

iX Biopharma Ltd.

(Company Registration No. 200405621W)

SECOND QUARTER AND FIRST HALF-YEAR UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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			Group 6 months ended		
	31.12.15 S\$'000	31.12.14 S\$'000	Increase/ (Decrease) %	31.12.15 S\$'000	31.12.14 S\$'000	Increase/ (Decrease) %
Revenue	1,541	1,653	(7%)	3,026	3,127	(3%)
Other income	252	237	6%	410	472	(13%)
Expenses						
- Raw materials and consumables used	(80)	(160)	(50%)	(249)	(312)	(20%)
- Research and development	(1,459)	(1,402)	4%	(2,034)	(2,282)	(11%)
- Employee compensation	(1,850)	(1,447)	28%	(3,901)	(2,791)	40%
- Currency exchange gains/(losses) - net	304	(247)	n.m.	271	(581)	n.m.
- Depreciation and amortisation	(210)	(291)	(28%)	(442)	(519)	(15%)
- Finance	(9)	(14)	(36%)	(18)	(28)	(36%)
- Others	(919)	(627)	47%	(1,925)	(1,263)	52%
Total expenses	(4,223)	(4,188)	1%	(8,298)	(7,776)	7%
Loss before income tax	(2,430)	(2,298)	(6%)	(4,862)	(4,177)	(16%)
Income tax credit/(expense)	60	(21)	n.m.	71	(23)	n.m.
Loss for the financial period	(2,370)	(2,319)	(2%)	(4,791)	(4,200)	(14%)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation						
- (Loss)/gain - net of tax	(138)	26	n.m.	(71)	(49)	(45%)
Total comprehensive loss	(2,508)	(2,293)	(9%)	(4,862)	(4,249)	(14%)

n.m. denotes not meaningful

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:

	Note	Group 3 months ended			Group 6 months ended		
		31.12.15	31.12.14	Increase/ (Decrease)	31.12.15	31.12.14	Increase/ (Decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Other income</u>							
Research and development tax incentive	(i)	(235)	(213)	10%	(375)	(370)	1%
<u>Total expenses</u>							
Share based payment expense	(ii)	120	123	(2%)	259	228	14%

(i) The research and development tax incentive is a programme administered jointly by the Australian Taxation Office and Innovation Australia to provide a 45% refundable tax offset for expenditure incurred for eligible research and development activities carried out in Australia.

(ii) The share based payment expense was mainly due to amortisation of the fair value of the share options granted to employees and consultants 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	
	31.12.15	30.06.15	31.12.15	30.06.15
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	32,962	8,891	32,366	7,837
Trade and other receivables	1,367	1,738	1,794	1,315
Other current assets	201	306	93	171
	<u>34,530</u>	<u>10,935</u>	<u>34,253</u>	<u>9,323</u>
Non-current assets				
Deposits – operating lease	60	60	60	60
Intangible assets	2,009	2,236	-	-
Property, plant and equipment	2,837	2,169	138	148
Investments in subsidiaries	-	-	3,819	3,819
	<u>4,906</u>	<u>4,465</u>	<u>4,017</u>	<u>4,027</u>
Total assets	<u>39,436</u>	<u>15,400</u>	<u>38,270</u>	<u>13,350</u>
LIABILITIES				
Current liabilities				
Trade and other payables	2,721	3,034	966	1,605
Current income tax liabilities	-	37	-	-
Borrowings	101	84	-	-
Contingent consideration payable	790	789	790	789
Provision	157	160	-	-
	<u>3,769</u>	<u>4,104</u>	<u>1,756</u>	<u>2,394</u>
Non-current liabilities				
Provision	10	14	-	-
Deferred government grant	86	104	-	-
Borrowings	400	397	-	-
Deferred income tax liabilities	464	537	-	-
	<u>960</u>	<u>1,052</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,729</u>	<u>5,156</u>	<u>1,756</u>	<u>2,394</u>
NET ASSETS	<u>34,707</u>	<u>10,244</u>	<u>36,514</u>	<u>10,956</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	59,094	29,019	59,094	29,019
Other reserves	463	1,284	549	1,299
Accumulated losses	(24,850)	(20,059)	(23,129)	(19,362)
Total equity	<u>34,707</u>	<u>10,244</u>	<u>36,514</u>	<u>10,956</u>

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.

	31.12.15		30.06.15	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	101	-	84	-
Amount repayable after one year	121	279	129	268
Total borrowings	222	279	213	268

Details of any collateral:

The loans are secured over certain plant and equipment and a motor vehicle 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		Group	
	3 months ended		6 months ended	
	31.12.15	31.12.14	31.12.15	31.12.14
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total loss after tax	(2,370)	(2,319)	(4,791)	(4,200)
Adjustments for:				
- Deferred government grant income	(9)	(8)	(17)	(65)
- Depreciation and amortisation expense	210	291	442	519
- Income tax (credit)/expense	(60)	21	(71)	23
- Interest income	(7)	(17)	(17)	(38)
- Interest expense	9	14	18	28
- Provision expense	(19)	32	(6)	44
- Research and development tax incentive	(235)	(213)	(375)	(370)
- Share based payment expense	120	123	259	228
- Change in fair value of contingent consideration payable	27	(49)	1	(51)
- Unrealised currency exchange losses – net	198	159	153	375
	(2,136)	(1,966)	(4,404)	(3,507)
Changes in working capital:				
- Trade and other receivables	333	(157)	455	(468)
- Other current assets	440	(116)	105	(118)
- Trade and other payables	(191)	787	(315)	1,362
Cash used in operations	(1,554)	(1,452)	(4,159)	(2,731)
Interest received	7	17	17	38
Research and development tax incentive received	-	-	264	146
Net cash used in operating activities	(1,547)	(1,435)	(3,878)	(2,547)
Cash flows from investing activities				
Additions to property, plant and equipment	(803)	(202)	(871)	(213)
Additions to intangible assets	(16)	-	(16)	-
Proceeds from government grant	-	-	-	135
Net cash used in investing activities	(819)	(202)	(887)	(78)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares and shares to be issued	-	2,756	30,130	3,127
Transaction costs paid pursuant to the initial public offering	-	-	(1,064)	-
Repayment of borrowings	(25)	(435)	(45)	(456)
Proceeds from borrowings	53	-	53	-
Interest paid	(3)	(2)	(7)	(12)
Increase in pledged fixed deposits	(400)	-	(400)	-
Net cash (used in)/from financing activities	(375)	2,319	28,667	2,659
Net (decrease)/increase in cash and cash equivalents	(2,741)	682	23,902	34
Cash and cash equivalents				
Beginning of financial period	35,739	11,287	8,891	12,083
Effects of currency translation on cash and cash equivalents	(436)	(73)	(231)	(221)
End of financial period	32,562	11,896	32,562	11,896

Cash and cash equivalents comprise the following:

	Group	
	31.12.15	30.06.15
	S\$'000	S\$'000
Cash and cash equivalents in Balance Sheet	32,962	8,891
Less: Bank deposits pledged	(400)	-
Cash and cash equivalents per consolidated statement of cash flows	<u>32,562</u>	<u>8,891</u>

Bank deposits are pledged in relation to the security granted for a foreign exchange facility.

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.

Group	Attributable to equity holders of the Company				
	Share capital	Share based payment reserve	Currency translation reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2015	29,019	1,299	(15)	(20,059)	10,244
Loss for the period	-	-	-	(2,421)	(2,421)
Other comprehensive loss for the period	-	-	67	-	67
Total comprehensive loss for the period	-	-	67	(2,421)	(2,354)
Share based payment scheme					
- Value of employees' services	-	139	-	-	139
Share options exercised	529	(529)	-	-	-
Shares issued pursuant to the initial public offering	30,130	-	-	-	30,130
Transaction costs pursuant to the initial public offering	(1,064)	-	-	-	(1,064)
Total transactions with owners, recognised directly in equity	<u>29,595</u>	<u>(390)</u>	<u>-</u>	<u>-</u>	<u>29,205</u>
At 30 September 2015	58,614	909	52	(22,480)	37,095
Loss for the period	-	-	-	(2,370)	(2,370)
Other comprehensive loss for the period	-	-	(138)	-	(138)
Total comprehensive loss for the period	-	-	(138)	(2,370)	(2,508)
Share based payment scheme					
- Value of employees' services	-	120	-	-	120
Share options exercised	480	(480)	-	-	-
Total transactions with owners, recognised directly in equity	<u>480</u>	<u>(360)</u>	<u>-</u>	<u>-</u>	<u>120</u>
At 31 December 2015	59,094	549	(86)	(24,850)	34,707

Group	Attributable to equity holders of the Company					
	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 2014	21,438	134	678	40	(9,498)	12,792
Loss for the period	-	-	-	-	(1,881)	(1,881)
Other comprehensive loss for the period	-	-	-	(75)	-	(75)
Total comprehensive loss for the period	-	-	-	(75)	(1,881)	(1,956)
Share based payment scheme						
- Value of consultants' services	-	-	71	-	-	71
- Value of employees' services	-	-	34	-	-	34
Issue of new shares	505	(134)	-	-	-	371
Total transactions with owners, recognised directly in equity	505	(134)	105	-	-	476
At 30 September 2014	21,943	-	783	(35)	(11,379)	11,312
Loss for the period	-	-	-	-	(2,319)	(2,319)
Other comprehensive loss for the period	-	-	-	26	-	26
Total comprehensive loss for the period	-	-	-	26	(2,319)	(2,293)
Share based payment scheme						
- Value of consultants' services	-	-	71	-	-	71
- Value of employees' services	-	-	52	-	-	52
Issue of new shares	2,724	-	-	-	-	2,724
Receipts during the period for shares to be issued	-	32	-	-	-	32
Total transactions with owners, recognised directly in equity	2,724	32	123	-	-	2,879
At 31 December 2014	24,667	32	906	(9)	(13,698)	11,898

Company	Share capital	Share based payment reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2015	29,019	1,299	(19,362)	10,956
Loss for the period	-	-	(1,492)	(1,492)
Total comprehensive loss for the period	-	-	(1,492)	(1,492)
Share based payment scheme				
- Value of employees' services	-	139	-	139
Share options exercised	529	(529)	-	-
Shares issued pursuant to the initial public offering	30,130	-	-	30,130
Transaction costs pursuant to the initial public offering	(1,064)	-	-	(1,064)
Total transactions with owners, recognised directly in equity	29,595	(390)	-	29,205
At 30 September 2015	58,614	909	(20,854)	38,669
Loss for the period	-	-	(2,275)	(2,275)
Total comprehensive loss for the period	-	-	(2,275)	(2,275)
Share based payment scheme				
- Value of employees' services	-	120	-	120
Share options exercised	480	(480)	-	-
Total transactions with owners, recognised directly in equity	480	(360)	-	120
At 31 December 2015	59,094	549	(23,129)	36,514

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 2014	21,438	134	678	(10,039)	12,211
Loss for the period	-	-	-	(734)	(734)
Total comprehensive loss for the period	-	-	-	(734)	(734)
Share based payment scheme					
- Value of consultants' services	-	-	71	-	71
- Value of employees' services	-	-	34	-	34
Issue of new shares	505	(134)	-	-	371
Total transactions with owners, recognised directly in equity	505	(134)	105	-	476
At 30 September 2014	21,943	-	783	(10,773)	11,953
Loss for the period	-	-	-	(703)	(703)
Total comprehensive loss for the period	-	-	-	(703)	(703)
Share based payment scheme					
- Value of consultants' services	-	-	71	-	71
- Value of employees' services	-	-	52	-	52
Issue of new shares	2,724	-	-	-	2,724
Receipts during the period for shares to be issued	-	32	-	-	32
Total transactions with owners, recognised directly in equity	2,724	32	123	-	2,879
At 31 December 2014	24,667	32	906	(11,476)	14,129

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

Company	<u>No. of ordinary shares</u>	<u>Amount</u>
		S\$'000
At 1 July 2015	524,694,220	29,019
Shares issued pursuant to the initial public offering	65,500,000	30,130
Share options exercised	4,100,000	529
Less: Transaction costs pursuant to the initial public offering	-	(1,064)
At 30 September 2015	594,294,220	58,614
Share options exercised	3,500,000	480
At 31 December 2015	597,794,220	59,094

The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 22 July 2015. Upon the initial public offering (“IPO”), the Company issued 65,500,000 ordinary shares for a total consideration of S\$30,130,000.

The unexercised share options granted to various consultants and employees for services rendered to the Group amounted to 7,100,000 (31 December 2014: 1,220,000 share options before sub-division).

On 17 June 2015, the Company undertook a sub-division of 52,469,422 ordinary shares into 524,694,220 ordinary shares on the basis of every 1 share into 10 shares for the purpose of the IPO.

Outstanding options

The movement in the number of unissued ordinary shares under options granted to various consultants and employees for services rendered to the Group are as follows:

Company	<u>No. of ordinary shares under options</u>
At 1 July 2015	14,700,000
Granted during financial period	-
Forfeited during financial period	-
Exercised during financial period	(7,600,000)
Expired during financial period	-
At 31 December 2015	<u>7,100,000</u>

The Company had on 17 June 2015, adopted the “iX Employee Share Option Scheme” and “iX Performance Share Plan”, and has not issued any options under these scheme as at the date of this announcement.

Save for the foregoing, there are no other changes 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 period reported on.

As at 31 December 2015 and 31 December 2014, there were no treasury shares.

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 31 December 2015, the number of issued shares excluding treasury shares was 597,794,220 (30 June 2015: 524,694,220).

1(d)(iv) A statement showing all sales, transfers, disposals, 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.

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 2015.

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.

The Group has adopted all the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 July 2015. The adoption of these new and revised FRS and INT FRS 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		Group 6 months ended	
	31.12.15 S\$'000	31.12.14 S\$'000	31.12.15 S\$'000	31.12.14 S\$'000
Net loss attributable to equity holders of the Company	(2,370)	(2,319)	(4,791)	(4,200)
Weighted average number of ordinary shares outstanding for basis loss per share	595,310,524	492,894,220	585,566,503	486,663,242
Basic loss per share (Cents per share)	(0.4)	(0.5)	(0.8)	(0.9)

The weighted average number of ordinary shares were adjusted for the proportionate change in the sub-division of 1 ordinary share to 10 ordinary shares as if the event had occurred at the beginning of both financial periods presented.

The company has 7,100,000 shares options (31 December 2014: 1,220,000 shares options before sub-division) that could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted loss per share above because they are anti-dilutive for the financial periods presented, having the effect of decreasing the loss per share.

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	
	31.12.15	30.06.15	31.12.15	30.06.15
Net asset value per ordinary share (in cents)	5.8	2.0	6.1	2.1

The net asset value per ordinary share of the Group and the Company as at 31 December 2015 were calculated based on the total number of issued shares, excluding treasury shares, of 597,794,220 (30 June 2015: 524,694,220).

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.

Review of performance

Revenue

The Group's revenue for the quarter ended 31 December 2015 ("2Q16") was S\$1.54 million as compared to S\$1.65 million for the same quarter last year ("2Q15"). Revenue for the six months ended 31 December 2015 ("6M16") was S\$3.03 million as compared to S\$3.13 million for the corresponding period last year ("6M15"). A breakdown of revenue by business segments is provided in the table below.

Business segments	2Q16 S\$'000	2Q15 S\$'000	Incr/ (Decr) %	6M16 S\$'000	6M15 S\$'000	Incr/ (Decr) %
Specialty Pharmaceutical	78	22	255%	86	29	197%
Chemical Analysis	1,463	1,631	(10%)	2,940	3,098	(5%)
Total revenue	1,541	1,653	(7%)	3,026	3,127	(3%)

The Group's revenue by business segments consists of:

- (1) The chemical analysis business, which is the provision of laboratory testing services, accounted for S\$1.46 million or 95% of our total revenue in 2Q16, and S\$2.94 million or 97% of total revenue in 6M16.

The segment achieved revenue growth in Australian dollar ("A\$") of 6% with revenue of A\$2.91 million in 6M16 as compared to A\$2.75 million in 6M15. With the weakening of the Australian dollar in 6M16, the translation into the reporting currency (Singapore dollars) resulted in an overall decrease of 11% in revenue for the Group. For 2Q16, revenue in Australian dollar was stable at A\$1.44 million as compared to A\$1.47 million in 2Q15.

- (2) The specialty pharmaceutical business, which is the manufacturing and sale of pharmaceutical products, accounted for S\$0.08 million or 5% of total revenue in 2Q16, and S\$0.09 million or

3% of total revenue in 6M16. In the second quarter, the facility continues to cater primarily for R&D purposes.

During the first half of FY2016, there was an increase in manufacturing activities to prepare for the following clinical trials:-

- (a) A pilot study of PheoniX™ ; and
- (b) A phase 2c multi-dose study of the efficacy of Wafermine™ alone and in combination with opioids in subjects undergoing bunionectomy.

Additionally, a planned 4-week shutdown of the cleanroom took place as scheduled in 2Q16 to install a new freeze dryer to increase our production capacity. Validation of the new freeze dryer in accordance with GMP is ongoing.

Total expenses

Total expenses increased by S\$0.03 million or 1% to S\$4.22 million in 2Q16 as compared to S\$4.19 million in 2Q15. For six months period, total expenses increased by S\$0.52 million or 7% to S\$8.30 million in 6M16 as compared to S\$7.78 million in 6M15.

The increase in 2Q16 was mainly due to the following:

- (1) Employee compensation increased by S\$0.40 million or 28% mainly due to:
 - additional headcounts hired to support the clinical trials and listing requirements of S\$0.25 million;
 - increase in directors' fees due to the appointment of additional directors for listing compliance pursuant to the IPO of S\$0.07 million; and
 - increase in share based payments to employees of S\$0.07 million.
- (2) Other expenses increased by S\$0.29 million or 47% mainly due to increase in professional fees for listing compliance pursuant to the IPO of S\$0.07 million, office rental and related expenses of S\$0.06 million and change in fair value of contingent consideration payable of S\$0.08 million.

The increase was offset by:

- (3) Currency exchange gains of S\$0.30 million in 2Q16, an improvement from currency exchange losses of S\$0.25 million that was incurred in 2Q15. This was mainly due to the appreciation of the Australian dollar against the Singapore dollar in the second quarter for the Group's Australian dollar denominated bank accounts and receivables from subsidiaries.

The increase in 6M16 was mainly due to the following:

- (1) Employee compensation increased by S\$1.11 million or 40% mainly due to:
 - additional headcounts hired to support the clinical trials and listing requirements of S\$0.75 million;
 - increase in directors' fees due to the appointment of additional directors for listing compliance of S\$0.15 million; and
 - increase in share based payments to employees of S\$0.17 million.
- (2) Other expenses increased by S\$0.66 million or 52% mainly due to a one-off IPO related expenses of S\$0.20 million, increase in professional fees for listing compliance of S\$0.13 million, and office rental and related expenses of S\$0.11 million.

The increase was offset by:

- (3) Currency exchange gains of S\$0.27 million in 6M16, an improvement from currency exchange losses of S\$0.58 million that was incurred in 6M15. This was mainly due to the appreciation of the US dollar against the Singapore dollar for the Group's cash deposits kept in US dollar denominated bank accounts;

- (4) Research and development expense decreased by S\$0.25 million or 11% from lower activities due to the timing of clinical trials. In 6M15, phase 2a and 2b clinical trials for Wafermine™ were in progress throughout the period, whereas in 6M16, a pilot study of PheoniX™ and a Phase 2c clinical trial for Wafermine™ commenced in 2Q16.

As a result, loss after tax of the Group was S\$2.37 million in 2Q16, an increase of S\$0.05 million or 2% from loss of S\$2.32 million in 2Q15. For the six months period, loss after tax was S\$4.79 million in 6M16, an increase of S\$0.59 million or 14% from loss of S\$4.20 million in 6M15.

Review of financial position

As at 31 December 2015, the Group's cash and cash equivalents was S\$32.96 million. This was an increase of S\$24.07 million or 271% from 30 June 2015 ("FY2015"), mainly due to proceeds from the issuance of ordinary shares pursuant to the IPO of S\$30.13 million, offset by transaction costs related to the listing of S\$1.06 million and cash outflows in operating activities of S\$3.88 million.

Trade and other receivables was S\$1.37 million, a decrease of S\$0.37 million from FY2015 mainly due to higher collections from customers in the chemical analysis business of S\$0.63 million, offset by higher receivables from tax authorities of S\$0.22 million.

Property, plant and equipment and intangible assets were S\$4.85 million, an increase of S\$0.44 million from FY2015 mainly due to the addition of a freezer dryer of S\$0.62 million to increase manufacturing capacity for commercial production. This was offset by depreciation and amortisation expense of S\$0.44 million.

Trade and other payables was S\$2.72 million, a decrease of S\$0.31 million from FY2015 mainly due to the absence of one-off IPO-related activities.

Cash flow analysis

For 2Q16, cash outflows from operating activities was S\$2.14 million and partially offset by net increase in working capital of S\$0.58 million. As a result, the Group recorded a net cash used in operating activities of S\$1.55 million.

Net cash used in investing activities in 2Q16 was S\$0.82 million, which comprised mainly additions to property, plant and equipment.

Net cash used in financing activities in 2Q16 was S\$0.38 million, which comprised mainly the increase in pledged fixed deposits of S\$0.40 million.

For 6M16, cash outflows from operating activities was S\$4.40 million and partially offset by net increase in working capital of S\$0.25 million and research and development tax incentive received of S\$0.26 million. As a result, the Group recorded net cash used in operating activities of S\$3.88 million.

Net cash used in investing activities in 6M16 was S\$0.89 million, which comprised mainly additions to property, plant and equipment.

Net cash from financing activities in 6M16 was S\$28.67 million, which comprised mainly proceeds from the issuance of ordinary shares pursuant to the IPO of S\$30.13 million, offset by transaction costs related to the listing of S\$1.06 million and increase in pledged fixed deposits of S\$0.40 million.

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.

As our clinical studies are conducted mostly in the United States and our operations are in Singapore and Australia, fluctuations in USD and AUD currencies will have a financial impact to the Group. The Group will closely monitor the global currency trends and the impact of the foreign exchange fluctuations on its financial position and take risk management measures where appropriate.

In the next three quarters, in preparation for a pivotal study for PheoniX™ and the Phase 3 clinical studies for Wafermine™ (our lead products), we expect our facility to be fully utilised to develop final products for the clinical trials.

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 IPO net proceeds

Pursuant to the IPO, the Company received total proceeds of S\$30.13 million ("IPO Proceeds"). As at the date of this announcement, the IPO proceeds has been utilised as follows:

<u>Use of Proceeds</u>	Amount allocated S\$'000	Amount utilised S\$'000	Balance S\$'000
To fund the clinical trials for the development of our products, and for preparing and submitting an ANDA or NDA as the case may be, to the FDA 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	26,200	(471)	25,729
General working capital purposes	1,413	-	1,413
Listing expenses	2,517	(2,513)	4
Total	30,130	(2,984)	27,146

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.

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 31 December 2015 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
Director

4 February 2016

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. Tony Toh, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, telephone: (65) 6337-5115.