iX Biopharma Ltd.

(Company Registration No. 200405621W)

UNAUDITED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 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			Group 12 months ended		
	30.06.18 S$'000	**30.06.17 S$'000 (Restated)#**	**Incr/(Decr) %**	**30.06.18 S$'000**	**30.06.17 S$'000 (Restated)#**	**Incr/(Decr) %**
Revenue	1,655	1,787	(7%)	6,533	6,381	2%
Cost of sales	(1,488)	(1,111)	34%	(5,156)	(4,141)	25%
Gross profit	**167**	**676**	(75)%	**1,377**	**2,240**	(39)%
	10%	*38%*		*21%*	*35%*	
Other income	486	228	113%	1,524	2,073	(26%)
Expenses						
- Research and development	(3,316)	(1,282)	159%	(8,031)	(5,118)	57%
- Sales and marketing	(581)	(522)	11%	(2,078)	(1,235)	68%
- General and administrative	(1,643)	(1,707)	(4%)	(6,595)	(6,358)	4%
- Others †	610	(437)	n.m	(1,085)	1,059	n.m.
- Finance expense	(66)	(62)	6%	(267)	(242)	10%
Total expenses	(4,996)	(4,010)	25%	(18,056)	(11,894)	52%
Loss before income tax	**(4,343)**	**(3,106)**	40%	**(15,155)**	**(7,581)**	100%
Income tax credit (expenses)	(29)	61	n.m.	61	191	(68%)
Loss for the financial period	**(4,372)**	**(3,045)**	44%	**(15,094)**	**(7,390)**	104%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation						
- Gain / (Loss)	51	64	(20%)	582	(187)	n.m.
Total comprehensive loss	**(4,321)**	**(2,981)**	45%	**(14,512)**	**(7,577)**	92%

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			Group		
		3 months ended			12 months ended		
	Note	30.06.18 S$'000	30.06.17 S$'000	Incr/ (Decr) %	30.06.18 S$'000	30.06.17 S$'000	Incr/ (Decr) %
After crediting:							
Research and development tax incentive	(i)	364	169	115%	1,207	1,868	(35%)
Interest income		69	51	35%	223	136	64%
After charging:							
Share based payment expense	(ii)	74	209	(65%)	407	448	(9%)
Depreciation and amortisation expense		363	331	10%	1,407	1,281	10%
Currency exchange losses/(gains)		(610)	437	n.m	1,085	(1,059)	n.m
Interest expense		66	62	7%	267	242	10%

(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. In 1Q17, a reversal of the fair value of share options amounting to S$0.44 million arose from forfeiture of certain share options due to resignation of an employee. This was partially offset by amortisation of new share awards granted on 30 September 2016 and 10 November 2017 which amounted to S$0.89 million and S$0.41 million in 12M17 and 12M18 respectively.

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	
	30.06.18 S$'000	30.06.17 S$'000	30.06.18 S$'000	30.06.17 S$'000
ASSETS				
Current assets				
Cash and cash equivalents	21,066	31,088	18,880	28,527
Trade and other receivables	2,033	2,973	5,220	2,957
Other current assets	486	521	305	166
Inventories	528	-	-	-
	24,113	34,582	24,405	31,650
Non-current assets				
Deposits – operating lease	-	79	-	79
Intangible assets	865	1,398	-	-
Property, plant and equipment	8,096	8,191	124	180
Investments in subsidiaries	-	-	5,404	5,404
	8,961	9,668	5,528	5,663
Total assets	33,074	44,250	29,933	37,313
LIABILITIES				
Current liabilities				
Trade and other payables	6,776	3,501	1,416	1,276
Borrowings	285	271	-	-
Provision	71	101	-	-
	7,132	3,873	1,416	1,276
Non-current liabilities				
Provision	61	65	-	-
Deferred government grant	17	35	-	-
Borrowings	4,254	4,480	-	-
Deferred income tax liabilities	90	172	-	-
	4,422	4,752	-	-
Total liabilities	11,554	8,625	1,416	1,276
NET ASSETS	21,520	35,625	28,517	36,037
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	71,129	70,131	71,129	70,131
Other reserves	637	646	196	787
Accumulated losses	(50,246)	(35,152)	(42,808)	(34,881)
Total equity	21,520	35,625	28,517	36,037

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.

	30.06.18 S$'000	30.06.17 S$'000
Amount repayable in one year or less, or on demand		
- Secured	285	271
Amount repayable after one year		
- Secured	4,254	4,480
Total borrowings	4,539	4,751

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		Group 12 months ended	
	30.06.18 S$'000	**30.06.17 S$'000**	**30.06.18 S$'000**	**30.06.17 S$'000**
Cash flows from operating activities				
Total loss after tax	(4,372)	(3,045)	(15,094)	(7,390)
Adjustments for:				
- Deferred government grant income	(4)	(9)	(17)	(35)
- Depreciation and amortisation expense	363	331	1,407	1,281
- Income tax expenses (credit)	29	(61)	(61)	(191)
- Interest income	(69)	(51)	(223)	(136)
- Interest expense	66	62	267	242
- Provision	(46)	16	(27)	(24)
- Research and development tax incentive	(364)	(169)	(1,207)	(1,868)
- Share based payment expense	73	209	407	448
- Loss on disposal of property, plant and equipment	8	-	8	-
- Unrealised currency exchange losses/(gains) – net	(683)	422	978	(989)
	(4,999)	(2,295)	(13,562)	(8,662)
Changes in working capital:				
- Trade and other receivables	(184)	(237)	196	(95)
- Other current assets	(166)	(351)	98	(21)
- Trade and other payables	2,971	30	3,378	396
- Inventories	99	-	(528)	-
Cash used in operations	(2,279)	(2,853)	(10,418)	(8,382)
Interest received	144	15	247	94
Research and development tax incentive received	1,809	2,720	1,809	4,130
Net cash used in operating activities	(326)	(118)	(8,362)	(4,158)
Cash flows from investing activities				
Additions to property, plant and equipment	(222)	(141)	(1,118)	(982)
Additions to intangible assets	(9)	-	(68)	(137)
Net cash used in investing activities	(231)	(141)	(1,186)	(1,119)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares and shares to be issued	-	-	-	4,698
Transaction costs paid pursuant to the rights issue	-	-	-	(135)
Repayment of borrowings	(70)	(73)	(289)	(263)
Proceeds from borrowings	-	141	308	529
Interest paid	(66)	(62)	(267)	(242)
Net cash (used in)/from financing activities	(136)	6	(248)	4,587
Net (decrease)/increase in cash and cash equivalents	(693)	(253)	(9,796)	(690)
Cash and cash equivalents				
Beginning of financial period	20,693	31,194	30,688	30,927
Effects of currency translation on cash and cash equivalents	666	(253)	(226)	451
End of financial period	20,666	30,688	20,666	30,688

Cash and cash equivalents comprise the following:	Group **30.06.18 S$'000**
Cash and cash equivalents in Balance Sheet	21,066
Less: Bank deposits pledged	(400)
Cash and cash equivalents per consolidated statement of cash flows	20,666

Bank deposits are pledged as security 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.

	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 2017	70,131	-	787	(141)	(35,152)	35,625
Loss for the period	-	-	-	-	(10,722)	(10,722)
Other comprehensive loss for the period	-	-	-	531	-	531
Total comprehensive loss for the period	-	-	-	531	(10,722)	(10,191)
Share based payment scheme						
- Value of employees' services	-	-	333	-	-	333
Shares issued pursuant to iX Performance Share Plan	998	-	(998)	-	-	-
Total transactions with owners, recognised directly in equity	998	-	(665)	-	-	333
At 31 March 2018	**71,129**	**-**	**122**	**390**	**(45,874)**	**25,767**
Loss for the period	-	-	-	-	(4,372)	(4,372)
Other comprehensive gain for the period	-	-	-	51	-	51
Total comprehensive loss for the period	-	-	-	51	(4,372)	(4,321)
Share based payment scheme - Value of employees' services	-	-	74	-	-	74
Total transactions with owners, recognised directly in equity	-	-	74	-	-	74
At 30 June 2018	**71,129**	**-**	**196**	**441**	**(50,246)**	**21,520**
At 1 July 2016	**64,998**	**465**	**444**	**46**	**(27,762)**	**38,191**
Loss for the period	-	-	-	-	(4,345)	(4,345)
Other comprehensive loss for the period	-	-	-	(251)	-	(251)
Total comprehensive loss for the period	-	-	-	(251)	(4,345)	(4,596)
Share based payment scheme						
- Value of employees' services	-	-	683	-	-	683
- Reversal of share based payment	-	-	(444)	-	-	(444)
Shares issued pursuant to the rights issue, net of transaction costs	5,028	(465)	-	-	-	4,563
Shares issued pursuant to iX Performance Share Plan	105	-	(105)	-	-	-
Total transactions with owners, recognised directly in equity	5,133	(465)	134	-	-	4,802
At 31 March 2017	**70,131**	**-**	**578**	**(205)**	**(32,107)**	**38,397**
Loss for the period	-	-	-	-	(3,045)	(3,045)
Other comprehensive loss for the period	-	-	-	64	-	64
Total comprehensive loss for the period	-	-	-	64	(3,045)	(2,981)
Share based payment scheme						
- Value of employees' services	-	-	209	-	-	209
Total transactions with owners, recognised directly in equity	-	-	209	-	-	209
At 30 June 2017	**70,131**	**-**	**787**	**(141)**	**(35,152)**	**35,625**

	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 2017	70,131	-	787	(34,881)	36,037
Loss for the period	-	-	-	(6,354)	(6,354)
Total comprehensive loss for the period	-	-	-	(6,354)	(6,354)
Share based payment scheme					
- Value of employees' services	-	-	333	-	333
Shares issued pursuant to iX Performance Share Plan	998		(998)	-	-
Total transactions with owners, recognised directly in equity	998	-	(665)	-	333
At 31 March 2018	**71,129**	-	**122**	**(41,235)**	**30,016**
Loss for the period	-	-	-	(1,573)	(1,573)
Total comprehensive loss for the period	-	-	-	(1,573)	(1,573)
Share based payment scheme					
- Value of employees' services	-	-	74	-	74
Total transactions with owners, recognised directly in equity	-	-	74	-	74
At 30 June 2018	**71,129**	-	**196**	**(42,808)**	**28,517**
At 1 July 2016	64,998	465	444	(27,606)	38,301
Loss for the period	-	-	-	(2,573)	(2,573)
Total comprehensive loss for the period	-	-	-	(2,573)	(2,573)
Share based payment scheme					
- Value of employees' services	-	-	683	-	683
- Reversal of share based payment	-	-	(444)	-	(444)
Shares issued pursuant to the rights issue, net of transaction costs	5,028	(465)	-	-	4,563
Shares issued pursuant to iX Performance Share Plan	105	-	(105)	-	-
Total transactions with owners, recognised directly in equity	5,133	(465)	134	-	4,802
At 31 March 2017	**70,131**	-	**578**	**(30,179)**	**40,530**
Loss for the period	-	-	-	(4,702)	(4,702)
Total comprehensive loss for the period	-	-	-	(4,702)	(4,702)
Share based payment scheme					
- Value of employees' services	-	-	209	-	209
Total transactions with owners, recognised directly in equity	-	-	209	-	209
At 30 June 2017	**70,131**	-	**787**	**(34,881)**	**36,037**

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.

Company	3 months ended 30.0618		12 months ended 30.06.18	
	No. of ordinary shares	Amount	No. of ordinary shares	Amount
		S$'000		S$'000
At beginning of period	642,695,724	71,129	639,524,724	70,131
Shares issued pursuant to iX Performance Share Plan	-	-	3,171,000	998
At end of period	**642,695,724**	**71,129**	**642,695,724**	**71,129**

In November 2017, the Company issued 3,171,000 ordinary shares pursuant to iX Performance Share Plan. Included in these new shares were 2,239,000 shares issued to a controlling shareholder of the Company, in relation to an award that was approved by the shareholders of the Company during the annual general meeting on 25 October 2016.

On 10 November 2017, the Company announced total awards of 1,398,000 shares to certain employees and executives under iX Performance Share Plan. The Company has not granted any options under iX Employee Share Option Scheme since its inception.

Save as disclosed, 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 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 June 2018		
iX Performance Share Plan	1,365,000	1,365,000
As at 30 June 2017		
iX Performance Share Plan	3,171,000	3,171,000

There were no treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 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 June 2018, the number of issued shares excluding treasury shares was 642,695,724 (30 June 2017: 639,524,724).

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 2017.

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 2017. 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		Group	
	3 months ended		12 months ended	
	30.06.18	30.06.17	30.06.18	30.06.17
Net loss attributable to equity holders of the Company (S$'000)	(4,372)	(3,045)	(15,094)	(7,390)
Weighted average number of shares outstanding ('000)	642,696	639,525	641,549	638,406
Basic loss per share (Cents per share)	(0.7)	(0.5)	(2.4)	(1.2)

The Company has 1,365,000 share awards under iX Performance Share Plan (30 June 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	
	30.06.18	30.06.17	30.06.18	30.06.17
Net asset value per ordinary share (in cents)	3.3	5.6	4.4	5.6

The net asset value per ordinary share of the Group and the Company as at 30 June 2018 were calculated based on the total number of issued shares of 642,695,724 (30 June 2017: 639,524,724).

There were no treasury shares as at 30 June 2018 and 30 June 2017.

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 late-stage specialty pharmaceutical company 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.

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. The development status is summarised below:

Pharmaceutical Products	Product Description	Development Status
Wafesil™	Sublingual sildenafil for the treatment of male erectile dysfunction	Approved by TGA in June 2018
Silcap™	Oral sildenafil capsule for the treatment of male erectile dysfunction	Approved by TGA in August 2018
Wafermine™	Sublingual ketamine for moderate to severe pain	Recruitment and dosing of patients for Phase 2 Multiple-Dose Efficacy study completed in July 2018
BnoX™	Sublingual buprenorphine for moderate to severe pain	Phase 1 pharmacokinetic (PK) study successfully completed

Additional information on each of the above is set out below.

Wafesil™

The Company announced on 19 June 2018 that Wafesil™, formerly referred to as PheoniX™, was approved by TGA for the treatment of male erectile dysfunction. It is a new dose form of sildenafil delivered using the Company's proprietary drug delivery technology, WaferiX™, which consists of a fast-dissolving wafer placed sublingually (under the tongue), allowing sildenafil to be administered safely, conveniently and rapidly into the blood stream. It is suitable for those who cannot or prefer not to swallow oral medications. Wafesil™ is the first sublingual sildenafil product to be approved and registered by TGA.

Wafesil™ is available in dosage strengths of 25 mg and 50 mg in pack sizes of 4, 8 and 12 wafers. It will be supplied to the market via wholesaler and pharmacy channels.

Silcap™

The Company announced on 6 August 2018 that Silcap™, formerly referred to as XCalibur™, was approved by TGA for the treatment of male erectile dysfunction. Silcap™ is a generic version of Viagra® and will compete in the growing generic male erectile dysfunction market. Unlike existing generic sildenafil options in the market which are delivered in tablet form, Silcap™ is delivered using a novel, small capsule and gives patients who dislike or are unable to swallow tablets an alternative dose form. Silcap™ is the first capsule sildenafil product to obtain marketing approval in Australia.

Silcap™ is available in dosage strengths of 25 mg and 50 mg in pack sizes of 4, 8 and 12 capsules and will be supplied to the market via wholesaler and pharmacy channels.

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 on the day of bunionectomy or abdominoplasty surgery (Day 0 design) being conducted under an Investigational New Drug (IND) application with the US FDA (Food & Drug Administration).

The study successfully completed recruitment and dosing of the required 125 patients in July 2018. Top-line efficacy and safety results for both patient groups are expected in the third quarter of this calendar year.

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).

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.

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. At the same time, we expanded our sales reach from 15 pharmacy stores in Australia to 25. Entity is sold in busy cosmopolitan locations such as Nova Pharmacy in QV Melbourne and Priceline Pharmacy in Town Hall, Sydney. Of the 5 products sold in Australian retail stores, LumeniX, the Group's proprietary skin brightening formula, and LiviUp, a hangover supplement, received the most acclaim from healthcare professionals. LumeniX has since sold out its first production run for Australia. Meanwhile, the online sales of the MetaboliX range and the skincare range continued to perform well, increasing by 82.7% this quarter compared to the last quarter.

In Australia, the Group supported its soft launch with outdoor displays that are strategically positioned near bus stops and train stations in high traffic locations such as Town Hall and

Central Station in Sydney and Melbourne Central Business District. These prominent outdoor display panels draw consumer attention and drive traffic to the nearby pharmacies carrying Entity products. The Group also conducted pharmacist product trainings and commenced in-store advertising through product posters and point-of-sale merchandise.

On the public relations front, the Group's Commercial Director, Ms Eva Tan, was invited on Singapore's Money FM radio station to discuss the launch of the Entity line of nutraceuticals. Ms Tan was also featured in interviews on digital news platforms such as Vulcan Post and Beauty Insider. These interviews positioned and established Entity at the cutting edge of health supplements, providing consumers with the exceptional ability to address their health conditions with safe and natural products and benefit appreciably from visible and perceptible change.

Review of performance for quarter (4Q18) and twelve months (12M18) ended 30 June 2018

Revenue	4Q18	4Q17	Incr/ (Decr)	FY2018	FY2017	Incr/ (Decr)
	S$'000	S$'000	%	S$'000	S$'000	%
Chemical Analysis	1,586	1,778	(11%)	6,287	6,332	(1%)
Specialty Pharmaceutical	16	9	78%	90	49	84%
Nutraceuticals	53	-	n.m.	156	-	n.m.
Total revenue	**1,655**	**1,787**	**(5%)**	**6,533**	**6,381**	**3%**

Total revenue for the quarter was S$1.66 million compared to corresponding quarter of S$1.79 million; S$6.53 million and S$6.38 million for the current financial year and previous financial year respectively.

The Chemical Analysis segment recorded a revenue of S$1.59 million in 4Q18 compared to S$1.78 million for the same quarter last year (4Q17), a decrease of S$0.19 million. This was due to longer testing timelines required for a couple of method development projects. It is expected that revenue of these projects will be recognised in the next quarter. Chemical Analysis revenue for 12M18 was S$6.29 million (A$6.06 million), marginally lower than S$6.33 million (A$6.03 million) for the corresponding period last year (12M17) due to a weaker Australian Dollar.

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$53,000 during the quarter, bringing total revenue since November 2017 to $156,000.

Cost of sales, comprising mainly of personnel and consumable expenses relating to provision of chemical analysis services and manufacturing, was S$1.49 million in 4Q18 as compared to S$1.11 million in 4Q17. In 12M18, cost of sales was S$5.16 million over S$4.14 million in 12M17. The higher cost of sales was mainly due to costs incurred in Chemical Analysis for the development and implementation of IT systems to improve productivity. During the year, the Group also geared up its manufacturing resources in preparation for supply of its nutraceutical products in November 2017.

Accordingly, the Group recorded a gross profit of S$0.17 million or 10% of revenue in 4Q18 versus S$0.68 million or 38% of revenue in 4Q17. For the twelve-month period, the Group recorded a gross profit of S$1.38 million or 21% of revenue in 12M18 versus S$2.24 million or 38% of revenue in 12M17.

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$1.21 million compared to S$1.87 million in 12M18 due to 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 product developments, including formulation and manufacturing for clinical trials.

R&D expense was S$3.32 million in 4Q18 as compared to S$1.28 million in 4Q17. For the twelve-month period, R&D expense was S$8.03 million in 12M18 as compared to S$5.12 million in 12M17. The increase and differences in the quarterly and annual expenses were mainly due to timing and progress of various clinical trial studies, principally KET010 undertaken during the respective periods.

During 12M18, the Group conducted our important Phase 2 multi-dose efficacy study of Wafermine™, KET010. The study is designed to enrol 125 patients who will undergo either bony surgery (i.e. bunionectomy) or soft-tissue surgery (i.e. abdominoplasty). Subject to a positive outcome of the study, the Group will schedule an End of Phase 2 (EOP2) meeting with the US FDA to determine the pathway for Phase 3 studies.

Sales and marketing

The Group had increased its sales and marketing headcount and activities since 4Q17 in preparation for commercialisation of its nutraceutical products under Entity Health. Entity Health commenced its e-commerce trading in late November 2017 in Singapore. In April 2018, it started sales and deliver internationally via its own and third-party e-commerce platforms.

In same quarter, it initially targeted 15 pharmacies in major Australian cities of Melbourne, Sydney and Perth for its initial soft-launch of its nutraceutical products. Since its launch, the Group has received enthusiastic feedback from healthcare professionals who recognise Entity's innovative approach to preventative healthcare. As a result, the Group secured an additional 10 pharmacies in Melbourne and Sydney for a total of 25 stores.

Expense was marginally higher in 4Q18 as compared to 4Q17. For 12M18, expense increased from S$1.24 million to S$2.08 million by 68% as the Group's sales and marketing activities scaled up for new product launches in Singapore (e-commerce platform) and Australia (pharmacy stores).

General and administrative (G&A)

G&A expense was S$1.64 million in 4Q18 as compared to S$1.71 million in 4Q17. The favourable variance was due to lower share-based payment expenses.

For 12M18, G&A expense was S$6.60 million as compared to S$6.36 million in 12M17. The increased expense was mainly due to higher regulatory costs (including trademarks and patents) of S$0.2 million.

Others

Others consist solely of currency exchange gain/loss.

Currency exchange gain was S$0.61 million in 4Q18 as compared to a net loss of S$0.44 million in 4Q17. For 12M18, currency exchange loss was S$1.09 million as compared to a net gain of S$1.06 million in 12M17. These arose mainly from the currency fluctuations of the US and Australian dollars against the Singapore dollar for the Group's foreign currency denominated cash deposits and receivables from its subsidiaries.

Review of financial position

Except for items reviewed below, the balance sheet as at 30 June 2018 (YE2018) remained comparable to that as at 30 June 2017 (YE2017).

As at YE2018, the Group's cash and cash equivalents was S$21.07 million. The decrease of S$10 million was mainly due to cash outflows in operating activities of S$10.39 million (which included S$4.52 million paid for R&D) and offset by receipt of S$1.76 million in R&D incentive.

Trade and other receivables was S$2.03 million, a decrease of S$0.94 million mainly due to lower accrued R&D incentive receivable.

Inventories of S$0.53 million comprised raw materials of S$0.47 million and finished goods of S$0.06 million, principally related to our new nutraceutical products.

Trade and other payables increased from S$3.50 million to S$6.78 million substantially due to progress billings and accrual for cost of clinical trial undertaken during the quarter.

Property, plant and equipment was S$8.10 million as compared to S$8.19 million as at YE2017. The decrease was attributed to S$1.1 million in additions which was mainly for laboratory testing and manufacturing equipment and offset by depreciation of S$0.9 million and unrealised currency translation loss of S$0.3 million. Intangible assets decreased from S$1.40 million to S$0.87 million, due to amortisation of S$0.55 million offset by additions of new software of S$0.07 million.

Cash flow analysis

During 4Q18, the Group recorded a net cash used in operating activities of S$0.33 million as compared to S$0.12 million in 4Q17, which was mainly due to the timing and progress of clinical trials, receipts from R&D tax incentive and sales & marketing activities in preparation of product launches for nutraceutical products.

In the same quarter, the Group invested S$0.2 million in new software and plant & equipment principally for laboratory testing and manufacturing purposes.

Net cash used in financing activities which amounted to S$0.12 million in 4Q18 was mainly for the repayment of interest and borrowings arising from bank borrowings by a wholly-owned subsidiary to refinance its plant and equipment.

During 12M18, the Group recorded a net cash used in operating activities of S$8.4 million as compared to S$4.2 million in 12M17, which was mainly due to the timing and progress of clinical trials, receipts from R&D tax incentive and sales & marketing activities in preparation of nutraceutical products launch.

In the twelve-month period, the Group invested S$1.2 million in new software and plant & equipment principally for laboratory testing and manufacturing purposes.

Net cash used in financing activities of S$0.23 million in 12M18 was mainly due to the repayment of interest and borrowings as compared to S$4.59 million net cash from financing activities in 12M17, which was mainly derived from issuance of new shares.

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.

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

The timing and progress of our clinical studies may impact our research and development expenses over the next 12 months. KET010 is progressing well with its primary objective to demonstrate the multi-dose efficacy of Wafermine™ in pain suppression when compared to a placebo in subjects undergoing either bony surgery (i.e. bunionectomy) or soft-tissue surgery (i.e.

abdominoplasty). The study completed recruitment and dosing in July 2018. We anticipate top-line efficacy and safety results in the third quarter of this calendar year.

Subject to a positive outcome of KET010, the Company will 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.

On 19 June 2018, the Company announced that it had obtained the approval for Wafesil™ (sildenafil wafer), formerly referred to as PheoniX™, for the treatment of male erectile dysfunction. Following the receipt of marketing approval in Australia, Wafesil™ will be supplied to the market via wholesaler and pharmacy channels. The Company also plans to seek marketing authorisation in the European Union.

In addition to Wafesil™, the Group announced on 6 August 2018 that it had also obtained TGA approval for Silcap™ (sildenafil capsule), formerly referred to as XCalibur™, for the treatment of male erectile dysfunction. Silcap™ will also be supplied to the Australian market via wholesaler and pharmacy channels.

The Advisory Committee on Medicines Scheduling ("ACMS") in Australia will be convening to consider the proposed reclassification of sildenafil drugs from prescription to non-prescription status, in oral preparations containing 50 mg of sildenafil per dosage unit in packs of not more than 8 dosage units. If the proposal is approved, sildenafil will be rescheduled from Schedule 4 to Schedule 3 of the Poisons Standard and be available for purchase over the counter ("OTC") without a doctor's prescription. Consumer-targeted advertisements of sildenafil drugs will also be allowed in Australia. Sildenafil is already available for OTC purchase in New Zealand, United Kingdom and Poland. In the event of a rescheduling of sildenafil, the market and commercial potential for SILCAP and WAFESIL will increase as OTC availability plus consumer advertising will enable SILCAP and WAFESIL to be available OTC to men with erectile dysfunction who do not currently seek help from a doctor, and direct them away from unregulated and counterfeit supplies of erectile dysfunction drugs.

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 the Group as it prepares to approach franchised banner group pharmacies in Australia to stock Entity products in 2019. In the meantime, the Group will also continue to expand the list of independent stockists carrying Entity products.

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.

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 June 2018, the IPO Proceeds has been utilised as follows:

	Amount allocated in Offer Document	Amount re-allocated on 25 June 2018	Amount utilised	Balance
	S$'000	**S$'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	26,220	15,286	(11,049)	4,237
To fund the development, manufacturing and marketing activities required for ourpharmaceutical and nutraceutical products in the pipeline, including Wafermine™, Wafesil™ (formerly PheoniX), Silcap™ (formerly XCalibur™) and the Entity line of nutraceutical products	-	9,414	(187)	9,227
General working capital and other general corporate expenses	1,413	2,913	(1,853)	1,060
Listing expenses	2,517	2,517	(2,517)	-
Total	**30,130**	**30,130**	**(15,606)**	**14,524**

Details of working capital used:

	S$'000
Professional fees	485
Payroll and directors' fees	927
Trademark and patents	67
Rental, office expenditure and other operating expenses	374
Total	**1,853**

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 June 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	(2,979)	870
Acquisition of new product packaging equipment	1,000	(785)	215
Total	**4,849**	**(3,764)**	**1,085**

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 June 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	(2,732)	1,296
Acquisition of new product packaging equipment	1,000	-	1,000
Total	**5,028**	**(2,732)**	**2,296**

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. 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).

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) Business segments

The Group's business comprises of the Specialty Pharmaceutical, Chemical Analysis and Nutraceutical segments. Specialty Pharmaceutical's primary business activities are the development, manufacturing and sale of pharmaceutical and nutraceutical products. Chemical Analysis' primary business activities are the provision of laboratory testing services. Nutraceutical's primary business activities are the sale of nutraceutical products.

Group	Chemical Analysis	Specialty Pharmaceutical	Nutraceutical	Total
FY2018	**S$000**	**S$000**	**S$000**	**S$000**
Total segment sales	6,338	139	156	6,633
Less:				
Inter-segment sales	(51)	(49)	-	(100)
Net sales to external parties	6,287	90	156	6,533
Adjusted EBITDA for reportable segments	1,026	(10,111)	(364)	(9,449)
Depreciation	389	401	-	790
Amortisation	546	4	-	550

Group	Chemical Analysis	Specialty Pharmaceutical	Nutraceutical	Total
FY2017	**S$000**	**S$000**	**S$000**	**S$000**
Total segment sales	6,332	49	-	6,381
Less:				
Inter-segment sales	-	-	-	-
Net sales to external parties	6,332	49	-	6,381
Adjusted EBITDA for reportable segments	1,232	(5,778)	-	(4,546)
Depreciation	277	362	-	639
Amortisation	549	5	-	554

	FY2018 S$'000	FY2017 S$'000
Adjusted EBITDA is reconciled to loss before income tax as follows:		
Reportable segments	(9,449)	(4,546)
Unallocated corporate expenses	(3,970)	(4,127)
	(13,419)	(8,673)
Research and development tax incentive	1,207	1,868
Depreciation	(856)	(727)
Amortisation	(551)	(554)
Currency exchange gains/(losses) - net	(1,085)	1,059
Share based payment expense	(407)	(448)
Finance expense	(267)	(242)
Interest income	223	136
Loss before income tax	(15,155)	(7,581)

(b) Geographical segments

The Group's two business segments operate in two geographical areas.

	FY2018 S$'000	FY2017 S$'000
Net Sales		
Singapore	134	-
Australia	6,399	6,381
	6,533	6,381
Non-current assets		
Singapore	124	259
Australia	8,837	9,409
	8,961	9,668

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 for the analysis of revenue by operating segments.

An analysis of the Group's adjusted EBITDA by business segments consists of:

(1) the specialty pharmaceutical business with adjusted EBITDA loss of S$10.11 million as compared to loss of S$5.78 million in FY2017. The increase was principally due to the timing and progress of clinical trials and higher sales and marketing expense as the Group began preparing for commercialisation of its products.

(2) the chemical analysis business with adjusted EBITDA of S$1.03 million as compared to S$1.23 million in FY2017. The lower EBITDA was primarily due to higher operating expenses.

(3) the nutraceutical business was a new segment and its adjusted EBITDA loss of S$0.36 million was mainly attributable to higher initial sales and marketing expenses to promote its new products in new markets.

18. A breakdown of net sales as follows:

	Group		
	FY2018	**FY2017**	**Incr / (Decr)**
	S$'000	**S$'000**	**%**
Net Sales			
- First half year	3,426	3,102	10%
- Second half year	3,107	3,279	(5%)
Operating loss after tax			
- First half year	(6,423)	(1,450)	343%
- Second half year	(8,671)	(5,940)	46%

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable. No dividends have been declared or recommended for the financial years ended 30 June 2018 and 30 June 2017.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Catalist Rules, there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company as at 30 June 2018.

On behalf of the Board of Directors

Eddy Lee Yip Hang
Chairman & CEO

Albert Ho Shing Tung
Non-executive Director

27 August 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.

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