue to build up its production planning and logistical capabilities in preparation for the official launch of Entity, paving the way for a wider nationwide release to the Australian public in FY2019.

Apart from the above, Entity Health has also made strides in expanding its online consumer reach. In April 2018, Entity's website (www.entity-health.com) commenced international sales and delivery, allowing consumers from all over the world, and crucially from important markets such as China and the United States, to purchase its breakthrough nutraceuticals. The Group has also partnered with third party resellers such as Lazada and Aladdin Street (a premium Halal e-commerce platform) to make Entity products available on their platforms.

Marketing initiatives have commenced in Australia and in Singapore to promote the products and will continue to step up over the next 12 months to support an official launch of Entity in Australia

in April 2019. The launch is anticipated to encompass a nationwide sales launch across banner franchise pharmacy groups, a marketing campaign featuring the Entity brand and selected products, and a public relations press and media launch campaign.

The Group previously announced that it had entered into an agreement with ASX-listed Bod Australia Limited (Bod Australia), under which the Group licensed its WaferiX™ technology for the development of a medicinal cannabis product incorporating cannabis extracts provided by Bod Australia. The product development was successfully completed and allowed Bod Australia to commence their Phase I clinical study in July 2018. The study is ongoing and expected to complete in 2H19.

11. If a decision regarding dividend has been made:
(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared or recommended for the current reporting period.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the current reporting period.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate for interested person transactions.

14. Use of Proceeds

(a) Initial Public Offer

Pursuant to the IPO, the Company received total proceeds of S$30.13 million (IPO Proceeds). As at 30 September 2018, the IPO Proceeds has been utilised as follows:

	Amount after re-allocation	Amount utilised	Balance
	S$'000	S$'000	S$'000
To fund the clinical trials for the development of our products, and for preparing and submitting an Abbreviated New Drug Application or New Drug Application as the case may be, to the US Food and Drug Administration for marketing approval and commercialisation of our products in the United States, and where it is commercially viable to do so, in other parts of the world upon receipt of the relevant regulatory approvals	15,286	(14,846)	440
To fund the development, manufacturing and marketing activities required for our pharmaceutical and nutraceutical products in the pipeline, including Wafermine™, Wafesil™ (formerly PheoniX), Silcap™ (formerly XCalibur™) and the Entity line of nutraceutical products	9,414	(286)	9,128
General working capital purposes	2,913	(2,913)	-
Listing expenses	2,517	(2,517)	-
Total	**30,130**	**(20,562)**	**9,568**

Details of working capital used:

	S$'000
Professional fees	617
Payroll and directors' fees	1,596
Trademark and patents	67
Rental, office expenditure and other operating expenses	632
Total	**2,913**

The above utilisation of the Company's IPO Proceeds is in accordance with the intended use as stated in the Offer Document dated 10 July 2015 and as subsequently re-allocated by the Company in its announcement on 25 June 2018.

(b) Private Placement

Pursuant to the private placement of 14,358,000 shares on 21 April 2016, the Company received net proceeds of S$4.85 million (Placement Proceeds). As at 30 September 2018, the Placement Proceeds has been utilised as follows:

	Amount allocated	Amount utilised	Balance
	S$'000	S$'000	S$'000
Registration of the Company's products with appropriate agencies for approval to sell the products, and for marketing of the Company's products	3,849	(3,320)	529
Acquisition of new product packaging equipment	1,000	(1,000)	-
Total	**4,849**	**(4,320)**	**529**

The above utilisation of the Company's Placement Proceeds is in accordance with the intended use as stated in the Company's announcement dated 14 April 2016.

(c) Rights Issue

Pursuant to the rights issue of 24,584,284 shares on 22 July 2016, the Company received net proceeds of S$5.03 million (Rights Proceeds). As at 30 September 2018, the Rights Proceeds has been utilised as follows:

	Amount allocated	Amount utilised	Balance
	S$'000	S$'000	S$'000
Development of the Company's pipeline products (including undertaking clinical trials and registration of such products with appropriate agencies for marketing approval) and for marketing of the Company's products	4,028	(2,812)	1,216
Acquisition of new product packaging equipment	1,000	(235)	765
Total	**5,028**	**(3,047)**	**1,981**

The above utilisation of the Company's Rights Proceeds is in accordance with the intended use as stated in the Company's Offer Information Statement dated 24 June 2016.

15. Negative confirmation pursuant to Rule 705(5) of the listing manual.

The Board of Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the financial results for the period ended 30 September 2018 to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the listing manual.

The Company has procured undertakings from all its Directors and executive officers under Rule 720(1).

On behalf of the Board of Directors

Eddy Lee Yip Hang
Chairman & CEO

Albert Ho Shing Tung
Non-executive Director

12 November 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the Sponsor), for compliance with the relevant rules of the SGX-ST, this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement, including the correctness of any the figures used, statements or opinions made.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Yee Chia Hsing, Head, Catalist. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, telephone: (65) 6337-5115.