biopharma

it's life changing

IT'S LIFE CHANGING

ANNUAL REPORT 2015

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CORPORATE PROFILE

iX Biopharma Ltd.

is a specialty pharmaceutical company, with initial focus on the development and commercialisation of innovative therapies for pain management and men's health. The Company leverages its patented sublingual drug delivery technology, **WaferiX™**, to develop proprietary products that incorporate pharmacologically active compounds that have been approved by the United States Food and Drug Administration. It currently has three products under development – **Wafermine™**, **Wafernyl™** and **PheoniX™**.

iX Biopharma operates a fully-integrated business model from drug development to manufacturing and supply. Its manufacturing facility in Australia is approved by the Therapeutic Goods Administration of Australia, complies with Good Manufacturing Practice, and supplies drugs to hospitals under Schedule 5A of the Therapeutic Goods Regulations 1990 of Australia.

INNOVATION

OUR TECHNOLOGY: WAFERIX™

WaferiX™

WaferiX™ drug delivery technology is a proprietary wafer formulation that allows pharmacologically active compounds, such as ketamine or fentanyl, to be administered sublingually.

The sublingual delivery platform enables active pharmacological compounds to be delivered safely and conveniently into the blood stream. We believe that medications released through the sublingual mucosa, or mucous membranes under the tongue, are absorbed more quickly because the sublingual mucosa offers a rich supply of blood vessels that are close to the surface, through which drugs may be absorbed. In addition, a more significant proportion of the medication administered sublingually is absorbed directly into the blood stream as compared with other drugs that are delivered orally.

In addition, the sublingual route of delivery reduces first-pass liver metabolism, which affects the bioavailability of drugs such as ketamine. A high level of first-pass metabolism occurs with oral formulations of ketamine, resulting in a low bioavailability of 10% to 20%. Sublingual delivery of ketamine results in higher bioavailability and quicker and more predictable onset of action than drugs administered by other oral routes. Accordingly, Wafermine™ requires a lower dose to be administered to achieve a similar therapeutic effect than drugs administered by other oral routes. The wafer, which is in a thin tablet form, is easy to dose, store and handle.

Other advantages of sublingual delivery include being non-invasive, having a better side effect profile, reduced risk of medical errors in drug administration and improved patient compliance.

WaferiX™ has been granted eight patents in countries including Singapore, Australia, New Zealand, Malaysia and Japan, with patents pending in other major markets. Most of these patents will expire on 26 October 2030.

PRODUCTS UNDER DEVELOPMENT

Lead Product: Wafermine™

Wafermine™, our lead product, is a ground-breaking innovation formulated for acute, severe and chronic pain, especially neuropathic pain. The active compound of Wafermine™ is ketamine, which can be used for pain relief when administered at sub-anaesthetic doses. This makes Wafermine™ the first oral-sublingual ketamine used for pain relief – a breakthough in pain management.

Wafermine™ may be used as an effective alternative to, or in conjunction with, opioids that are commonly used in pain management. With the use of Wafermine™, patients will be able to avoid developing opioid tolerance and dependency, and face a reduced risk of opioid-induced respiratory depression.

We intend to market Wafermine™ for hospital use in the management of post-operative pain, painful procedures and burn patients.

PheoniX™

PheoniX™, our product developed for the treatment of male erectile dysfunction, provides quick effectiveness at great convenience.

PheoniX™ contains sildenafil citrate, which is a hallmark drug for the treatment of male erectile dysfunction. Administered sublingually leveraging our WaferiX™ technology, the drug can be absorbed more rapidly even when taken together with food. This gives it an advantage over similar drugs that are administered orally (i.e., in tablet form), as these must be taken at least 30 to 60 minutes before the sexual activity and also on empty stomach. Users of PheoniX™ thus enjoy faster onset of action, quick effectiveness and greater convenience.

Wafernyl™

Wafernyl™ is formulated for the treatment of breakthrough and acute pain. Containing fentanyl, a synthetic opioid that is significantly more potent than morphine, Wafernyl™ offers fast, effective and safe relief to patients suffering from cancer, post-operative and traumatic pain. Administered sublingually, Wafernyl™ works as effectively as similar drugs administered intravenously, but has a better side effect profile, is non-invasive and is easier to administer and store.

We intend to market Wafernyl™ for use in hospitals' emergency paramedical, post-operative and trauma departments.

Dear Shareholders

It gives me great pleasure to present to you our annual report for the financial year ended 30 June 2015 ("FY2015"). This is our inaugural annual report following our successful listing on 22 July 2015 on Catalist.

The listing of iX Biopharma Ltd. is an important milestone in our corporate history since the discovery and development of WaferiX™, our fast-dissolving wafer technology. Our WaferiX™ is a proprietary wafer formulation that allows pharmacologically active compounds such as ketamine or fentanyl to be administered sublingually.

Of the 65.5 million shares on offer during the initial public offering ("IPO"), all 64.5 million placement shares were fully placed out, while the public tranche of 1 million shares was over-subscribed. The support has been tremendous and I am grateful for the vote of confidence.

Through this IPO, we raised approximately S$27.6 million in net proceeds, which will mainly be used to fund the clinical trials for the development of our products. The listing of iX Biopharma gives us a platform from which to realise our goal of commercialising our products. For this, we are thankful to all who have poured in effort towards the success of the listing.

Making Progress in Drug Development

As a late-stage specialty pharmaceutical company, we develop and commercialise innovative therapies, with an initial focus on therapies for pain management and male erectile dysfunction. By incorporating well-documented active compounds approved by the US Food & Drug Administration ("FDA") into our products, we have been able to develop them at lower costs and with lower development risks, compared to the traditional route of drug discovery and development.

Under our specialty pharmaceutical business, we currently have three products in the late stages of clinical development – **Wafermine™, Wafernyl™** and **PheoniX™**. Wafermine™ is an opioid-sparing analgesic formulated for the treatment of severe, acute and chronic pain, especially neuropathic pain. Wafernyl™, another pain management product, is formulated for the treatment of acute and breakthrough pain, providing fast, effective and safe relief to patients suffering from cancer pain, post-operative and traumatic pain. Our third product, PheoniX™, is formulated for the treatment of male erectile dysfunction.

We are pleased to report that our two Phase 2 clinical trials for Wafermine™ have proven successful. The results confirmed a rapid onset of pain relief, along with good tolerability. The positive outcome puts us in an excellent position to complete the clinical development programme, and will allow us to deliver a new alternative in the management of severe pain to the market upon receipt of FDA approval.

The clinical studies conducted over the past one year were designed to demonstrate the effectiveness and rapid onset of action for Wafermine™.

The Phase 2 clinical study protocols were approved by the FDA and the two studies were conducted in the US with 200 patients. Five groups of 30 patients each who had just undergone the extraction of impacted wisdom teeth were administered 25mg, 35mg, 50mg, 70mg or 100mg of Wafermine™ in a single dose, while 50 patients divided into two control groups were each administered a placebo.

We have received advice from the FDA to demonstrate effectiveness and safety of Wafermine™ with the administration of multiple doses, prior to undertaking Phase 3 studies. Following the successful results from our Phase 2 single dose studies, we have commenced preparations to conduct a limited study for Wafermine™ in the fourth quarter of 2015. This study will involve the administration of multiple doses to postoperative patients who have undergone bunionectomy, before embarking on Phase 3 clinical trials in 2016. It is widely recognised that the pain following bunionectomy, or bony foot surgery, is usually more severe and sustained than after wisdom tooth extraction. This will allow us to demonstrate the effectiveness and safety of Wafermine™ after multiple doses.

For PheoniX™, we have been focused in the past year on improving its absorption characteristics and to optimise the formulation for marketing. From October 2015, we have planned a study to compare blood levels from the revised PheoniX™ formulation and Viagra™ at the 50mg dose level, which is the level most widely used in clinical practice. This study will be performed with the drug administered on an empty stomach, followed by a second study in which the drug is administered after a meal. It is known that the absorption of sildenafil, the active compound used in both PheoniX™ and Viagra™, is substantially delayed after a meal. However, leveraging our sublingual form of administration, we expect such a delay to be reduced or absent, which would make our product more reliable.

Of the 65.5 million shares on offer during the initial public offering ("IPO"), all 64.5 million placement shares were fully placed out, while the public tranche of 1 million shares was over-subscribed.

CHAIRMAN'S STATEMENT

Australian Operations

In May 2014, we acquired two operating businesses in Victoria, Australia: Syrinx Pharmaceuticals Pty Ltd ("Syrinx") and Chemical Analysis Pty Ltd ("CAPL"). The acquisition has proven to be successful, as the subsidiaries turned in an aggregate S$7.4 million in revenue for FY2015, which was about 15% higher than pro-forma revenue for the same segment for the preceding financial year ("FY2014").

Through CAPL, we provide chemical analysis and laboratory testing services in Australia. CAPL generated positive adjusted earnings before interest, taxation, depreciation and amortisation of S$2.5 million, which provided sufficient free cash flow to support our product development programmes.

Under Syrinx, we have been able to manufacture and supply limited quantities of Wafermine™ with our current freeze dryer, which has a capacity meant for research & development use, to hospitals in Western Australia under Schedule 5A of the Therapeutic Goods Regulation 1990 of Australia. We have invested in a commercial freeze dryer and plan to have it commercially ready for production in the second quarter of 2016. The addition of the new machine will significantly increase our manufacturing capacity, which will enable us to supply Wafermine™ to more hospitals in Australia.

Outlook and Business Strategy

As a dynamic and innovative specialty pharmaceutical company, we aim to push boundaries to develop best-in-class pharmaceutical solutions that offer a better alternative outcome to today's products. As our tagline "it's life changing" suggests, we intend to design and manufacture more efficacious products that will give our customers a better experience, improve their quality of life and ultimately bring about positive life changes.

The products under development reflect this intention. According to our Scientific Advisory Board, there is a major unmet medical need worldwide in the management of chronic pain. The main treatments used are opioids, which are available in a wide range of formulations from injections to tablets and skin patches.

However, there is a growing international medical and regulatory concern about the increasing rate of opioid-related deaths in connection with the increased availability of these products, as well as concerns over their long-term efficacy and safety. Frequent opioid use also leads to tolerance to the analgesic effects of the opioid drug, thus requiring higher doses of the drug to achieve the same pain relief. In addition, opioid users may develop dependence on, and addiction to, the drug. Opioids are also known to cause undesirable side effects such as impaired respiratory function, constipation, drowsiness, nausea and vomiting.

Ketamine is a general anaesthetic licensed in most countries for use by the intravenous route of administration. It has been used in clinical practice for more than four decades and has been widely accepted as a safe anaesthetic. Over this period of use, anaesthetists have found that low and sub-anaesthetic doses of ketamine have pain-relieving properties in both acute and chronic pain.

When administered at sub-anaesthetic doses, ketamine is effective at producing analgesia while demonstrating opioid-sparing activity. It maintains heart function, blood pressure and breathing function without assistance, countering many of the adverse effects associated with opioid use. Accordingly, we believe ketamine has safety advantages over the use of opioids in pain management and may be effective when opioids are not effective.

The global pain market is large and growing, with a compounded annual growth rate of 5.3% between 2002 and 2010. In Australia alone, the pain management market is valued at an estimated A$433 million for the year ended June 2014. We are thus optimistic of the acceptance of Wafermine™ by the market upon the success of its clinical trials. Apart from Wafermine™, we also believe that PheoniX™, with its rapid onset of action and ease of administration, will be able to plug in some gaps in the market.

Financially, at the Group level, we have been keeping a tight rein on our expenses. Including the FY2015 loss of S$10.6 million, iX Biopharma's accumulated losses since its incorporation in 2008 currently stands at S$20.1 million, which is relatively low considering that we have not just one, but three products already in late-stage development. Excluding one-off IPO expenses and non-cash share expenses, the Group's accumulated losses would have been even lower at S$16.3 million. This is reflective of our team's discipline and prudence in cash management, which we will continue to uphold.

Acknowledgement

To our management team and our staff in Singapore, Australia and the United States of America, I thank all of you for believing in our shared vision in the development of our products. To my fellow Board members, I thank you for your guidance and support. Last but most certainly not least, I would also like to extend a warm welcome to all our new shareholders and thank all of you for your faith and confidence in iX Biopharma.

We have made significant progress in the development of our products, and I am eager to build on our past efforts to bring iX Biopharma to the next stage of growth. I look forward to sharing our success with you.

Eddy Lee
Chairman & CEO

REVIEW BY DIRECTOR OF DRUG DEVELOPMENT

I am pleased to report the results of our Phase 2 clinical studies for Wafermine™.

Abstract

In the last year, two clinical studies of Wafermine™ (KET-003 and KET-005) have been conducted with the protocols being approved by FDA under IND#121098. The two studies examined the pain-relieving properties, safety and blood levels of ketamine after a single dose of Wafermine™ to patients who had undergone extraction of impacted wisdom teeth.

Background

The two trials, KET-003 and KET-005, studied pain relief and safety of single doses of Wafermine™. The purpose was to demonstrate rapid absorption in patients, rapid onset of pain relief and to select the dosing scheme for the pivotal Phase 3 programme.

KET-003 compared the effects of 25mg, 35mg and 50mg of Wafermine™. It showed that all doses rapidly reduced pain and were well-tolerated.

KET-005 examined the effects of 70mg and 100mg of Wafermine™, to see if greater pain relief or a longer duration of action could be achieved with higher doses.

In both studies, as is standard in pain studies, some patients received a wafer containing no active medication ("placebo") to make sure any effect from the medication is real and not due to patient expectation.

Method

Both studies examined the pain relief and safety of Wafermine™ in patients with post-operative pain following removal of impacted wisdom teeth. This is a well-accepted method of evaluating pain relief properties of single doses of pain-relieving medicines.

In both studies, five groups of 30 patients received single doses of 25mg, 35mg, 50mg, 70mg or 100mg of Wafermine™, while 50 patients divided into two control groups received a placebo. The studies were performed at specialist pain research units in the United States, using protocols approved by the FDA under IND#121098.

Results

In both studies, Wafermine™ produced rapid onset of pain relief, usually by 10 minutes post-dose (see the graph below illustrating the reduction in pain).

It can be seen that with all doses of Wafermine™, there was a rapid reduction in pain to a peak of 1.5 to 2 units, which is regarded as being clinically effective. All doses produced similar maximum reduction in pain. The duration of action was generally around two hours. Blood level analysis showed that ketamine was rapidly absorbed with levels in line with dose.

These studies confirm the rapid onset of action and effectiveness of Wafermine™ with good tolerability.

Overall, these two studies confirmed that Wafermine™ was well-tolerated, with most reported side effects being mild and short-lived, and consistent with the expected effects of low-dose ketamine. Wafermine™ was well-tolerated in the oral cavity with side effects no different from a placebo.

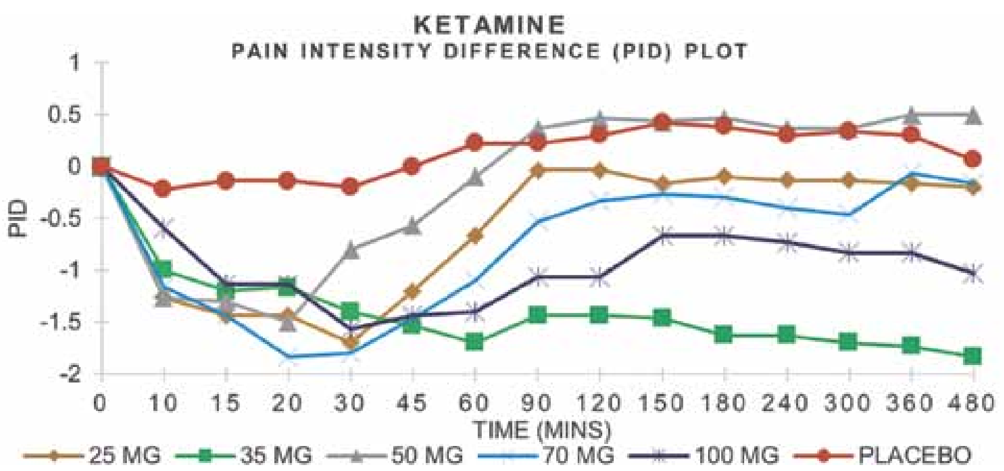
Conclusion

The two studies (KET-003 and KET-005) showed rapid relief of severe pain from Wafermine™ at doses that were well-tolerated. These data are in agreement with the large number of scientific studies showing efficacy and safety of low-dose ketamine in pain management.

As a pain specialist, I am excited to see rapid and clinically important pain relief from Wafermine™, especially at low doses that are well-tolerated. These results put us in an excellent position to complete the clinical development programme, which will deliver a new alternative in management of severe pain.

Dr Paul Edward Rolan

Director of Drug Development



Pain intensity difference (PID): the difference in pain from pre-treatment on a 1-10 scale.
A reduction of 1 unit or more is regarded as clinically significant.

FINANCIAL
REVIEW BY CFO

FY2015 Highlights (S$ million)	Australian Operations			Corporate	Group
	Chemical Analysis (Laboratory Testing)	Specialty Pharmaceutical (Manufacturing)	Total		
Revenue	7.34	0.11	7.45	0	7.45
Expenses					
- R&D	0	0	0	3.75	3.75
- Other operating expenses	4.86	1.26	6.12	3.31	9.43
- Foreign exchange loss	0	0	0	1.06	1.06
- Non-recurring share expense	0	0	0	1.82	1.82
Adjusted EBITDA	**2.48**	**(1.15)**	**1.33**	**(9.94)**	**(8.61)**
Adjusted EBITDA excluding R&D and non-recurring share expense				**(4.37)**	**(3.04)**

Income Statement

The Group derives its revenue from two business segments, namely chemical analysis, which provides laboratory testing services, and specialty pharmaceutical, which is engaged in the development, manufacturing and sale of pharmaceutical products.

For FY2015, the Group recorded revenue of S$7.45 million, compared to S$1.29 million in the preceding year ("FY2014"). The revenue increase was mainly due to the maiden full-year contribution from its subsidiaries, Syrinx and CAPL, and represents a year-on-year growth of about 15% over pro-forma revenue for FY2014.

By business segment, the chemical analysis business accounted for S$7.34 million, or 98.5%, of our total FY2015 revenue, compared to S$0.94 million in FY2014 when only two months of revenue was consolidated into the Group's accounts following the acquisition in May 2014. More importantly, the chemical analysis business generated adjusted earnings before interest, taxation, depreciation and amortisation ("EBITDA") of S$2.48 million, which provides sufficient free cash flow to support its product development programmes.

The specialty pharmaceutical business accounted for S$0.11 million, or 1.5%, of FY2015 revenue, compared to S$0.36 million in FY2014, on account of the absence of consultancy and licence income in FY2015 from Syrinx, following the Group's acquisition of the company in May 2014. Prior to the acquisition, Syrinx had paid consultancy and licence fees to iX Biopharma in relation to the right to use iX Biopharma's relevant intellectual property rights to manufacture, supply and sell Wafermine™. The segment recorded negative EBITDA of S$1.15 million in FY2015, compared to that of S$0.35 million in FY2014.

In all, our Australian operations recorded positive EBITDA of S$1.33 million for FY2015, compared to a negative S$0.20 million for FY2014. Group adjusted EBITDA was a negative S$8.61 million, compared to a negative S$3.10 million in FY2014.

Group expenses increased by S$13.78 million to S$18.44 million in FY2015, compared to S$4.66 million in the preceding year. Of the increase, S$5.70 million was contributed by full-year expenses recorded for Syrinx and CAPL, compared to two months of expenses recorded in FY2014.

R&D expense was S$3.75 million in FY2015, compared to S$1.01 million a year ago. This remained within budget, and reflects the accelerated progress made in the clinical trials of Wafermine™ and PheoniX™.

The Group incurred one-off expenses of S$3.18 million in FY2015, comprising S$1.36 million in IPO expenses and S$1.82 million in share-based payments to directors and executives for their services to the Group.

Foreign exchange loss was S$1.06 million, compared to a gain of S$0.11 million in FY2014, in view of the depreciation of the Australian dollar against the Singapore dollar.

Excluding R&D, foreign exchange loss and one-off expenses, our operating expenses continue to be well-managed and is not expected to fluctuate significantly in the current financial year ("FY2016").

On account of the above, the Group recorded loss after tax of S$10.56 million in FY2015, from that of S$3.03 million in FY2014.

Financial Position

Following the repayment of some of our debt, our total borrowings have been reduced to S$0.48 million as at 30 June 2015, from S$1.62 million as at the close of FY2014. The debt repaid comprised shareholders' loan and other related parties' loan in connection with the acquisition of Syrinx, and was owed to its former shareholders and other related parties. The loans have been fully repaid in FY2015.

The repayment, along with spending on R&D, IPO-related expenses and contingent consideration payables in relation to the acquisition of Syrinx, contributed to a 26% decrease in the Group's cash and cash equivalents to S$8.89 million, compared to S$12.08 million at end-FY2014. The decrease was partially offset by proceeds from the issue of ordinary shares during the year.

Our financial position remains sound with a net cash position of S$8.41 million at the end of FY2015.

Looking Ahead

We will continue to manage our R&D and operating expenses prudently and, barring unforeseen circumstances, expect these expenses to fall within their respective budget.

Phillip Choo
Chief Financial Officer

BOARD OF DIRECTORS

Eddy Lee Yip Hang
Chairman and CEO

Eddy Lee was appointed to the Board on 17 January 2008 and is a member of the Nominating Committee. As Group Chairman & CEO, he is responsible for the development and execution of the Group's strategic vision and expansion plans. Mr Lee possesses more than 25 years of international business experience, having worked as Senior Vice President of Resorts World (Genting Group) in Malaysia, Chief Executive of CDL Hotels International Limited (Hong Leong Group) in Hong Kong, President & Chief Executive of Star Cruises PLC (Genting Group) in Singapore and more recently, as Managing Director & Chief Executive of Amcom Telecommunications Limited in Australia.

Mr Lee is highly regarded as a professional start-up specialist with a very impressive track record in developing companies that have experienced outstanding brand recognition and tremendous growth. He was involved in the successful start-ups of the Burswood Resort Hotel in Perth and Star Cruises PLC in Singapore, and is perhaps best known for successfully introducing, developing and transforming the cruise industry in Asia into a multi-million dollar business today.

Mr Lee holds a Bachelor of Business degree from Curtin University.

Ko Kheng Hwa
Lead Independent Director

Ko Kheng Hwa was appointed to the Board on 18 June 2015 and serves as Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Ko is currently Senior Advisor to Accenture Hong Kong and a member of the Advisory Board of SIM University.

Mr Ko has more than 30 years of leadership, industry and international experience. Public sector leadership positions held by him include MD of Singapore Economic Development Board, CEO of JTC Corporation, CEO of National Computer Board and Board member of Agency for Science, Technology and Research (A*STAR) and SPRING Singapore. Business sector leadership appointments held include CEO of Temasek-linked Singbridge International Singapore Pte Ltd, Group CEO of China-based Ying Li International Real Estate Ltd, business division CEO in Keppel Corporation Ltd and Chairman of the former NASDAQ-listed Pacific Internet Ltd.

Mr Ko holds a Bachelor of Arts (Honours) in Engineering from Cambridge University, Master of Science in Management from Massachusetts Institute of Technology and completed the Advanced Management Program at Harvard Business School. He is a Fellow of the Institution of Engineers Singapore. In recognition of his service in the public sector, Mr Ko was awarded the Public Administration Medal (Gold) by the Singapore Government.

Albert Ho Shing Tung
Non-Executive Director

Albert Ho was appointed to the Board on 1 March 2013 and serves as a member of the Audit and Remuneration Committees.

Mr Ho is currently a director of Centrum Capital, an investment and asset management firm. He has previously worked at international banks and multinational corporations, and possesses more than 25 years of experience in the areas of corporate development, finance and investment banking.

Mr Ho is also an independent director of Riverstone Holdings Limited, a company listed on the Singapore Exchange, and is a member of its Audit and Remuneration Committees. He is also a Councillor of CPA Australia's Singapore Division and the Deputy Chairman of CPA Australia's Corporate-SME Committee in Singapore.

Mr Ho holds a Bachelor of Commerce degree from the Australian National University and is a Fellow Certified Practising Accountant with CPA Australia.

Low Weng Keong
Independent Director

Low Weng Keong was appointed to the Board on 18 June 2015 and serves as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. Mr Low is an independent director of UOL Group Limited and Riverstone Holdings Limited, both listed on the Singapore Exchange, as well as Bracell Limited, a company listed on the Hong Kong Stock Exchange.

Mr Low was a former country managing partner of Ernst & Young Singapore and a former Global Chairman and President of CPA Australia. He is a Director of the Confederation of Asian and Pacific Accountants and the Singapore Institute of Accredited Tax Practitioners.

Mr Low is a Fellow Chartered Accountant (UK), Fellow Chartered Accountant (Singapore), life member of CPA (Australia), Chartered Tax Advisor (UK) and an Accredited Tax Advisor (Singapore).

Claudia Teo Kwee Yee
Independent Director

Claudia Teo was appointed to the Board on 18 June 2015 and serves as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Ms Teo currently heads the Corporate and Financial services practice group in Harry Elias Partnership LLP ("HEP"). She possesses over 20 years of experience in advising on landmark transactions in corporate finance, including initial public offerings on the SGX-ST, placements and rights issues, privatisations, compliance and corporate governance issues.

Ms Teo's key practice areas at HEP are corporate finance as well as merger and acquisition transactions throughout Asia. Ms Teo was recommended in the 2014 edition of Asialaw's Leading Lawyer Publication, and is a member of the Investment Committee of Ren Ci Hospital & Medicare Centre, a Singapore charity.

Ms Teo completed her Bachelor of Laws at University of Manchester. She holds a dual qualification as a barrister and a solicitor of England and Wales and is admitted to the Rolls of Solicitors of Hong Kong.

KEY MANAGEMENT

Phillip Choo Peng Leong
Chief Financial Officer

Phillip Choo Peng Leong joined the Company in December 2014. He oversees the accounting, financial, taxation, investment, and other financial matters of the Group.

Mr Choo possesses more than 20 years of experience in finance, strategic planning and business management. Prior to joining the Group, he was Chief Financial Officer of Rotary Engineering Limited, and has also held the positions of Vice-President of Finance for Asia Pacific at Avery Dennison Corporation and Director of Finance for Asia at World Kitchen (Asia Pacific) Pte Ltd.

Mr Choo graduated from the National University of Singapore with a Bachelor of Accountancy (First Class Honours) and completed an Executive MBA programme with Stanford-NUS. He is also a member of the Institute of Singapore Chartered Accountants.

Dr Iain Cook
Chief Scientist

Dr Iain Cook has more than 30 years of experience in the analysis of complex pharmaceutical and biological samples, with a background in pharmaceutical, veterinary, industrial and agrichemical industries. Prior to his appointment as Chief Scientist at iX Biopharma, he was the director of Chemical Analysis Pty Ltd. He also served as analytical chemist at ICI/Orica, where he specialised in nuclear magnetic resonance and led its Spectroscopy Group (NMR/FTIR/SEM-EDXA/NIR), and at PROBE Analytical thereafter.

Dr Cook obtained his Doctor of Philosophy in Nuclear Magnetic Resonance and Synthetic Organic Chemistry from La Trobe University.

Dr Russell Martin Kinghorn
General Manager, Chemical Analysis Pty Ltd

Dr Russell Martin Kinghorn possesses more than 15 years of experience in laboratory testing in Australia. He was previously a chromatography R&D manager for SGE International Pty Ltd in Melbourne where he investigated, developed and commercialised a range of chromatography techniques, equipment and accessories.

Dr Kinghorn graduated with first class honours in Applied Chemistry from RMIT University, and obtained his PhD in Analytical Chemistry from the same university.

Dr Paul Edward Rolan
Director of Drug Development

Dr Paul Edward Rolan joined the Company in March 2015 and oversees the development and implementation of clinical trial programmes.

Dr Rolan started his career as Director of Medicine at Cairns Base Hospital. He has also previously held the positions of Medical Director at Medeval Ltd and the Manchester clinical research unit of ICN Clinical Research. Dr Rolan last held position prior to joining iX Biopharma was as Professor in Clinical Pharmacology and Head of the School of Medical Sciences at the University of Adelaide.

Dr Rolan graduated with a Bachelor of Medicine and Bachelor of Surgery (MBBS) from the University of Adelaide. He also holds a Diploma in Clinical Pharmacology (Honorary) from the Society of Apothcaries of London (DCPSA) and Doctor of Medicine (MD) from the University of Adelaide. Dr Rolan is also a Fellow of the Royal Australasian College of Physicians and a Fellow of the Faculty of Pain Medicine, Royal Australian and New Zealand College of Anaesthetists.

Lam Li Fong
General Manager, Syrinx Pharmaceuticals Pty Ltd

Lam Li Fong is responsible for the overall management and operations of Syrinx Pharmaceuticals, which operates the Company's manufacturing facility in Croydon, Victoria Australia. She has more than 25 years of experience working for large multinationals and companies on pharmaceutical product formulation, manufacturing, documentation, quality, regulatory and medical affairs.

Ms Lam served as Regulatory Affairs Manager and then Chief Executive Officer of Arrow Laboratories Limited (a subsidiary of Arrow Group UK) for 11 years, managing the company's portfolio of product development programmes for Australia and overseas markets. She has a successful track record of registering more than 100 products in Australia, Europe, Canada, New Zealand and USA.

Ms Lam is a co-inventor for US Patent 5993781 Fluticasone Propionate Nebulizers Formulations and WO/1995/031964 Fluticasone Propionate Formulations.

Ms Lam has a Bachelor Degree in Pharmacy as well as a Master Degree in Formulation Development from Monash University in 1988, and is a registered pharmacist.

CORPORATE INFORMATION

Board of Directors

Eddy Lee Yip Hang	*Chairman and CEO*
Albert Ho Shing Tung	*Non-Executive Director*
Ko Kheng Hwa	*Lead Independent Director*
Low Weng Keong	*Independent Director*
Claudia Teo Kwee Yee	*Independent Director*

Audit Committee

Low Weng Keong	*Chairman*
Albert Ho Shing Tung	
Ko Kheng Hwa	
Claudia Teo Kwee Yee	

Nominating Committee

Claudia Teo Kwee Yee	*Chairman*
Low Weng Keong	
Ko Kheng Hwa	
Eddy Lee Yip Hang	

Remuneration Committee

Ko Kheng Hwa	*Chairman*
Albert Ho Shing Tung	
Low Weng Keong	
Claudia Teo Kwee Yee	

Scientific Advisory Board

Professor Stephan Schug
Emeritus Professor Vivian Bruce Sunderland
Adjunct Professor Lim Chin Beng

Joint Company Secretaries

Lee Wei Hsiung (ACIS)
Wang Shin Lin, Adeline (ACIS)

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Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
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Singapore 068898

Sponsor

CIMB Bank Berhad, Singapore Branch
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

Independent Auditor

PricewaterhouseCoopers LLP
8 Cross Street #17-00 PwC Building
Singapore 048424
Partner-in-charge: Low Eng Huat Peter
Year of Appointment: Financial Year ended 30 June 2015

Principal Banker

United Overseas Bank Limited
80 Raffles Place
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Singapore 048624

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The Board of Directors (the "Board" or "Directors") of iX Biopharma Ltd. (the "Company", and together with its subsidiaries, the "Group") is committed to comply with the principles of the Code of Corporate Governance 2012 (the "Code") issued on 2 May 2012. The Company believes that good corporate governance is essential in building a sound corporation with an ethical environment, thereby protecting the interests of all shareholders. This Corporate Governance Report sets out the Company's corporate governance practices. The Board confirms that, for the financial year ended 30 June 2015 ("FY2015"), the Company has generally adhered to the principles and guidelines set out in the Code, except where otherwise stated. Where there have been deviations from the Code, the Company has sought to provide an appropriate explanation for each deviation in this Corporate Governance Report. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time, to ensure compliance with Section B: Rules of Catalist (the "Catalist Rules") of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the Management to achieve this objective and the Management remains accountable to the Board.

The Board currently comprises one executive Director and four non-executive Directors, of which, three of the non-executive Directors are independent from management.

The primary function of the Board is to protect and enhance long-term value and return for its shareholders. Besides carrying out its statutory responsibilities, the key roles of the Board are to:

(a) guide the formulation of the Group's overall long-term strategic objectives and directions. This includes setting the Group's policies and strategic plans and monitoring the achievement of these corporate objectives;

(b) establish a framework of prudent and effective controls that enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(c) provide oversight in the proper conduct of the Group's business and assume responsibility for corporate governance;

(d) to provide guidance to management to ensure that the Company's obligations to its shareholders and the public are met; and

(e) consider sustainability issues relating to the environment and social factors as part of the strategic formulation of the Group.

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, acceptances of bank facilities, annual budget, the release of the Group's quarterly and full year's results and interested person transaction of a material nature. The Board works closely with management. All Directors objectively make decisions at all times as fiduciaries in the interests of the Company.

The Board conducts regular meetings, and additional meetings for particular matters will be convened as and when they are deemed necessary. Where a physical meeting is not possible, timely communication with and participation by members of the Board can be achieved through electronic means such as telephone and video conferences.

To assist in the execution of its responsibilities, the Board has formed three committees, namely, the Audit Committee ("AC"), the Remuneration Committee ("RC") and the Nominating Committee ("NC") (collectively, the "Board Committees"). These Board Committees function within written terms of reference, which are reviewed on a regular basis. Each Board Committee reports to the Board with their recommendations, however, ultimate responsibility for final decision on key matters lies with the Board. The effectiveness of each Board Committee will be regularly reviewed by the Board.

CORPORATE GOVERNANCE REPORT

The Company was admitted to the Official List of the Catalist of the SGX-ST on 22 July 2015 and held its first Board and Board Committee meetings as a publicly listed company on 26 August 2015. The number of Board and Board Committee meetings held and the attendance of each Board member during the period from 22 July 2015 to the date of this Corporate Governance Report are shown below:

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	1	1	1	1
No. of meetings attended				
Eddy Lee Yip Hang	1	N/A	1	N/A
Albert Ho Shing Tung	1	1	N/A	1
Ko Kheng Hwa	1	1	1	1
Low Weng Keong	1	1	1	1
Claudia Teo Kwee Yee	1	1	1	1

Newly appointed directors will be briefed on the profile of the Group and management, businesses of the Group, strategic plans and mission of the Company. Directors will be provided with updates on the latest governance and listing policies as appropriate from time to time. The Company shall be responsible for arranging and funding the training of Directors.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from the Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently comprises five Directors, of which three are independent Directors, and as such, the composition of the Board complies with the recommendation under the Code for independent Directors to make up at least half of the Board where the Chairman of the Board ("Chairman") and the Chief Executive Officer ("CEO") is the same person. The independent Directors are Mr. Ko Kheng Hwa, Mr. Low Weng Keong and Ms. Claudia Teo Kwee Yee.

In accordance with the Code, the Board considers an "independent" Director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Group. As defined in the Code, a "10% shareholder" means any person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share or those shares is not less than 10% of the total votes attached to all the voting shares (excluding treasury shares) in the Company. With a significant majority of the Board being independent, the Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues. No individual or small group of individuals dominates the Board's decision-making process. Furthermore, the Board is able to interact and work with the management team through a robust exchange of ideas and views to help shape the Group's strategic direction.

The Board comprises Directors who as a group possess the appropriate balance and diversity of skills, experience, knowledge and gender to direct and lead the Group. The NC and the Board are also of the view that given the scope, nature and scale of the operations of the Group, the size of the Board is appropriate and facilitates effective interaction between Board members and decision making.

The profiles of the Directors are set out in pages 8 and 9 of this Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr. Eddy Lee Yip Hang is both the Chairman and CEO of the Company. The Board believes that there is no need for the role of Chairman and the CEO to be separated as there is a good balance of power and authority with all Board Committees chaired by the independent Directors.

The Board has appointed Mr. Ko Kheng Hwa as the Lead Independent Director of the Company, who will be available to shareholders who have concerns and for which contact through the normal channels of the Chairman and CEO or the Chief Financial Officer ("CFO") has failed to resolve or is inappropriate.

As Chairman and CEO, Mr. Eddy Lee Yip Hang bears responsibility for the conduct of the Board and has full executive responsibilities over business directions and operational decisions. He is also responsible to the Board for all corporate governance procedures to be implemented by the Group and to ensure conformance by the management to such practices as well as maintain effective communications with shareholders of the Company. In addition, the Chairman is responsible for setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues, ensuring that the Directors receive complete, adequate and timely information, encouraging a culture of openness and constructive relations within the Board and between the Board and management and facilitating the effective contribution of non-executive Directors.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Board established the NC on 18 June 2015. The NC comprises three independent Directors, Ms. Claudia Teo Kwee Yee, Mr. Ko Kheng Hwa and Mr. Low Weng Keong, as well as the Chairman and CEO, Mr. Eddy Lee Yip Hang. Ms. Claudia Teo Kwee Yee is the Chairman of the NC. No alternate directors have been appointed to the Board.

The NC's primary functions as defined in the terms of reference are as follows:

(a) make recommendations to the Board on all Board appointments and re-appointments;

(b) decide how the performance of the Board, each Board Committee and each individual Director is to be evaluated, and proposing objective performance criteria for the Board's approval;

(c) assess the effectiveness of the Board as a whole;

(d) decide whether or not a Director is able to and has been adequately carrying out his duties as a Director;

(e) review board succession plans for Directors, in particular the Chairman and the CEO; and

(f) review training and professional development programmes for the Board.

The NC is also charged with the responsibility of determining annually, and as and when circumstances require, if a Director is independent. Each NC member will not take part in determining his or her own re-appointment or independence. Each Director is required to submit a return of independence to the Company Secretary, who will submit the returns to the NC. The NC shall review the returns and determine the independence of each of the Directors for recommendation to the Board. An independent Director shall notify the NC immediately, if, as a result of a change in circumstances, he or she no longer meets the criteria for independence or if such change in circumstances would be relevant to the NC's analysis of his or her independence. The NC shall review the change in circumstances and make its recommendations to the Board. The NC has reviewed and determined that Ms. Claudia Teo Kwee Yee, Mr. Ko Kheng Hwa and Mr. Low Weng Keong are independent Directors of the Company.

The Company's Articles of Association require newly appointed Directors to hold office until the next Annual General Meeting ("AGM") and at least half of the Directors to retire by rotation at every AGM. The NC recommends that Mr. Albert Ho Shing Tung, who is to retire by rotation, and Ms. Claudia Teo Kwee Yee, Mr. Ko Kheng Hwa and Mr. Low Weng Keong, who are the newly appointed Directors and must retire at the AGM, be re-elected at the forthcoming AGM. There are no immediate family relationships between the candidates and the Directors, the Company or its 10% shareholders.

Although Mr. Low Weng Keong and Mr. Albert Ho Shing Tung hold directorships in other listed companies (which are not in the Group), the NC is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. Instead, the NC considers these Directors would widen the expertise and experience of the Board and give it a broader perspective. As such, the NC does not presently consider it necessary to determine the maximum number of listed company board representations which any of the Directors may hold.

The NC has reviewed and determined that each Director has committed sufficient time, attention, resources and expertise to the affairs of the Company, taking into account the Directors' number of listed company board representations and other principal commitments.

No Director was involved in his or her own evaluation.

The dates of initial appointment and last re-election of each Director, together with his current directorships in listed companies are set out below. The details of the Directors' academic and professional qualifications and other principal commitments are set out in pages 8 and 9.

Director	Current appointment	Date of initial appointment	Date of last re-election	Directorships in other listed companies (present and in the preceding three years)
Eddy Lee Yip Hang	Executive Director	17.01.2008	28.02.2015	–
Albert Ho Shing Tung	Non-Executive Director	01.03.2013	28.02.2014	Independent Non-Executive Director at Riverstone Holdings Limited
Ko Kheng Hwa	Non-Executive Lead Independent Director	18.06.2015	N/A	Previous Executive Director at Ying Li International Real Estate Limited
Low Weng Keong	Non-Executive Independent Director	18.06.2015	N/A	Present 1. Independent Non-Executive Director at UOL Group Limited 2. Independent Non-Executive Director at Bracell Limited 3. Lead Independent Non-Executive Director at Riverstone Holdings Limited Previous 1. Unionmet (Singapore) Limited 2. Pan Pacific Hotels Group Limited
Claudia Teo Kwee Yee	Non-Executive Independent Director	18.06.2015	N/A	–

Where new appointments are required, the NC will consider recommendations for new Directors, taking into account the Board's desired composition including skills mix and diversity by reviewing their qualifications and work experience. In view of the foregoing, the Board is of the view that there is an adequate process for the appointment of new Directors.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board performance is ultimately reflected in the performance of the Group. The Board ensures compliance with the applicable laws and listing rules and the Board members act in good faith, with due diligence and care in the best interests of the Company and its shareholders. An effective Board is able to lend support to management at all times and to steer the Group in the right direction.

More importantly, the Board, through the NC, has used its best efforts to ensure that Directors appointed to the Board whether individually or collectively possess the background, experience, knowledge in our business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his or her special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has adopted a formal process for assessing the effectiveness of the Board and its Board Committees with objective performance criteria and contribution and commitment of each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from deliberating in respect of the assessment of his or her performance.

In view of the short review period between the conclusion of FY2015 and the successful initial public offering ("IPO") of the Company on 22 July 2015, the Board is of the view that it will be more meaningful for the formal performance evaluation of the Board and individual Directors to be conducted in the following financial year.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors receive complete and regular supply of information from management about the Group's financial and operational performance so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers and related materials will be prepared for each meeting of the Board. The Board papers include sufficient information on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

Directors are given Board papers in advance of Board meetings for them to be adequately prepared for the meeting. In addition, senior management staff (who are not also executive Directors) are invited to attend Board and Board Committee meetings, whenever necessary.

All Directors have access to the Group's records and information to enable them to carry out their duties. In addition, Directors have separate and independent access to the management and the Company Secretary. The Company Secretary's responsibilities are to administer, attend and prepare minutes of Board and Board Committee meetings, advise the Board on all governance matters and assists the Chairman in ensuring that board procedures are followed and reviewed so that the Board functions effectively, and the relevant rules and regulations, including requirements of the Companies Act, Cap 50 (the "Companies Act") and the Catalist Rules, are complied with. The Company Secretary's responsibilities also include ensuring good information flows within the Board and its Board Committees and between management and non-executive Directors as well as facilitating orientation and assisting with professional development, as required. The appointment and removal of the Company Secretary is a matter for consideration by the Board as a whole.

Where the Directors, either individually or as a group, require independent professional advice in the furtherance of their duties, the Directors have access to relevant professional advisers, with such costs to be borne by the Company. The Board is kept informed of all such professional advice rendered to the Directors.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Board established the RC on 18 June 2015. The RC comprises three independent Directors, Mr. Ko Kheng Hwa, Mr. Low Weng Keong, and Ms. Claudia Teo Kwee Yee, as well as a non-independent non-executive Director, Mr. Albert Ho Shing Tung. Mr. Ko Kheng Hwa is the Chairman of the RC.

The RC's responsibilities under its terms of reference include:

(a) review and recommend to the Board a general framework of remuneration for the Board and key management personnel (as defined in the Code);

(b) ensure a formal and transparent procedure for developing policy on executive remuneration, review and recommend to the Board the remuneration packages for individual Directors and key management personnel; and

(c) review the Company's obligations arising in the event of termination of an executive Director's and key management personnel's service contracts, to ensure that such contracts contain fair and reasonable termination clauses that are not overly generous.

In carrying out its duties, the RC may obtain independent external legal and other professional advice, where necessary. The costs of such advice shall be borne by the Company.

The RC aims to be fair and to avoid rewarding poor performance. The remuneration framework under the purview of the RC covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.

No director is involved in deciding his or her own remuneration.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company; and (b) key management personnel to successfully manage the company. However companies should avoid paying more than is necessary for this purpose.

The non-executive Directors are paid fixed Directors' fees which are set in accordance with a remuneration framework comprising basic fees and Board Committee fees. In determining such fees, the RC considers, among others, the effort and time spent, responsibilities of the non-executive Directors, the particular circumstances applicable to the Company, and the practice of companies in the same industry, of comparable size and having similar business models.

The Board recognises the need to pay competitive (but not excessive) fees to attract, motivate and retain Directors. The Directors' fees are recommended by the RC for the Board's approval and will be paid only after approval by shareholders at the forthcoming AGM. In view of the heavier nature of their responsibilities, an additional fee is accorded to the role of chairman of each Board Committee.

The Chairman and CEO, Mr. Eddy Lee Yip Hang, does not receive Director fees. He is paid a basic salary pursuant to the terms of his service agreement with the Company. Under Mr. Lee's service agreement, he was appointed on 18 June 2015 as CEO of the Company for a fixed period of three years ("Initial Term") with effect from the date of the Company's admission to the Official List of the Catalist. After the Initial Term, the service agreement shall be automatically renewed unless terminated by either party giving the other not less than 6 months prior written notice or otherwise terminated in accordance with the terms of the service agreement.

The Board is responsible for overseeing the iX Employee Share Option Scheme (the "Share Option Scheme") and the iX Performance Share Plan (the "Share Plan") (collectively, the "Schemes") and administering the Schemes in accordance with the guidelines set. For additional details on the Schemes, please refer to the section of the Directors' Report entitled "Share Option Scheme and Share Plan" in pages 26 and 27 set out in this Annual Report.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management, and performance.

Remuneration of Directors, CEO and Key Management Personnel

The Board, after weighing the advantages and disadvantages of such disclosure, is of the view that full disclosure of the actual remuneration of each Director, the CEO and key management personnel pursuant to Rule 1204(15) and Rule 1204(12) of the Catalist Rules and Guideline 9.2 of the Code would not be in the interests of the Company as such information is confidential and sensitive in nature, and can be exploited by competitors. The Board is also of the view that a disclosure of the aggregate total remuneration paid to the key management personnel (who are not Directors or the CEO) would not be in the interests of the Company, for the same reasons.

The remuneration bands of the Directors and top three key management personnel (other than the Chairman and CEO) of the Group for FY2015 are as follows:

Remuneration Bands	Fees %	Base/Fixed Salary %	Bonus %	Other Benefits %	Total %
S$1,250,001 to S$1,500,000 per annum Directors					
Eddy Lee Yip Hang	0	24	6	70[(1)]	100
S$750,001 to S$1,000,000 per annum Directors					
Albert Ho Shing Tung	4	0	0	96[(2)]	100
Below S$250,000 per annum Directors					
Ko Kheng Hwa	100	0	0	0	100
Low Weng Keong	100	0	0	0	100
Claudia Teo Kwee Yee	100	0	0	0	100
S$250,001 to S$500,000 per annum Key Management					
Phillip Choo Peng Leong	0	53	0	47[(3)]	100
Dr Paul Edward Rolan	18	30	0	52[(4)]	100
Dr Russell Martin Kinghorn	0	100	0	0	100

Notes:

1. The Other Benefits comprises the issue of 5,000,000 shares of the Company, calculated using fair value measurement.

2. The Other Benefits comprises the issue of 5,000,000 shares of the Company, calculated using fair value measurement, as consideration for consulting services provided to the Group.

3. The Other Benefits comprises the grant of 1,500,000 share options of the Company, calculated using fair value measurement.

4. The Other Benefits comprises the grant of 7,100,000 share options of the Company, calculated using fair value measurement.

During FY2015, no awards have been granted under the Company's Share Option Scheme and the Share Plan. The Chairman and CEO, Mr. Eddy Lee Yip Hang does not receive Director fees but is remunerated as part of the management. The remuneration of key management personnel comprises a basic salary and a variable annual bonus based on the performance of the Group and their individual performance. There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the key management personnel (who are not Directors or the CEO).

Ms. Tang Choy Leng, the Company's Human Resource and Administrative executive, is the spouse of Mr. Eddy Lee Yip Hang, and was paid a fixed salary of more than S$50,000 and less than S$100,000 during FY2015. Her aggregate remuneration band for FY2015 is as follows:

Remuneration Band	Fees %	Base/Fixed Salary %	Bonus %	Other Benefits %	Total %
S$400,001 to S$450,000 per annum					
Tang Choy Leng	0	19	0	81[(1)]	100

Note:

1. The Other Benefits comprises the issue of 1,000,000 shares of the Company, calculated using fair value measurement, as consideration for loss of office as Executive Director of the Company.

The Board is of the opinion that the information disclosed in this Corporate Governance Report, read together with relevant sections of this Annual Report, would be sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects as well as other price sensitive public reports to shareholders of the Company on a prompt basis. These principles guide the presentation of the Company's annual financial statements and quarterly financial statements announcements to shareholders, as well as other announcements required under the Catalist Rules. The management currently provides all members of the Board with regular quarterly management reports, which in the Board's opinion is currently sufficient to present a balanced and understandable assessment of the Company's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all potential errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatements of financial information or losses.

The Board considers it necessary to increase emphasis on risk management and internal controls in a complex business and economic environment. The Board oversees that management maintains a sound system of risk management and internal controls to safeguard shareholder's interests and Group's assets.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management and the Board, the Board, with the concurrence of the AC, are of the opinion that the Group's internal controls, addressing financial, operational, compliance risks and information technology systems, were adequate and effective as at 30 June 2015. These controls are and will be continually assessed for improvement.

The Board has received assurance in writing from the CEO and the CFO that the financial records have been properly maintained and the financial statements of the Company give a true and fair view of the Company's operations and finances. The said written assurance from CEO and CFO also attests to the Board that the CEO and the CFO are of the view that the Company's risk management and internal control systems are in place and effective. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC was established on 18 June 2015. The AC comprises three independent Directors, Mr. Low Weng Keong, Mr. Ko Kheng Hwa, and Ms. Claudia Teo Kwee Yee, and a non-independent non-executive Director, Mr. Albert Ho Shing Tung. Mr. Low Weng Keong is the Chairman of the AC. The AC members bring with them many years of managerial and professional experience in the areas of finance, legal, and business management to sufficiently discharge the AC's functions.

The AC will assist the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, as well as develop and maintain adequate and effective systems of internal controls including financial, operational, compliance and information technology controls, and risk governance, with the overall objective of ensuring that management creates and maintains an effective control environment in the Group.

The AC has explicit authority to investigate any matter within its terms of reference, and has full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

The AC's duties include the following:

(a) assist the Board in the discharge of its responsibilities on financial and accounting matters;

(b) review the audit plans, scope of work and results of our audits complied by the internal and external auditors;

(c) review the co-operation given by Management to the internal and external auditors;

(d) review the external auditors including their independence and objectivity, and make recommendations to the Board on the external auditors' re-appointment;

(e) review the integrity of any financial information presented to shareholders including reviewing significant financial reporting issues and judgments, if any;

(f) review interested person transactions, if any; and

(g) review potential conflicts of interest, if any.

The AC also provides a channel of communication between the Board, the management, the external auditors and the internal auditors on audit matters. The AC meets with the internal auditors and external auditors separately, at least once a year without the presence of management to review any matter that might be raised.

The AC keeps abreast of changes to accounting standards and issues which have a direct impact on financial statements through the report presented by the external auditors on the scope and results of the external audit, and through their discussions with the external auditors.

The AC reviews arrangements by which staff of the Company and other stakeholders may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. The Company will be putting in place a formal whistle-blowing policy for staff and other stakeholders in confidence to report and raise any concerns which they may have in relation to the foregoing matter.

The AC meets, at a minimum, on a quarterly basis.

As the AC was only formed on 18 June 2015, no meeting was held during FY2015. However, the AC met once subsequent to FY2015 and carried out the following activities relating to FY2015:

(a) reviewed full-year financial statements (unaudited and audited), and recommended such reports to the Board for approval;

(b) reviewed the adequacy and effectiveness of the Group's internal control systems;

(c) reviewed interested person transactions;

(d) reviewed and approved the annual audit plan of the external auditors;

(e) reviewed and approved the internal audit plan of the internal auditors;

(f) reviewed the annual re-appointment of the external auditors, and made a recommendation for board approval; and

(g) met with the external auditors once without the presence of management.

INTERNAL AUDIT

Principle 13: The Board should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has outsourced its internal audit function to BDO LLP. The internal auditors will report directly to the Chairman of the AC on audit matters. The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

The internal auditors plan their audit schedules in consultation with, but independent of, the management. The internal audit plan is submitted to the AC for approval prior to implementation. The AC reviews the activities of the internal auditors, and meets with the internal auditors to approve their plans and to review their report for the prior reporting period.

The AC is of the view that the internal auditors have access to all the relevant documents, records, properties and personnel including access to the AC.

SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangement.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Board is accountable to the shareholders and is mindful of its obligation to provide timely and fair disclosure of material information to shareholders, investors and the public. The Board treats all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholder's rights.

The rights of shareholders, including the details of the rules governing voting procedures at general meetings, are contained in the Company's Articles of Association and are also set out in applicable laws including the Companies Act. Shareholders will be encouraged to participate in question and answer sessions during general meetings, to facilitate active and meaningful communication with management and the Board.

The Company does not practise selective disclosure and ensures timely and adequate disclosure of price sensitive and material information to shareholders of the Company via SGXNET. In addition, the Company ensures that the financial results and annual reports are announced or issued within the mandatory periods as prescribed by the Catalist Rules and are made available on the Company's website at www.ixbiopharma.com.

All shareholders of the Company will receive notices of all general meetings including the forthcoming AGM. The Company will comply with its Articles of Association, the Companies Act and the Catalist Rules in respect of the requisite notice periods for convening general meetings. The notice of an AGM is accompanied by the Company's annual report. Any notice of an extraordinary general meeting will also be accompanied by a circular or letter to shareholders, providing sufficient detail on the proposals to be considered at the meeting. Circulars sent to shareholders also contain a notice on their cover page that if shareholders are in any doubt as the action they should take, they should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. All notices of all general meetings will be advertised in a national newspaper in Singapore as well as announced on SGXNET.

Due to the Company's relatively modest shareholder base and the fact that the percentage of shares held in the names of custodians and nominees is not significant, the Board does not see a need at this point of time to allow such nominees and custodians to appoint more than two proxies to attend and participate in general meetings, pending the coming into force of the relevant provisions of the Companies (Amendment) Act 2014 ("CAA"). When the relevant provisions of the CAA comes into force, the Central Provident Fund Board and certain licensed corporations which provide nominee or custodial services will be able to appoint one proxy per share.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders of the Company will be informed of general meetings and given the opportunity to participate at general meetings. The Company's external auditors will also be in attendance at the forthcoming AGM and are available to assist the Directors in addressing any relevant queries by shareholders. The Board is of the view that shareholders have sufficient opportunity to express their views and address their questions to the Board and management.

If shareholders are not able to attend these meetings, they can appoint up to two proxies to attend and vote in their place. The Company does not provide for absentia voting methods such as by mail, email, or fax due to concerns as to the integrity of such information and authentication of the identity of shareholders voting by such means. Resolutions proposed at general meetings on substantive issues are proposed as separately drafted resolutions to allow shareholders to consider and cast their votes properly on issues which are distinct.

Minutes are taken of all general meetings, and where appropriate, include all substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and the responses from the Board and Management. Such minutes, which are subsequently approved by the Board, will be made available to shareholders during office hours upon request.

MATERIAL CONTRACTS

Save for the service agreement between the CEO and the Company, there were no material contracts entered into by the Company and its subsidiaries involving the interest of any director or controlling shareholders, which are subsisting at the end of the financial year ended 30 June 2015.

INTERESTED PERSON TRANSACTIONS

Save for the interested person transactions as disclosed on pages 181 to 185 of the Company's Offer Document dated 10 July 2015, there were no new interested person transactions which were more than S$100,000 entered into in FY2015. The Group does not have a general mandate for recurrent interested person transactions.

NON-SPONSOR FEES

With reference to Rule 1204 (21) of the Catalist Rules, non-sponsor fees of S$302,000 were paid/payable to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch, in FY2015.

DEALING IN SECURITIES

The Company has issued an internal code on dealings in the Company's securities to the Directors and other officers (including employees with access to material non-public price-sensitive information) of the Group. The Directors and other officers are prohibited from dealing in the Company's securities at least two weeks before and up to the announcement of the Group's quarterly results and one month before and up to the announcement of the Group's full year results. They are also advised not to deal in the Company's securities on short-term considerations and in circumstances where they have access to material non-public price-sensitive information. They are also advised to observe all applicable insider trading laws at all times even when dealing in securities within the permitted trading period.

APPOINTMENT OF AUDITORS

The Company has complied with the Rules 712 and 715 of the Catalist Rules in engaging PricewaterhouseCoopers LLP, which is registered with the Accounting and Corporate Regulatory Authority, as the external auditors of the Company.

The following are the audit and non-audit fees paid/payable by the Group:

	FY2015 S$'000
Audit fees paid/payable to the external auditors	
- external auditors of the Company	85
- other external auditors of the Group	87
Non-audit fees paid/payable to the external auditors	17

The AC has reviewed the amount of non-audit services rendered to the Group by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has recommended that the Board proposes, and the Board has proposed, the re-appointment of PricewaterhouseCoopers LLP as the external auditors of the Company at the forthcoming Annual General Meeting on 23 October 2015.

USE OF IPO PROCEEDS

Pursuant to the IPO, the Company received total proceeds of S$30.1m ("IPO Proceeds"). As at 26 August 2015, the IPO proceeds has been utilised as follows:

	Amount allocated S$'000	Amount utilised S$'000	Balance S$'000
Use of Proceeds			
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	–	26,200
General working capital purposes	1,413	–	1,413
Listing expenses	2,517	(2,479)	38
Total	30,130	(2,479)	27,651

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.

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2015 and balance sheet of the Company as at 30 June 2015.

Directors

The directors of the Company in office at the date of this report are as follows:

Eddy Lee Yip Hang	
Albert Ho Shing Tung	
Low Weng Keong	(appointed on 18 June 2015)
Claudia Teo Kwee Yee	(appointed on 18 June 2015)
Ko Kheng Hwa	(appointed on 18 June 2015)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this report.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		**Holdings in which director is deemed to have an interest**	
	At 30.06.2015 (post-sub-division)	At 1.7.2014 or date of appointment, if later (pre-sub-division) (*)	**At 30.06.2015 (post-sub-division)**	At 1.7.2014 or date of appointment, if later (pre-sub-division) (*)
iX Biopharma Ltd. (No. of ordinary shares)				
Eddy Lee Yip Hang	**175,400,020**	18,040,003	**14,500,030**	1,350,003
Albert Ho Shing Tung	**7,500,000**	–	**125,000**	12,500

(*) 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.

(b) The directors' interests in the ordinary shares of the Company as at 21 July 2015 were the same as those as at 30 June 2015.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

(a) Options issued under Consulting and Employment Agreements

On 1 July 2013 ("grant date"), options to subscribe for 1,070,000 ordinary shares (before sub-division) in the Company were granted to various consultants and directors of subsidiaries of the Company engaged by the Group for the provision of consultancy and advisory services for the Group's drug development programme. This grant of options to the consultants and directors forms part of the compensation payable for services that will be rendered to the Group, pursuant to the terms and conditions of the consulting agreements entered into by the Group with the consultants and directors.

On 1 December 2014 and 2 March 2015, additional options to subscribe for 150,000 and 500,000 ordinary shares (before sub-division) in the Company were granted to an employee of the Company and a director of subsidiary of the Company, respectively, pursuant to the terms and conditions of the employment agreements entered into with the Company.

The exercise price for the entire lot of share options in Group A, Group B and Group F granted to each consultant and directors of subsidiaries of the Company is set at $1.00 only. The entire lot of share options in Group C, Group D and Group E granted to each consultant, a director of a subsidiary of the Company and an employee for this group is exercisable at nil consideration.

No options have been granted to directors and controlling shareholders of the Company or their associates.

Details of share options are disclosed in Note 25 to the financial statements.

Participants, who have received 5% or more of the total number of shares, under the options issued under consulting and employment agreements are as follows:

(Post-sub-division)

Name of participant	Options granted during financial year under review	Aggregate options granted since commencement to end of financial year under review	Aggregate options exercised since commencement to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Lim Chin Beng	–	2,540,000	–	2,100,000
Liu Yandi	–	1,540,000	–	1,000,000
Vivian Bruce Sunderland	–	1,540,000	–	1,000,000
Jasbir Singh Narulla	–	2,540,000	–	2,000,000
Paul Edward Rolan	5,000,000	7,540,000	–	7,100,000
Phillip Choo Peng Leong	1,500,000	1,500,000	–	1,500,000

(b) Share Option Scheme and Share Plan

The iX Employee Share Option Scheme (the "Share Option Scheme") and the iX Performance Share Plan (the "Share Plan") for directors and employees of the Group were approved by members of the Company at the Extraordinary General Meeting on 17 June 2015.

The Share Option Scheme is a share incentive plan to provide eligible participants with an opportunity to participate in the equity of the Company, so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Group. The Share Plan contemplates the award of fully-paid shares to participants after certain pre-determined benchmarks have been met to reward, retain and motivate employees of the Group to achieve superior performance.

Share options (continued)

(b) Share Option Scheme and Share Plan (continued)

The Share Option Scheme and Share Plan shall be administered by the members of the Board comprising of the following:

Eddy Lee Yip Hang (Chairman)
Albert Ho Shing Tung
Low Weng Keong
Claudia Teo Kwee Yee
Ko Kheng Hwa

During the financial year, no options were granted under the Share Option Scheme and no awards were granted under the Share Plan.

(c) Share options outstanding

The number of unissued ordinary shares of the Company under the Consulting and Employment Agreements outstanding at the end of the financial year was as follows:

	No. of unissued ordinary shares under options at 30.6.2015	**Exercise price**	**Exercise period**
2014 Group A	2,000,000	$1.00 (#)	from the 13th month to the 30th month from the grant date
2014 Group B	6,000,000	$1.00 (#)	from the 25th month to the 30th month from the grant date
2014 Group C	200,000	$nil (*)	from the date the related key performance indicator is determined to have been achieved to the 30th month from the grant date
2015 Group E	1,500,000	$nil (*)	at earlier of 1 December 2015, or expiry of six calendar months from the date of listing or upon occurrence of a trade sale pursuant to conditions in the employment contract
2015 Group F	5,000,000	$1.00 (#)	from the 36th month to the 39th month from the grant date
	14,700,000		

(#) The entire lot of share options granted to each consultant and directors of subsidiaries of the Company for this group is exercisable at $1.00 only by the respective consultants and director.

(*) The entire lot of share options granted to each consultant, a director of subsidiary of the Company and an employee for this group is exercisable at nil consideration.

DIRECTORS' REPORT

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Low Weng Keong (Chairman)
Albert Ho Shing Tung
Claudia Teo Kwee Yee
Ko Kheng Hwa

All members of the Audit Committee were non-executive directors and the majority are independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2015 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Sponsorship

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is CIMB Bank Berhad, Singapore Branch.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Eddy Lee Yip Hang Director	Albert Ho Shing Tung Director

25 September 2015

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015, and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Eddy Lee Yip Hang Director	Albert Ho Shing Tung Director

25 September 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of iX Biopharma Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of iX Biopharma Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 31 to 83, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015, and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 25 September 2015

Partner-in-charge: Low Eng Huat Peter

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Revenue	4	**7,445**	1,293
Other income	5	**616**	307
Expenses			
- Raw materials and consumables used		**(573)**	(95)
- Research and development	6	**(3,746)**	(1,006)
- Employee compensation	7	**(7,915)**	(1,790)
- Currency exchange (losses)/gains - net		**(1,061)**	112
- Depreciation and amortisation	8	**(892)**	(207)
- Finance	9	**(47)**	(6)
- Others	10	**(4,202)**	(1,667)
Total expenses		**(18,436)**	(4,659)
Loss before income tax		**(10,375)**	(3,059)
Income tax (expense)/credit	11	**(186)**	26
Total loss		**(10,561)**	(3,033)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - loss - net of tax	25(a)	**(55)**	(19)
Total comprehensive loss		**(10,616)**	(3,052)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic loss per share	12(a)	**(2.1)**	(0.7)
Diluted loss per share	12(b)	**(2.1)**	(0.7)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
- GROUP
As at 30 June 2015

	Note	GROUP 2015 $'000	GROUP 2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	13	**8,891**	12,083
Trade and other receivables	14	**1,738**	1,185
Other current assets	15	**306**	31
		10,935	13,299
Non-current assets			
Deposits - operating lease		**60**	–
Intangible assets	16	**2,236**	2,936
Property, plant and equipment	17	**2,169**	2,588
		4,465	5,524
Total assets		**15,400**	18,823
LIABILITIES			
Current liabilities			
Trade and other payables	19	**3,034**	1,707
Current income tax liabilities	11	**37**	–
Borrowings	20	**84**	1,087
Contingent consideration payable	31	**789**	809
Provision	21	**160**	130
		4,104	3,733
Non-current liabilities			
Contingent consideration payable	31	**–**	820
Provision	21	**14**	13
Deferred government grant	22	**104**	59
Borrowings	20	**397**	531
Deferred income tax liabilities	23	**537**	875
		1,052	2,298
Total liabilities		**5,156**	6,031
NET ASSETS		**10,244**	12,792
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24(a)	**29,019**	21,438
Shares to be issued	24(b)	**–**	134
Other reserves	25	**1,284**	718
Accumulated losses		**(20,059)**	(9,498)
Total equity		**10,244**	12,792

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET - COMPANY

As at 30 June 2015

	Note	COMPANY 2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	13	**7,837**	10,036
Trade and other receivables	14	**1,315**	341
Other current assets	15	**171**	27
		9,323	10,404
Non-current assets			
Deposits - operating lease		**60**	–
Property, plant and equipment	17	**148**	9
Investments in subsidiaries	18	**3,819**	3,819
		4,027	3,828
Total assets		**13,350**	14,232
LIABILITIES			
Current liabilities			
Trade and other payables	19	**1,605**	392
Contingent consideration payable	31	**789**	809
		2,394	1,201
Non-current liabilities			
Contingent consideration payable	31	**–**	820
Total liabilities		**2,394**	2,021
NET ASSETS		**10,956**	12,211
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24(a)	**29,019**	21,438
Shares to be issued	24(b)	**–**	134
Other reserves	25	**1,299**	678
Accumulated losses		**(19,362)**	(10,039)
Total equity		**10,956**	12,211

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2015

		Attributable to equity holders of the Company					
	Note	Share capital	Shares to be issued	Share based payment reserve	Currency translation reserve	Accumulated losses	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000
2015							
Beginning of financial year		21,438	134	678	40	(9,498)	12,792
Loss for the year		–	–	–	–	(10,561)	(10,561)
Other comprehensive loss for the year	25(a)	–	–	–	(55)	–	(55)
Total comprehensive loss for the year		–	–	–	(55)	(10,561)	(10,616)
Share based payment scheme							
- Value of consultants' services	25(b)	–	–	245	–	–	245
- Value of employees' services	25(b)	–	–	376	–	–	376
Issue of new shares	24(a)	5,761	(134)	–	–	–	5,627
Fair value of new shares issued to directors and employee as fully paid for nil consideration	24(a)	1,820	–	–	–	–	1,820
Total transactions with owners, recognised directly in equity		7,581	(134)	621	–	–	8,068
End of financial year		**29,019**	**–**	**1,299**	**(15)**	**(20,059)**	**10,244**
2014							
Beginning of financial year		10,860	3,697	–	59	(6,465)	8,151
Loss for the year		–	–	–	–	(3,033)	(3,033)
Other comprehensive loss for the year	25(a)	–	–	–	(19)	–	(19)
Total comprehensive loss for the year		–	–	–	(19)	(3,033)	(3,052)
Share based payment scheme							
- Value of consultants' services	25(b)	–	–	542	–	–	542
- Value of employees' services	25(b)	–	–	136	–	–	136
Issue of new shares	24(a)	8,486	(3,697)	–	–	–	4,789
Issue of new shares as consideration paid for acquisition of subsidiaries	24(a)	2,190	–	–	–	–	2,190
Receipts during the year for shares to be issued	24(b)	–	134	–	–	–	134
Less: Transaction costs for shares issued	24(a)	(98)	–	–	–	–	(98)
Total transactions with owners, recognised directly in equity		10,578	(3,563)	678	–	–	7,693
End of financial year		**21,438**	**134**	**678**	**40**	**(9,498)**	**12,792**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Total loss after tax		**(10,561)**	(3,033)
Adjustments for:			
- Deferred government grant income	5	**(81)**	(3)
- Depreciation and amortisation expense	8	**892**	207
- Loss on disposal of property, plant and equipment	10	**–**	48
- Income tax expense/(credit)	11	**186**	(26)
- Interest income on bank deposits	5	**(57)**	(67)
- Interest expense	9	**47**	6
- Provision expense	21	**51**	14
- Research and development tax incentive	5	**(478)**	(237)
- Share based payment expense		**2,441**	678
- Change in fair value of contingent consideration payable	10	**(108)**	–
- Unrealised currency exchange losses/(gains) - net		**620**	(111)
		(7,048)	(2,524)
Changes in working capital, net of effects from acquisition of subsidiaries:			
- Trade and other receivables		**(761)**	333
- Other current assets		**(335)**	(4)
- Trade and other payables		**1,495**	45
Cash used in operations		**(6,649)**	(2,150)
Interest received		**57**	67
Research and development tax incentive received	11	**139**	–
Net cash used in operating activities		**(6,453)**	(2,083)
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	31	**–**	1,191
Additions to property, plant and equipment	17	**(265)**	(213)
Additions to intangible assets	16	**(142)**	–
Payment of contingent consideration payable	31	**(732)**	–
Proceeds from government grant	22	**129**	–
Net cash (used in)/from investing activities		**(1,010)**	978
Cash flows from financing activities			
Proceeds from issuance of ordinary shares and shares to be issued, net of transaction costs paid		**5,627**	4,825
Repayment of borrowings		**(964)**	(206)
Interest paid		**(20)**	(6)
Net cash provided by financing activities		**4,643**	4,613
Net (decrease)/increase in cash and cash equivalents		**(2,820)**	3,508
Cash and cash equivalents			
Beginning of financial year		**12,083**	8,490
Effects of currency translation on cash and cash equivalents		**(372)**	85
End of financial year	13	**8,891**	12,083

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

iX Biopharma Ltd. (the "Company") is a public limited liability company and incorporated and domiciled in Singapore. The address of its registered office is 350 Orchard Road, #16-10 Shaw House, Singapore 238868.

The principal activities of the Group are the development, manufacture and commercialisation of innovative therapies for the treatment of acute and breakthrough pain, and male erectile dysfunction.

On 8 May 2014, the Group acquired the entire issued and paid-up capital of Syrinx Pharmaceuticals Pty Ltd and Chemical Analysis Pty Ltd for a consideration of AUD 1,870,000 (equivalent to S$2,190,000). This consideration is settled in full in the form of 1,406,016 ordinary shares (before sub-division) at AUD 1.33 per share of the Company. This acquisition includes the acquisition of Chemical Analysis Trust, which is wholly owned by Syrinx Pharmaceuticals Pty Ltd. Chemical Analysis Pty Ltd is the Trustee of Chemical Analysis Trust.

In addition, there is an additional contingent consideration payable, payable in cash subject to the performance of Chemical Analysis Trust over two consecutive calendar years (Note 31(e)).

The principal activities of the subsidiaries are disclosed in Note 18.

On 22 July 2015, the Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2014

On 1 July 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

<u>FRS 110 *Consolidated Financial Statements*</u>

Effective for annual periods beginning on or after 1 January 2014

FRS 110 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2014 (continued)

FRS 112 *Disclosure of Interests in Other Entities*

Effective for annual periods beginning on or after 1 January 2014

FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities.

Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*

Effective for periods beginning on or after 1 January 2014

The amendments do not change the offsetting model in FRS 32, but clarify that in order to offset financial assets and liabilities, the right of set-off must not be contingent on future events, and must be legally enforceable in the normal course of business.

The amendments also clarify that master netting agreements where offset is only legally enforceable when future events occur (e.g. defaults), do not allow offsetting.

Finally, the amendments specify situations when offsetting is permitted when gross settlement mechanisms (e.g. clearing houses) are used.

FRS 102 *Share-based payment*

Effective for annual periods beginning on or after 1 July 2014

The amendments clarify the definition of vesting condition and separately defines 'performance condition' and 'service condition'.

FRS 103 *Business Combinations*

Effective for annual periods beginning on or after 1 July 2014

The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32, Financial instruments: Presentation. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

FRS 108 *Operating Segments*

Effective for annual periods beginning on or after 1 July 2014

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

The adoption of the above new or amended FRS and INT FRS did not have any material impact on the accounting policies of the Group, and the Group has incorporated the additional disclosures required by these changes into the financial statements.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Rendering of service - Consultancy and Chemical Analysis services

Revenue from consultancy and chemical analysis services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed.

(b) License fee

License fee from the license agreement is recognised on a straight-line basis over the period of the license.

(c) Sale of goods

Revenue from the sale of goods is recognised when the Group has delivered the products to locations specified by its customers and the customers have accepted the goods in accordance with the sales contract.

2.3 Deferred government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Deferred government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Deferred government grants relating to expenses are shown separately as other income.

Deferred government grants relating to property, plant and equipment are presented in the balance sheet by setting up the grant as deferred income and subsequently amortised over the periods to match them with the related depreciation expense of the assets. The income is presented as a credit to the statement of comprehensive income within "other income".

2. Significant accounting policies (continued)

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of the net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; and any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree at the date of acquisition either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired, net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill on Acquisition" for the accounting policy on goodwill subsequent to initial recognition.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.5 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Computers	3 - 5 years
Office equipment	3 - 5 years
Plant and equipment	5 - 20 years
Furniture and fittings	5 years
Leasehold improvement	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other expenses".

2.6 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

(b) Acquired technological know-how

Technological know-how acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over five years, which is the estimated useful life.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Computer software licences

Computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the assets for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment loses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2. Significant accounting policies (continued)

2.7 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiaries

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.8 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. Significant accounting policies (continued)

2.9 Financial assets

Cash at bank
Trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in any active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

"Trade and other receivables" (Note 14) and "cash and cash equivalents" (Note 13) on the balance sheet form part of loans and receivables. Loans and receivables are initially recognised at their fair values plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.13 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that exist at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques such as discounted cash flow analysis are also used to determine the fair value of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.14 Leases

When the Group is the lessee

The Group leases land and building and a residential apartment under operating leases. The lease of land and building is from a related party.

Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2. Significant accounting policies (continued)

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.17 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore or employees' designated superannuation fund in Australia, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by the employees up to the balance sheet date.

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee and consultant services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share based payment reserve over the remaining vesting period. When the options are exercised, the proceeds received (net of transaction costs) and the related balances previously recognised in the share based payment reserve are credited to share capital account, when new ordinary shares are issued.

2.18 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar ("$"), which is the functional currency of the Company.

2. Significant accounting policies (continued)

2.18 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the directors who are responsible for allocating resources and assessing performance of the operating segments.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.22 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates and assumptions

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

(a) Contingent consideration payable

Contingent consideration payable arising from the business combination relates to additional consideration payable to the previous shareholders of the entities acquired during the financial year ended 30 June 2014 depending on the revenue and profits achieved by Chemical Analysis Trust during the calendar years 1 January 2014 to 31 December 2014 and 1 January 2015 to 31 December 2015, referred to collectively as the "Earn Out Amount". Contingent consideration payable is measured at fair value, refer to Note 31(e).

Any changes in the assumptions used and estimates made in determining the Earn Out Amount and where actual results differ from management's assumptions and estimates, this will impact the additional consideration payable to the previous shareholders and thus the carrying amount of the liability. Differences are recognised in the profit and loss in the period when the changes occur.

(b) Useful lives of property, plant and equipment and technological know-how

Property, plant and equipment and technological know-how are depreciated/amortised on a straight-line basis over their estimated useful lives. Management's estimates of the useful lives of these property, plant and equipment and technological know-how are disclosed in Note 2.5(b) and 2.6(b) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and/or the residual values of these assets, and therefore future depreciation and amortisation charges could be revised.

(c) Share options

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the share options at the date on which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and model used are disclosed in Note 25(b).

4. Revenue

	Group	
	2015	2014
	$'000	$'000
Sale of goods	**75**	–
Rendering of services	**7,370**	940
Consultancy income	**–**	176
License fee	**–**	177
Total revenue	**7,445**	1,293

5. Other income

	Group	
	2015	2014
	$'000	$'000
Interest income - bank deposits	**57**	67
Deferred government grant (Note 22)	**81**	3
Research and development tax incentive (Note 11)	**478**	237
Total other income	**616**	307

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 during the financial year for certain eligible research and development activities carried out by the Company's subsidiaries operating in Australia.

6. Research and development expense

	Group	
	2015	2014
	$'000	$'000
Research and development expense	**3,559**	664
Share based payment expense (Note 25(b))	**187**	342
Total research and development expense	**3,746**	1,006

7. Employee compensation expense

	Group	
	2015	2014
	$'000	$'000
Wages and salaries	**4,532**	1,233
Employer's contribution to defined contribution plans	**434**	52
Share based payment expense on share options granted (Note 25(b))	**376**	136
Share based payment expense on ordinary shares issued to directors and employee of the Company (Note 24(a))	**1,820**	–
Other staff benefits	**753**	369
Total employee compensation expense	**7,915**	1,790

8. Depreciation and amortisation expense

	Group	
	2015	2014
	$'000	$'000
Depreciation of property, plant and equipment (Note 17)	**386**	119
Amortisation of technological know-how (Note 16(b))	**488**	88
Amortisation of software (Note 16(c))	**18**	–
Total depreciation and amortisation expense	**892**	207

9. Finance expense

	Group	
	2015	2014
	$'000	$'000
Interest on bank borrowings	**20**	6
Amortisation of interest free borrowing from a related party	**27**	–
Total finance expense	**47**	6

Related party is a corporation controlled by shareholders of the Company.

10. Other expenses

	Group	
	2015	2014
	$'000	$'000
Audit fees paid/payable to:		
- Auditor of the Company	**85**	14
- Other auditors	**87**	6
Non-audit fees paid/payable to:		
- Auditor of the Company	**17**	–
Fair value of contingent consideration payable	**(108)**	–
Initial public offering related expense	**1,358**	–
IT support expense	**70**	57
Loss on disposal of property, plant and equipment	**–**	48
Professional expense	**665**	443
Share based payment expense (Note 25(b))	**58**	200
Trademarks and patents related expense	**371**	256
Travelling and accommodation expense	**391**	378
Repairs and maintenance expense	**209**	48
Rental expense	**605**	97
Other expenses	**394**	120
Total other expenses	**4,202**	1,667

Included within the initial public offering ("IPO") related expense is an amount of $274,000 relating to fees paid/payable to the auditors of the Company engaged as the Independent and Reporting Auditor during the financial year for the Company's planned initial public offering of its ordinary shares on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited. The total fees paid/payable to the Company's auditor during the financial year is $301,000, of which the remaining $27,000 is capitalised as prepayments in the balance sheet as at 30 June 2015, relating to the portion of the total fees management has determined is attributable to the issue of new ordinary shares in the Company upon IPO of the Company.

Expenses incurred during the financial year that are not directly attributable to the issue of new ordinary shares upon IPO of the Company are expensed to profit or loss as and when incurred.

11. Income taxes

	Group	
	2015	2014
	$'000	$'000
Tax expense/(benefit) attributable to loss is made up of:		
Current income tax		
- Foreign	**428**	–
Deferred tax credit (Note 23)	**(242)**	(26)
Income tax expense/(credit)	**186**	(26)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2015	2014
	$'000	$'000
Loss before income tax	**(10,375)**	(3,059)
Tax calculated at tax rate of 17% (2014: 17%)	**(1,764)**	(520)
Effects of:		
- different tax rates in other countries	**(232)**	(142)
- tax incentives	**(190)**	–
- expenses not deductible for tax purposes	**878**	391
- income not subject to tax	**(123)**	(71)
- deferred tax benefits not recognised	**1,617**	316
Income tax expense/(credit)	**186**	(26)

The tax incentives pertain to Productivity and Innovation Credit Scheme for qualifying expenditures incurred on qualifying activities in Singapore.

Movements in research and development tax incentive receivable/(current income tax liabilities) are as follows:

	Group	
	2015	2014
	$'000	$'000
Beginning of financial year	**459**	156
Acquisition of subsidiaries - research and development tax incentive receivable, net of current income tax liability	**–**	59
Research and development tax incentive income during the year (Note 5)	**478**	237
Research and development tax incentive received	**(139)**	–
Tax expense during the year	**(428)**	–
Currency translation differences	**(61)**	7
End of financial year	**309**	459
Comprise of:		
Research and development tax incentive receivable (Note 14)	**346**	459
Current income tax liabilities	**(37)**	–
	309	459

12. Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	2014
	$'000	$'000
Net loss attributable to equity holders of the Company	**(10,561)**	(3,033)
Weighted average number of ordinary shares outstanding for basic loss per share	**502,441,617**	454,852,308
Basic loss per share (cents per share)	**(2.1)**	(0.7)

The weighted average number of ordinary shares outstanding 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 years presented (Note 24 (a)).

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, net loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares which is share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net loss.

For the financial year ended 30 June 2015, the Company has 14,700,000 share options (2014: 1,070,000 share 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 antidilutive for the financial year presented, having the effect of decreasing the loss per share.

13. Cash and cash equivalents

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash at bank	**8,891**	12,082	**7,837**	10,036
Cash on hand	**–**	1	**–**	–
	8,891	12,083	**7,837**	10,036

14. Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**1,290**	517	**–**	–
- Related company	**–**	–	**775**	341
Accrued income - trade	**36**	149	**–**	–
GST receivable	**65**	58	**18**	–
Research and development tax incentive receivable (Note 11)	**346**	459	**–**	–
Other receivables				
- Non-related parties	**1**	2	**–**	–
- Related companies	**–**	–	**5,531**	2,351
	1	2	**5,531**	2,351
Less: Allowance for impairment	**–**	–	**(5,009)**	(2,351)
Other receivable - net	**1**	2	**522**	–
	1,738	1,185	**1,315**	341

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 during the financial year for certain eligible research and development activities carried out by the Company's subsidiaries operating in Australia.

Other receivables from related companies as at balance sheet date are unsecured, interest free and repayable on demand.

Related companies are subsidiaries of the Company.

15. Other current assets

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Prepayments				
- Prepayments for initial public offering	**84**	–	**84**	–
- Others	**171**	4	**36**	–
Deposits	**51**	27	**51**	27
	306	31	**171**	27

15. Other current assets (continued)

Included in prepayments is an amount of $84,000 relating to expenses incurred during the financial year for the Company's planned initial public offering of its ordinary shares on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited, and are directly attributable to the issue of new ordinary shares in the Company, upon its successful IPO.

At the balance sheet date, the Company has not completed its listing on Catalist. Subsequent to completion of its listing on Catalist on 22 July 2015, this amount has been transferred to and deducted from the share capital raised from the issue of new ordinary shares, in equity (Note 32).

16. Intangible assets

	Group	
	2015	2014
	$'000	$'000
Composition:		
Goodwill arising on consolidation (Note 16(a))	**335**	381
Technological know-how (Note 16(b))	**1,776**	2,555
Computer software (Note 16(c))	**125**	–
	2,236	2,936

(a) Goodwill arising on consolidation

	Group	
	2015	2014
	$'000	$'000
Beginning of financial year	**381**	–
Acquisition of subsidiaries (Note 31)	**–**	381
Currency translation differences	**(46)**	–
End of financial year	**335**	381

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segments. Goodwill of the Company is entirely allocated to Specialty Pharmaceutical business segment. Management is of the view that goodwill arising from the acquisition is attributable to the synergies and the Group is expected to benefit from combining the drug technology of the Group with the production capabilities and operations of the Specialty Pharmaceutical business segment.

No goodwill is allocated to the Chemical Analysis business segment. Management does not expect to achieve any synergies between the drug technology of the Group and the Chemical Analysis business segment.

The recoverable amount of the Specialty Pharmaceutical business segment was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rate stated below. The growth rates applied in the value-in-use calculations did not exceed the long-term average growth rate for the pharmaceuticals business in which this CGU operates.

16. Intangible assets (continued)

(a) Goodwill arising on consolidation (continued)

Key assumptions used for the value-in-use calculations:

- Discount rate of 16% (2014: 15%)
- Terminal value growth rate of 2% (2014: 2%)

These assumptions were used for the analysis of Specialty Pharmaceutical business segment. Management determined the terminal value growth rate based on the long-term average growth rates in the industry and its expectations of future market developments. The discount rate used was a pre-tax rate and reflected specific risks relevant to the segment.

(b) Technological know-how

	Group	
	2015	2014
	$'000	$'000
Beginning of financial year	**2,555**	–
Acquisition of subsidiaries (Note 31)	**–**	2,643
Less: Amortisation (Note 8)	**(488)**	(88)
Currency translation differences	**(291)**	–
End of financial year	**1,776**	2,555

Technological know-how is the approved processes, comprising of chemical processes, standard operating procedures, databases and operating manuals, of the Chemical Analysis business segment acquired from the business combination. These processes have been developed over the years, documented, proceduralised and carried out to meet stringent regulatory standards, and carries significant commercial value.

Management had determined the intangible asset's economic useful life to be 5 years, taking into consideration management's expectations of future developments in the industry and technologies.

(c) Computer software

	Group	
	2015	2014
	$'000	$'000
Cost		
Beginning of financial year	**–**	–
Additions	**142**	–
End of financial year	**142**	–
Accumulated amortisation		
Beginning of financial year	**–**	–
Amortisation (Note 8)	**18**	–
Currency translation differences	**(1)**	–
End of financial year	**17**	–
Net book value	**125**	–

17. Property, plant and equipment

	Computers	Office equipment	Plant and equipment	Furniture and fittings	Leasehold improvement	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
2015						
Cost						
Beginning of financial year	46	219	2,466	16	–	2,747
Additions	39	37	92	35	62	265
Disposals	(14)	(14)	–	–	–	(28)
Currency translation differences	(3)	(25)	(304)	–	–	(332)
End of financial year	68	217	2,254	51	62	2,652
Accumulated depreciation						
Beginning of financial year	33	26	98	2	–	159
Depreciation charge (Note 8)	6	78	292	5	5	386
Disposals	(14)	(14)	–	–	–	(28)
Currency translation differences	(1)	(5)	(28)	–	–	(34)
End of financial year	24	85	362	7	5	483
Net book value						
End of financial year	**44**	**132**	**1,892**	**44**	**57**	**2,169**

	Computers	Office equipment	Plant and equipment	Furniture and fittings	Total
	$'000	$'000	$'000	$'000	$'000
Group					
2014					
Cost					
Beginning of financial year	20	12	55	–	87
Additions	26	150	25	12	213
Acquisition of subsidiaries (Note 31)	–	57	2,433	4	2,494
Write-off of assets	–	–	(48)	–	(48)
Currency translation differences	–	–	1	–	1
End of financial year	46	219	2,466	16	2,747
Accumulated depreciation					
Beginning of financial year	21	12	5	–	38
Depreciation charge (Note 8)	12	14	91	2	119
Currency translation differences	–	–	2	–	2
End of financial year	33	26	98	2	159
Net book value					
End of financial year	**13**	**193**	**2,368**	**14**	**2,588**

17. Property, plant and equipment (continued)

	Computers	Office equipment	Furniture and fittings	Leasehold improvement	Total
	$'000	$'000	$'000	$'000	$'000
Company					
2015					
Cost					
Beginning of financial year	23	14	11	–	48
Additions	37	20	35	62	154
Disposals	(14)	(14)	–	–	(28)
End of financial year	46	20	46	62	174
Accumulated depreciation					
Beginning of financial year	23	14	2	–	39
Depreciation charge	4	2	4	5	15
Disposals	(14)	(14)	–	–	(28)
End of financial year	13	2	6	5	26
Net book value					
End of financial year	**33**	**18**	**40**	**57**	**148**

	Computers	Office equipment	Furniture and fittings	Total
	$'000	$'000	$'000	$'000
Company				
2014				
Cost				
Beginning of financial year	20	12	–	32
Additions	3	2	11	16
End of financial year	23	14	11	48
Accumulated depreciation				
Beginning of financial year	20	12	–	32
Depreciation charge	3	2	2	7
End of financial year	23	14	2	39
Net book value				
End of financial year	**–**	**–**	**9**	**9**

During the financial year ended 30 June 2015, bank borrowings are secured on certain plant and equipment of the Group with carrying value of $235,000 (2014: $320,000) (Note 20).

18. Investments in subsidiaries

	Company	
	2015	2014
	$'000	$'000
Equity investments at cost		
Beginning of financial year	**3,820**	1
Additions (Note 31(a))	**–**	3,819
End of financial year	**3,820**	3,820
Accumulated allowance for impairment		
Beginning and end of financial year	**1**	1
Carrying value		
End of financial year	**3,819**	3,819

The Group had the following subsidiaries as at 30 June 2015 and 2014:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2015	2014
			%	%
iX Biopharma Pty Ltd	Research and experimental development	Australia	**100**	100
Syrinx Pharmaceuticals Pty Ltd	Manufacturing and sale of pharmaceutical products	Australia	**100**	100
Chemical Analysis Trust	Provision and sale of laboratory services	Australia	**100**	100
Chemical Analysis Pty Ltd	Trustee of Chemical Analysis Trust	Australia	**100**	100

19. Trade and other payables

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Trade payables:				
- Non-related parties	**600**	394	**136**	–
- Related company	**–**	–	**6**	–
- Related party	**7**	–	**–**	–
Deferred revenue	**11**	91	**–**	–
Advance deposits received from customers	**83**	43	**–**	–
Accrued operating expenses	**1,721**	932	**1,056**	302
Amount due to directors of the Company	**90**	90	**90**	90
Amount due to directors of the subsidiaries	**–**	24	**–**	–
GST payable	**184**	100	**–**	–
Other payables	**338**	33	**317**	–
	3,034	1,707	**1,605**	392

Amount due to directors pertain to unpaid wages, bonus and expense reimbursements as at the financial year end.

Related party is a corporation which is controlled by a director of the subsidiaries of the Company.

Related company is subsidiary of the Company.

20. Borrowings

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Bank borrowing	**84**	90	**–**	–
Borrowings from shareholders	**–**	463	**–**	–
Borrowings from related parties	**–**	534	**–**	–
	84	1,087	**–**	–
Non-current				
Bank borrowing	**129**	243	**–**	–
Borrowing from a related party	**268**	288	**–**	–
	397	531	**–**	–
Total borrowings	**481**	1,618	**–**	–

Bank borrowing of the Group are secured over certain plant and equipment (Note 17). The borrowing has a fixed interest rate of 6.6% per annum and payable in fixed monthly instalments up to 30 November 2017.

Current borrowings from shareholders and related parties of the Company are unsecured, interest-free and were fully settled in the current financial year.

20. Borrowings (continued)

Non-current borrowing from a related party is unsecured, interest-free and payable in fixed monthly instalments beginning on 28 February 2019 up to 31 January 2024.

The related parties are corporations controlled by employees of the Group and shareholders of the Company.

(a) Fair value of non-current borrowings

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Bank borrowing	**129**	243	**–**	–
Borrowing from a related party	**268**	294	**–**	–
	397	537	**–**	–

The fair value of current borrowings approximate their carrying values.

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group		Company	
	2015	2014	**2015**	2014
	%	%	**%**	%
Bank borrowing	**6.58**	6.58	**–**	–
Borrowing from a related party	**7.47**	7.72	**–**	–

The fair values are within Level 2 of the fair values hierarchy. The fair values measurement hierarchy are defined in Note 28(g).

(b) Undrawn borrowing facilities

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Expiring beyond one year	**973**	1,019	**–**	–

The available credit facilities with a bank comprise of asset finance leasing and business lending overdraft facilities in order to finance future acquisitions of plant and equipment.

21. Provisions

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Provision for employees' long service leave	**160**	130	**–**	–
Non-current				
Provision for employees' long service leave	**14**	13	**–**	–
Total provisions	**174**	143	**–**	–

Provisions for employees' long service leave relates to liability due to employees for leave entitlement earned after a certain period of continuous employment, in accordance with Australia labour regulations.

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Provisions for employees' long service leave				
Beginning of financial year	**143**	–	**–**	–
Acquisition of subsidiaries (Note 31)	**–**	129	**–**	–
Provision made	**51**	14	**–**	–
Currency translation differences	**(20)**	–	**–**	–
End of financial year	**174**	143	**–**	–

22. Deferred government grant

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**59**	–	**–**	–
Acquisition of subsidiaries (Note 31)	**–**	62	**–**	–
Additions during the year	**129**	–	**–**	–
Less: Amortisation (Note 5)	**(81)**	(3)	**–**	–
Currency translation differences	**(3)**	–	**–**	–
End of financial year	**104**	59	**–**	–

Deferred government grant relates to grant received from the State of Victoria under Pharmaceutical Sterile Manufacturing Facility Agreement for the establishment of bio-pharmaceutical till and finish facility, with cold chain management and freeze drying capabilities. The grant was received for expenditure incurred to acquire certain plant and equipment and certain repairs and modification made in accordance with the terms and conditions of the grant agreement. The grants received for assets acquired are recognised over the estimated useful live of the assets. The remaining estimated useful live of these assets are 2 to 4 years.

23. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Deferred income tax liabilities				
- To be settled within one year	**146**	158	**–**	–
- To be settled after one year	**391**	717	**–**	–
	537	875	**–**	–

Movement in deferred income tax account is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**875**	–	**–**	–
Acquisition of subsidiaries (Note 31)	**–**	901	**–**	–
Tax credit during the year (Note 11)	**(242)**	(26)	**–**	–
Currency translation differences	**(96)**	–	**–**	–
End of financial year	**537**	875	**–**	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $9,236,000 (2014: $2,816,000) and unabsorbed capital allowances of $254,000 (2014: $34,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Fair value gains-technological know-how	**Accelerated tax depreciation**	**Total**
	$'000	$'000	$'000
2015			
Beginning of financial year	766	264	1,030
Tax credit during the year	(146)	(26)	(172)
Currency translation differences	(87)	(31)	(118)
End of financial year	**533**	**207**	**740**

23. Deferred income taxes (continued)

Deferred income tax liabilities (continued)

	Fair value gains- technological know-how	**Accelerated tax depreciation**	**Total**
	$'000	$'000	$'000
2014			
Beginning of financial year	–	–	–
Acquisition of subsidiaries (Note 31)	792	264	1,056
Tax credit during the year	(26)	–	(26)
End of financial year	766	264	1,030

Deferred income tax assets

	Provisions	**Total**
	$'000	$'000
2015		
Beginning of financial year	(155)	(155)
Tax credit during the year	(70)	(70)
Currency translation differences	22	22
End of financial year	**(203)**	**(203)**
2014		
Beginning of financial year	–	–
Acquisition of subsidiaries (Note 31)	(155)	(155)
End of financial year	(155)	(155)

24. Share capital

(a) Share capital

	No. of ordinary shares	Amount $'000
Group and Company		
2015		
Beginning of financial year	47,914,422	21,438
Shares issued	3,455,000	5,761
Fair value of new shares issued to directors and employee as fully paid for nil consideration (Note 7)	1,100,000	1,820
Total before sub-division	52,469,422	29,019
Sub-division of shares	472,224,798	–
End of financial year	**524,694,220**	**29,019**
2014		
Beginning of financial year	39,307,006	10,860
Shares issued	7,201,400	8,486
Share issued as consideration paid for acquisition of subsidiaries (Note 31)	1,406,016	2,190
Less: Transaction costs for shares issued	–	(98)
End of financial year	47,914,422	21,438

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

The Company issued 3,455,000 and 7,201,400 ordinary shares, before sub-division, for a total consideration of $5,761,000 and $8,486,000 during the financial year ended 30 June 2015 and 30 June 2014, respectively, for cash to fund the expansion of the Group's operations and to finance the Group's working capital.

On 28 January 2015 and 6 May 2015, the Company granted and issued 1,000,000 and 100,000 ordinary shares (before sub-division) to its directors as remuneration paid for services rendered during the year and an employee for loss of office, respectively, for nil consideration. The newly issued shares rank pari passu in all respects with the previously issued shares.

The fair value of the new shares granted and issued to the directors and employee was estimated based on the price per ordinary share quoted for new ordinary shares of the Company issued to the shareholders of the Company close to this grant date.

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.

During the financial year ended 30 June 2014, the Company issued 1,406,016 ordinary shares (before sub-division) as purchase consideration, amounting to $2,190,000, paid for the acquisition of the subsidiaries (Note 31).

24. Share capital (continued)

(b) Shares to be issued

Shares to be issued are monies received from investors as consideration paid for ordinary shares in the Company. The balance at the balance sheet date relate to monies received from investors for shares that have not been issued to them as at the financial year end but will be issued in the following financial year.

Balance of the shares to be issued as at the end of the financial year is as follows:

	2015	2014
	$'000	$'000
Group and Company		
Shares to be issued	**–**	134

25. Other reserves

	Group		**Company**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Currency translation reserve (Note 25(a))	**(15)**	40	**–**	–
Share based payment reserve (Note 25(b))	**1,299**	678	**1,299**	678
	1,284	718	**1,299**	678

(a) Currency translation reserve

	Group		**Company**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**40**	59	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries	**(55)**	(19)	**–**	–
End of financial year	**(15)**	40	**–**	–

(b) Share based payment reserve

On 1 July 2013 ("grant date"), options to subscribe for 1,070,000 ordinary shares (before sub-division) in the Company were granted to various consultants and directors of subsidiaries of the Company engaged by the Group for the provision of consultancy and advisory services for the Group's drug development programme. This grant of options to the consultants and directors forms part of the compensation payable for services that will be rendered to the Group, pursuant to the terms and conditions of the consulting agreements entered into by the Group with the consultants and directors.

On 1 December 2014 and 2 March 2015, additional options to subscribe for 150,000 and 500,000 ordinary shares (before sub-division) in the Company were granted to an employee of the Company and a director of subsidiary of the Company for the Group pursuant, respectively, to terms and conditions of the employment agreements entered into by the Company.

25. Other reserves (continued)

(b) Share based payment reserve (continued)

The options granted are classified into the following groups based on their vesting and performance conditions:

Group	Conditions	Exercise price	Exercise period
Group A	Exercisable after 12 months from grant date.	$1.00 (#)	from the 13th month to the 30th month from the grant date
Group B	Exercisable after 24 months from grant date.	$1.00 (#)	from the 25th month to the 30th month from the grant date
Group C	Achievement of key performance indicator for successful completion and acceptance of Phase 1/2 studies of the Group's products, as set out in the consulting agreements.	$nil (*)	from the date the related key performance indicator is determined to have been achieved to the 30th month from the grant date
Group D	Achievement of key performance indicator for successful completion and acceptance of study results by relevant industry publications as set out in the consulting agreements.	$nil (*)	from the date the related key performance indicator is determined to have been achieved to the 30th month from the grant date
Group E	Exercisable at the earlier of 12 months from grant date, 6 months from the date of listing of the Company, or upon occurrence of a trade sale pursuant to conditions in the employment contract.	$nil (*)	At earlier of 1 December 2015, or expiry of six calendar months from the date of listing or upon occurrence of a trade sale pursuant to conditions in the employment contract
Group F	Exercisable after 36 months from grant date.	$1.00 (#)	From the 36th month to the 39th month from the grant date

(#) The entire lot of share options granted to each consultant and directors of subsidiaries of the Company for this group is exercisable at $1.00 only by the respective consultants and director.

(*) The entire lot of share options granted to each consultant, a director of subsidiary of the Company and an employee for this group is exercisable at nil consideration.

Movements in the number of unissued ordinary shares under options are as follows:

	No. of ordinary shares under options							
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	Expired during financial year	Total before sub-division	Sub-division of ordinary shares under options on 17 June 2015 (#)	End of financial year
2015								
Group A	200,000	–	–	–	–	200,000	1,800,000	2,000,000
Group B	600,000	–	–	–	–	600,000	5,400,000	6,000,000
Group C	200,000	–	(180,000)	–	–	20,000	180,000	200,000
Group D	70,000	–	(70,000)	–	–	–	–	–
Group E	–	150,000	–	–	–	150,000	1,350,000	1,500,000
Group F	–	500,000	–	–	–	500,000	4,500,000	5,000,000
	1,070,000	650,000	(250,000)	–	–	1,470,000	13,230,000	14,700,000

(#) On 17 June 2015, the Company undertook a sub-division of its ordinary shares on the basis of every 1 share into 10 shares.

25. Other reserves (continued)

(b) Share based payment reserve (continued)

	No. of ordinary shares under options					
(Pre-sub-division)	**Beginning of financial year**	**Granted during financial year**	**Forfeited during financial year**	**Exercised during financial year**	**Expired during financial year**	**End of financial year**
2014						
Group A	–	200,000	–	–	–	200,000
Group B	–	600,000	–	–	–	600,000
Group C	–	200,000	–	–	–	200,000
Group D	–	70,000	–	–	–	70,000
	–	1,070,000	–	–	–	1,070,000

The unexercised share options granted to various consultants, an employee and directors of subsidiaries of the Company for services rendered to the Group amounted to 14,700,000, after sub-division (2014: 1,070,000 options, before sub-division).

Out of the unexercised options above for ordinary shares at the financial year end, options for 4,200,000 (2014: 200,000 options, before sub-division) ordinary shares are exercisable.

The fair value of the options granted on 1 July 2013 was $1.29 and was determined using the Black-Scholes Model and Trinomial Model. The significant inputs into the model were the share price of $1.29 at the grant date, the exercise price as shown above, standard deviation of expected share price returns of 63%, dividend yield of 0%, the option life shown above and the annual risk-free interest rate of 2.64%. The volatility measured as the standard deviation of expected share price returns was estimated based on statistical analysis of share prices over the last two and a half years.

The fair value of the options granted on 1 December 2014 was $1.48 and was determined using the Black-Scholes Model and Trinomial Model. The significant inputs into the model were the share price of $1.48 at the grant date, the exercise price as shown above, standard deviation of expected share price returns of 47%, dividend yield of 0%, the option life shown above and the annual risk-free interest rate of 2.82%. The volatility measured as the standard deviation of expected share price returns was estimated based on statistical analysis of share prices over the last two and a half years.

The fair value of the options granted on 2 March 2015 was $2.00 and was determined using the Black-Scholes Model and Trinomial Model. The significant inputs into the model were the share price of $2.00 at the grant date, the exercise price as shown above, standard deviation of expected share price returns of 50%, dividend yield of 0%, the option life shown above and the annual risk-free interest rate of 3.36%. The volatility measured as the standard deviation of expected share price returns was estimated based on statistical analysis of share prices over the last two and a half years.

The Company had estimated and measured the fair value of the services rendered by the consultants by reference to the fair value of the options granted as management is unable to reliably estimate the fair value of the services rendered.

25. Other reserves (continued)

(b) Share based payment reserve (continued)

Total share based payment expense recognised for the above share options for the financial year ended 30 June 2015 and 2014 has been included in the following expense items:

	2015	2014
	$'000	$'000
Research and development expense (Note 6)	**187**	342
Other expenses (Note 10)	**58**	200
Value of consultants' services	**245**	542
Employee compensation expense (Note 7)	**376**	136
Value of employees' services	**376**	136
Total share based payment expense	**621**	678

26. Contingent liabilities

Contingent liabilities of which the probability of settlement is not remote at the balance sheet date, is as follows:

The Company entered into an underwriting and placement arrangement with a bank to be appointed as the underwriting and placement agent for the Company's initial public offerings of its ordinary shares on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (Note 32), to subscribe for or procure subscriptions of the invitation shares at a commission of 3% of the gross proceeds raised based on the total number of invitation shares underwritten at the invitation price per ordinary share. This amount is payable to the bank only in the event of the successful completion of the initial public offering on Catalist. The Company was listed on 22 July 2015 (Note 32) and the total amount payable to the bank, based on the gross proceeds raised, is $904,000.

27. Commitments

Capital commitments

Capital expenditures for property, plant and equipment contracted for at the balance sheet date but not recognised in the financial statements amount to $590,000 (2014: nil).

Operating lease commitments - where the Group is a lessee

The Group leases land and building from a related party, motor vehicle and residential apartment from a non-related party under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2015	2014
	$'000	$'000
Related party		
Not later than one year	**495**	564
Between one and five years	**1,208**	1,694
	1,703	2,258

27. Commitments (continued)

Operating lease commitments - where the Group is a lessee (continued)

	2015 $'000	2014 $'000
Non-related party		
Not later than one year	**345**	162
Between one and five years	**296**	108
	641	270
Total operating lease commitments	**2,344**	2,528

The related party is a company controlled by a key management personnel of the Group who is also a shareholder of the Company.

28. Financial risk management

Financial risk factors

The Group's activities expose it to market risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

Risk management framework

The Board of Directors oversees how management monitors and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The framework is reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Market risk

Market risk is the risk that changes in market conditions such as changes in exchange rates will affect the Group's income or the carrying value of its financial instruments. The Group does not have any significant price and interest rate risks.

(i) Currency risk

The Group operates in Asia Pacific with operations in Singapore and Australia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Australian Dollars ("AUD") and United States Dollars ("USD"). To date, the Group has not hedged any of its currency exposure.

In addition, the Group is exposed to currency translation risk arising from the net assets of its foreign operations. Currency exposure to the net assets of the Group's foreign operations in Australia is managed primarily through borrowings denominated in the relevant foreign currencies. The Group's net assets are not hedged as their currency positions are considered to be long-term in nature.

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	USD $'000	**AUD** $'000	**Total** $'000
Group			
At 30 June 2015			
Financial assets			
Cash and cash equivalents	3,042	2,393	5,435
Trade and other receivables	–	5,054	5,054
	3,042	7,447	10,489
Financial liabilities			
Trade and other payables	(149)	(7,530)	(7,679)
Borrowings	–	(481)	(481)
Contingent consideration payable	–	(789)	(789)
	(149)	(8,800)	(8,949)
Net financial assets/(liabilities)	2,893	(1,353)	1,540
Add: Net non-financial assets of foreign subsidiaries	–	2,047	2,047
Net assets	2,893	694	3,587
Currency profile including non-financial assets and liabilities	**2,893**	**694**	**3,587**
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	**2,893**	**1,694**	**4,587**

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	USD $'000	AUD $'000	Total $'000
Group			
At 30 June 2014			
Financial assets			
Cash and cash equivalents	1,562	5,154	6,716
Trade and other receivables	–	1,007	1,007
	1,562	6,161	7,723
Financial liabilities			
Trade and other payables	–	(3,488)	(3,488)
Borrowings	–	(1,619)	(1,619)
Contingent consideration payable	–	(1,629)	(1,629)
	–	(6,736)	(6,736)
Net financial assets/(liabilities)	1,562	(575)	987
Add: Net non-financial assets of foreign subsidiaries	–	5,335	5,335
Net assets	1,562	4,760	6,322
Currency profile including non-financial assets and liabilities	**1,562**	**4,760**	**6,322**
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	**1,562**	**1,819**	**3,381**

The Company's currency exposure based on the information provided to key management is as follows:

	USD $'000	AUD $'000	Total $'000
Company			
At 30 June 2015			
Financial assets			
Cash and cash equivalents	3,042	1,340	4,382
Trade and other receivables	–	1,297	1,297
	3,042	2,637	5,679
Financial liabilities			
Trade and other payables	–	(154)	(154)
Contingent consideration payable	–	(789)	(789)
	–	(943)	(943)
Net financial assets/ Currency exposures	**3,042**	**1,694**	**4,736**

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	USD $'000	AUD $'000	Total $'000
Company			
At 30 June 2014			
Financial assets			
Cash and cash equivalents	1,562	3,107	4,669
Trade and other receivables	–	341	341
	1,562	3,448	5,010
Financial liabilities			
Contingent consideration payable	–	(1,629)	(1,629)
	–	(1,629)	(1,629)
Net financial assets/ Currency exposures	**1,562**	**1,819**	**3,381**

If the AUD and USD change against the SGD by 10% (2014: 5%) and 8% (2014: 5%) respectively, with all other variables including tax rate being held constant, the effects arising from the net financial asset positions will be as follows:

	2015 Loss after tax $'000	**2014 Loss after tax** $'000
Group		
AUD against SGD		
- Strengthened	**(127)**	(62)
- Weakened	**127**	62
USD against SGD		
- Strengthened	**(192)**	(65)
- Weakened	**192**	65
Company		
AUD against SGD		
- Strengthened	**(127)**	(62)
- Weakened	**127**	62
USD against SGD		
- Strengthened	**(202)**	(65)
- Weakened	**202**	65

28. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash at bank and trade and other receivables. For trade receivables and accrued income, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. The Group's credit terms extended to customers may differ as credit terms are granted based on, amongst others, on the size of the projects or contracts, customers' creditworthiness and payment history, and length of dealing with the customer. For instance, for new customers the Group may request for payments to be made in advance for a certain portion or the entire value of the sales contract before commencing any work until the customers have demonstrated a prompt payment track record, following which the Group may extend the appropriate credit terms.

The Group monitors all outstanding trade receivables and accrued income closely and specific provision is made when the recoverability of an outstanding debt is in doubt. The amount of such provision is dependent on the duration for which the trade receivables and accrued income are overdue as well as on management's assessment of the likelihood that such trades may be unrecoverable. The Group may also write off outstanding trade receivables and accrued income when it is certain that a customer is unable to meet its financial obligations.

For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit risk for trade receivables and accrued income based on the information provided to key management is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
By geographical areas				
Australia	**1,326**	666	**775**	341
By types of customers				
Non-related parties	**1,326**	666	**–**	–
Related parties	**–**	–	**775**	341

(i) *Financial assets that are neither past due nor impaired*

Cash at bank are mainly deposits at banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables and accrued income that are not impaired are substantially due from companies with good collection track records with the Group. There are no trade receivables and accrued income that are not past due and impaired as they are due from companies with good collection track records with the Group.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Past due < 3 months	**320**	104	**–**	–
Past due 3 to 6 months	**1**	12	**–**	–
Past due over 6 months	**8**	2	**–**	–
	329	118	**–**	–

There are no trade receivables that are impaired as at the financial year end.

28. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities.

The Group's liquidity needs include working capital requirements, expenditures relating to research and development activities, regulatory compliance activities, business development activities and repayment of outstanding debts.

The Group's liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk are primarily cash at bank as disclosed in Note 13.

Management monitors the liquidity reserve (comprising undrawn borrowing facilities (Note 20(b)) and cash and cash equivalents (Note 13) of the Group on the basis of expected cash flows. This is generally carried out at the local level in the operating companies of the Group in accordance with the practice and limits set by the Group.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	$'000	$'000	$'000	$'000
Group				
30 June 2015				
Trade and other payables	**2,450**	**–**	**–**	**–**
Borrowings	**96**	**96**	**165**	**317**
Contingent consideration payable	**789**	**–**	**–**	**–**
30 June 2014				
Trade and other payables	1,130	–	–	–
Borrowings	1,107	109	197	463
Contingent consideration payable	809	820	–	–
Company				
30 June 2015				
Trade and other payables	**1,420**	**–**	**–**	**–**
Contingent consideration payable	**789**	**–**	**–**	**–**
30 June 2014				
Trade and other payables	264	–	–	–
Contingent consideration payable	809	820	–	–

28. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitor capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables and contingent consideration payable less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group		**Company**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Net (cash)/debt	**(4,587)**	(7,129)	**(5,443)**	(8,015)
Total equity	**10,244**	12,792	**10,956**	12,211
Total capital	**5,657**	5,663	**5,513**	4,196
Gearing ratio	**N.A(1)**	N.A(1)	**N.A(1)**	N.A(1)

(1) The Group and the Company's cash position exceeds the total of trade and other payables, borrowings and contingent consideration payable. The Group and the Company are in a net cash position for the financial years ended 30 June 2015 and 2014.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 13, Note 14, Note 19, Note 20 and Note 31 to the financial statements.

	Group		**Company**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Loans and receivables	**10,218**	12,750	**9,134**	10,377
Financial liabilities at amortised cost	**3,721**	4,378	**2,210**	1,893

(f) Offsetting financial assets and financial liabilities

There were no financial instruments that are subject to enforceable master netting arrangements or similar agreements.

(g) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

28. Financial risk management (continued)

(g) Fair value measurements (continued)

(iii) inputs for the assets or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	$'000	$'000	$'000
2015				
Contingent consideration payable	**–**	**–**	**789**	**789**
2014				
Contingent consideration payable	–	–	1,630	1,630

There were no transfers of the financial liability between each level during the financial year ended 30 June 2015 and 30 June 2014.

The fair value of the contingent consideration payable was measured based on the estimated revenue and profit before tax of Chemical Analysis Trust, which involves significant unobservable inputs (Note 31(e)).

Key assumptions used for the valuation of the contingent consideration payable are:

- Revenue growth rate of 24.9% (2014: 12.8% to 15.3%)
- Profit before tax margin of 30.6% (2014: 20% to 24.2%)

This is a Level 3 fair value measurement.

For movements in the contingent consideration payable during the financial year, refer to Note 31(e).

29. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	Group	
	2015	2014
	$'000	$'000
Rental paid to a related party	**539**	92
License and consultancy fees charged to subsidiaries		
- Syrinx Pharmaceuticals Pty Ltd (before acquisition on 8 May 2014)	**–**	353
Professional fees paid to related parties	**257**	69

Related parties comprise corporations which are controlled by the Company's or its subsidiaries' key management personnels.

Outstanding balances as at 30 June 2015, arising from amount due to directors of the Company and its subsidiaries, and borrowings from shareholders and related companies, are set out in Notes 19 and Note 20 respectively.

29. Related party transactions (continued)

(i) Key management personnel compensation

Compensation paid/payable to key management personnel of the Company is as follows:

	Group	
	2015	2014
	$'000	$'000
Directors' remuneration	**546**	524
Wages and salaries	**140**	–
Employer's contribution to defined contribution plans, including Central Provident Fund	**16**	–
Other staff benefits	**366**	251
Share based payment expense on share options granted	**129**	–
Share based payment expense on ordinary shares issued to Directors of the Company	**1,820**	–
	3,017	775

Compensation paid/payable to key management personnel of the subsidiaries of the Company is as follows:

	Group	
	2015	2014
	$'000	$'000
Directors' remuneration	**477**	169
Superannuation	**39**	3
Other staff benefits	**10**	–
Share based payment expense	**247**	136
	773	308

30. Segment information

Management has determined the operating segments based on the reports that are used to make strategic decisions, allocate resources, and assess performance.

The Management considers the Group's business based on its business segments, which comprise of the Specialty Pharmaceutical and Chemical Analysis segments.

Specialty Pharmaceutical primary business activities are the manufacturing and sale of pharmaceutical products. Chemical Analysis primary business activities are the provision and sale of laboratory services.

30. Segment information (continued)

The segment information for the reportable segments is as follows:

	Specialty Pharmaceutical $'000	Chemical Analysis $'000	Total $'000
2015			
Revenue			
Total segment sales	111	7,364	7,475
Inter-segment sales	–	(30)	(30)
Sales to external parties	111	7,334	7,445
Adjusted EBITDA	(11,091)	2,478	(8,613)
Depreciation	124	262	386
Amortisation	–	506	506
Share based payment expense	2,441	–	2,441
Segment assets	9,763	5,291	15,054
Additions of:			
Property, plant and equipment	215	50	265
Intangible assets	–	142	142
Segment liabilities	2,343	969	3,312
2014			
Revenue			
Sales to external parties	355	938	1,293
Adjusted EBITDA	(3,259)	157	(3,102)
Depreciation	52	67	119
Amortisation	–	88	88
Loss on disposal of property, plant and equipment	–	48	48
Share based payment expense	678	–	678
Segment assets	12,128	6,236	18,364
Additions of:			
Property, plant and equipment	71	142	213
Segment liabilities	930	979	1,909

30. Segment information (continued)

(a) Reconciliations

(i) Segment profits

The revenue from external parties reported to the Management is measured in a manner consistent with that in the statement of comprehensive income.

The Management assesses the performance of the business segments based on a measure of earnings before interest, tax, depreciation and amortisation and other non-recurring income or expenses ("Adjusted EBITDA").

Interest income and finance expense are not allocated to segments as deposits and borrowings are managed on an overall Group basis and not allocated to specific business segments.

This measurement basis excludes the effects of expenditure from the business segments that are non-recurring such as restructuring costs and impairment loss, that are not expected to recur regularly in every period and which are separately analysed.

A reconciliation of Adjusted EBITDA to loss before income tax is as follows:

	2015	2014
	$'000	$'000
Adjusted EBITDA for reportable segments	**(8,613)**	(3,102)
Research and development tax incentive	**478**	237
Depreciation	**(386)**	(119)
Amortisation	**(506)**	(88)
Finance expense	**(47)**	(6)
Interest income	**57**	67
Initial public offering related expense	**(1,358)**	–
Loss on disposal of property, plant and equipment	**–**	(48)
Loss before income tax	**(10,375)**	(3,059)

(ii) Segment assets

The amounts reported to the Management with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to the reportable segments other than research and development tax incentives.

Segment assets are reconciled to total assets as follows:

	2015	2014
	$'000	$'000
Segment assets for reportable segments	**15,054**	18,364
Unallocated:		
Research and development tax incentive receivable	**346**	459
Total assets	**15,400**	18,823

30. Segment information (continued)

(a) Reconciliations (continued)

(iii) *Segment liabilities*

The amounts provided to the Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than current and deferred income tax liabilities, borrowings and contingent consideration payable.

Segment liabilities are reconciled to total liabilities as follows:

	2015	2014
	$'000	$'000
Segment liabilities for reportable segments	**3,312**	1,909
Unallocated:		
Current income tax liabilities	**37**	–
Deferred income tax liabilities	**537**	875
Borrowings	**481**	1,618
Contingent consideration payable	**789**	1,629
Total liabilities	**5,156**	6,031

(b) Geographical information

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

- Singapore - the Company is headquartered and has operations in Singapore. The operations in this area are principally the researching and experimental development on biotechnology life and medical science; and

- Australia - the operations in this area are principally sales, manufacturing of pharmaceutical products, and provision of laboratory services.

	Sales[(1)]	
	2015	2014
	$'000	$'000
Singapore	**–**	353
Australia	**7,445**	940
	7,445	1,293

	Non-current assets[(2)]	
	2015	2014
	$'000	$'000
Singapore	**208**	10
Australia	**4,257**	5,514
	4,465	5,524

(1) External sales by geographical segment are determined based on the locations the revenue originated.

(2) Non-current assets by geographical segment are based on the locations of the respective assets.

30. Segment information (continued)

(b) Geographical information (continued)

Revenues of $100,000 are derived from a single external customer for the financial year ended 30 June 2014. These revenues are attributable to Australia Chemical Analysis segment. There are no significant revenues derived from a single external customer for the financial year ended 30 June 2015.

31. Business combinations

On 8 May 2014, the Group's acquisition of 100% equity interest in Syrinx Pharmaceuticals Pty Ltd ("Syrinx") and Chemical Analysis Pty Ltd ("CAPL") was completed. The acquisition includes the acquisition of Chemical Analysis Trust ("CAT") which is wholly owned by Syrinx and CAPL as its trustee. The principal activities of the acquired entities are manufacturing and sales of pharmaceutical products, research and experimental development, and provision of laboratory services. As a result of the acquisition, the Group is expected to increase its presence as a pharmaceutical company in Australia and commence production of the Group's products on a larger scale.

The total purchase consideration of AUD 1,870,000 (equivalent to S$2,190,000) is settled in full in the form of 1,406,016 ordinary shares (before sub-division) at AUD 1.33 per share in the Company. The fair value of the ordinary shares issued as consideration paid is estimated based on the price per ordinary share quoted for new ordinary shares of the Company issued to the shareholders of the Company close to the date when the acquisition was completed and consideration paid.

This is a Level 3 fair value measurement.

Details of the consideration paid, the assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		$'000
(a)	Purchase consideration	
	Shares issued (Note 24(a))	2,190
	Contingent consideration payable (Note (e) below)	1,629
	Total purchase consideration	3,819
(b)	Effect on cash flows of the Group	
	Cash paid	–
	Less: Cash and cash equivalents of subsidiaries acquired	1,191
	Cash inflow on acquisition	1,191

31. Business combinations (continued)

		At fair value $'000
(c)	Identifiable assets acquired and liabilities assumed	
	Cash and cash equivalents	1,191
	Trade and other receivables	1,080
	Other current assets	1
	Property, plant and equipment (Note 17)	2,494
	Technological know-how (included in intangible assets) (Note 16(b))	2,643
	Total assets	7,409
	Trade and other payables	1,054
	Provisions (Note 21)	129
	Deferred government grant (Note 22)	62
	Borrowings	1,825
	Deferred income tax liabilities (Note 23)	901
	Total liabilities	3,971
	Total identifiable net assets	3,438
	Add: Goodwill (Note 16(a) and Note (f) below)	381
	Consideration transferred for the business	3,819

(d) Acquisition-related costs

Acquisition-related costs of $117,000 are included in "other expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Contingent consideration payable

	2015 $'000	2014 $'000
Contingent consideration payable - 1st Earn Out		
Beginning of financial year	**809**	–
Acquisition of subsidiaries	**–**	809
Change in fair value during the year	**(77)**	–
Payment made	**(732)**	–
End of financial year	**–**	809
Contingent consideration payable - 2nd Earn Out		
Beginning of financial year	**820**	–
Acquisition of subsidiaries	**–**	820
Change in fair value during the year	**(31)**	–
End of financial year	**789**	820
Total contingent consideration payable	**789**	1,629

31. Business combinations (continued)

(e) Contingent consideration payable (continued)

Change in fair value of the contingent consideration payable is included within “other expenses” in profit or loss.

The Group is required to pay the former shareholders of Syrinx and CAPL an additional consideration, payable in cash, only if CAT, achieves specific revenue growth and pre-tax profit margin, as defined in the sales and purchase agreement, for the calendar years 1 January 2014 to 31 December 2014 and 1 January 2015 to 31 December 2015, referred to as “1st Earn Out” and “2nd Earn Out”, respectively, and collectively referred to as “Earn Out”. The payment of each Earn Out is due 3 months after the end of each aforementioned calendar year.

The 1st Earn Out was settled in full during the current financial year. The 2nd Earn Out is expected to be settled by the end of the next financial year.

Based on management’s estimates of the projected revenues and net profits that will be earned by CAT, and computation of the Earn Out amounts in accordance with the terms and conditions of the sales and purchase agreement, management had estimated the contingent consideration payable amount to be $789,000 (2014: $1,629,000).

The fair value of the contingent consideration payable was measured based on the estimated revenue and profit before tax of CAT, which involves significant unobservable inputs. Key assumptions used for the valuation of the contingent consideration payable are:

- Revenue growth rate of 24.9% (2014: 12.8% to 15.3%)
- Profit before tax margin of 30.6% (2014: 20% to 24.2%)

If the revenue growth rates had been higher/lower by 2% from management’s estimates in determining the fair value of the contingent consideration payable, the contingent consideration payable would have been higher/lower by $nil (2014: $67,000) and $nil (2014: $128,000), respectively.

If the profit before tax margins had been higher/lower by 2% from management’s estimates in determining the fair value of the contingent consideration payable, the contingent consideration payable would have been higher/lower by $nil (2014: $50,000) and $nil (2014: $77,000), respectively.

This is a Level 3 fair value measurement.

The maximum contingent consideration payable to the previous shareholders relating to the Earn Out amounts is AUD 765,000 (equivalent to S$789,000) (2014: AUD 1,530,000 (equivalent to S$1,800,000)).

(f) Goodwill

The goodwill of $381,000 arising from the acquisition is attributable to the synergies expected to arise from combining the drug technology of the Group with the production capabilities and operations in Syrinx. The business of Syrinx is included in the Specialty Pharmaceutical business segment of the Group (Note 16(a)).

(g) Revenue and profit contribution

The acquired business contributed revenue of $939,000 and net loss after tax of $382,000 to the Group for the period from 8 May 2014 to 30 June 2014.

Had Syrinx, CAPL and CAT been consolidated from 1 July 2013, consolidated revenue and consolidated loss after tax for the year ended 30 June 2014 would have been $6,487,000 and $3,262,000, respectively.

(h) The carrying value of the receivables acquired approximates their fair value and no receivables were identified to be impaired.

32. Events occurring after the balance sheet date

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 $30,130,000.

The total number of shares after listing is 590,194,220.

33. New or revised accounting standards and interpretations

The Group has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Group's accounting periods beginning on or after 1 July 2015. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Group in the period of their initial adoption.

34. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of iX Biopharma Ltd. on 25 September 2015.

STATISTICS OF SHAREHOLDINGS

As at 17 September 2015

Issued and Fully Paid-Up Capital	:	S$57,246,488
Number of Shares in Issue	:	590,194,220
Class of Share	:	Ordinary Shares
Treasury Shares	:	Nil
Voting Rights	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 17 SEPTEMBER 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	–	0.00	–	0.00
100 - 1,000	16	3.27	15,000	0.00
1,001 - 10,000	184	37.55	833,800	0.14
10,001 - 1,000,000	232	47.35	41,335,276	7.01
1,000,001 and above	58	11.83	548,010,144	92.85
TOTAL	**490**	**100.00**	**590,194,220**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NO. OF SHARES	% OF SHARES
1	EDDY LEE YIP HANG	175,400,020	29.72
2	ANSON PROPERTIES PTE LTD	65,366,670	11.08
3	CIMB SECURITIES (SINGAPORE) PTE LTD	43,174,264	7.32
4	JASPAL SINGH NARULLA	39,600,000	6.71
5	YEOH WEE LIAT	22,766,670	3.86
6	TAN SEE TEE	22,758,570	3.86
7	TANG CHOY LENG JANE MRS JANE LEE CHOY LENG	14,500,030	2.46
8	WETWATERS 8 (S) PTE. LTD.	11,250,000	1.91
9	HARDEEP KAUR D/O HARDIAL SINGH	10,589,000	1.79
10	MOHAN BHAGCHAND MULANI	8,000,000	1.36
11	ALBERT HO SHING TUNG	7,500,000	1.27
12	ANG BOON TECK SUNNY	7,478,000	1.27
13	LIU YANDI	6,000,000	1.02
14	AMEYA VENTURE PTE LTD	5,982,000	1.01
15	JOHN HOWARD AKEHURST & RACHEL MARY AKEHURST	5,300,000	0.90
16	BALDEV SINGH S/O GULZAR SINGH	5,000,000	0.85
17	ELABOR PIERS NOMINEES PTY LTD	5,000,000	0.85
18	RAJAN MENON	5,000,000	0.85
19	ANG KIAN CHUAN	3,913,000	0.66
20	CITIBANK NOMINEES SINGAPORE PTE LTD	3,874,000	0.66
	TOTAL	**468,452,224**	**79.41**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%
Eddy Lee Yip Hang	175,400,020	29.72	14,500,030[1]	2.46
Anson Properties Pte. Ltd.	65,366,670[2]	11.08	–	–
Jaspal Singh Narulla	39,600,000	6.71	15,750,000[3]	2.67

Notes:

1. Mr Eddy Lee Yip Hang is deemed interested in the shares of the Company held by his wife, Ms Tang Choy Leng Jane by virtue of Section 164 of the Companies Act.

2. Anson Properties Pte. Ltd. ("APPL") is 100.00% owned by HRT Corporation Pte. Ltd. ("HRT Corporation"). Ms Kuah Khun Eng owns 9,999 shares in HRT Corporation and Ms Kuah Khun Far, who is sister of Ms Kuah Khun Eng, owns 1 share in HRT Corporation. Accordingly, Ms Kuah Khun Eng and HRT Corporation are deemed to be interested in the shares of the Company held by APPL.

3. Mr Jaspal Singh Narulla ("Mr Narulla") is deemed interested in the shares of the Company held by Wetwaters 8 (S) Pte. Ltd., Jaspal Narulla Family Investments Pte. Ltd. and Narulla One (S) Pte. Ltd. (the "Companies") by virtue of his shareholding interest in the Companies.

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

As at 17 September 2015, approximately 42.75% of the shareholdings of the Company is held in the hands of the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of iX Biopharma Ltd. (the "**Company**") will be held at NUSS Kent Ridge Guild House, Cluny and Dalvey Rooms at 9 Kent Ridge Drive, Singapore 119241 on Friday, 23 October 2015 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 30 June 2015 together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr Albert Ho Shing Tung retiring by rotation pursuant to Article 93 of the Company's Articles of Association. *[See Explanatory Note (i)]* **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Article 95 of the Company's Articles of Association:

   (a) Mr Ko Kheng Hwa *[See Explanatory Note (ii)]* **(Resolution 3)**
   (b) Mr Low Weng Keong *[See Explanatory Note (iii)]* **(Resolution 4)**
   (c) Ms Claudia Teo Kwee Yee *[See Explanatory Note (iv)]* **(Resolution 5)**

4. To approve the payment of Directors' fees of S$42,000 for the financial year ended 30 June 2015. **(Resolution 6)**

5. To approve the payment of Directors' fees of S$282,000 for the financial year ending 30 June 2016, to be paid quarterly in arrears (2015: S$42,000). **(Resolution 7)**

6. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an annual general meeting.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to allot and issue shares**

   "That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) notwithstanding the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

   provided that:

   (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the Company's total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph

(2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the Company's total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares excluding treasury shares, is based on the Company's total number of issued Shares excluding treasury shares, at the time this Resolution is passed after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities or share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by SGX-ST) and the Company's Articles of Association; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Company or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (v)] **(Resolution 9)**

9. **Authority to allot and issue Shares under the iX Employee Share Option Scheme**

"That pursuant to Section 161 of the Companies Act, and the provisions of the iX Employee Share Option Scheme (the "**Share Option Scheme**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted under the Share Option Scheme, provided always that the aggregate number of additional Shares to be allotted and issued pursuant to the Share Option Scheme and the iX Performance Share Plan collectively, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time."
[See Explanatory Note (vi)] **(Resolution 10)**

10. **Authority to allot and issue Shares under the iX Performance Share Plan**

"That pursuant to Section 161 of the Companies Act, and the provisions of the iX Performance Share Plan (the "**Share Plan**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of awards under the Share Plan, provided always that the aggregate number of additional Shares to be allotted and issued pursuant to the Share Plan and the Share Option Scheme collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time."
[See Explanatory Note (vii)] **(Resolution 11)**

By Order of the Board

Lee Wei Hsiung / Wang Shin Lin, Adeline
Company Secretaries

7 October 2015
Singapore

Explanatory Notes:

(i) Mr Albert Ho Shing Tung, if re-elected, will remain as a member of the Audit Committee and Remuneration Committee. The Board considers Mr Albert Ho Shing Tung to be non-independent for the purpose of Rule 704(7) of the Catalist Rules. Mr Albert Ho Shing Tung does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its 10% shareholders.

(ii) Mr Ko Kheng Hwa, if re-elected, will remain as the Lead Independent Director, Chairman of the Remuneration Committee and continue as a member of the Audit Committee and Nominating Committee. The Board considers Mr Ko Kheng Hwa to be independent for the purpose of Rule 704(7) of the Catalist Rules. Mr Ko Kheng Hwa does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its 10% shareholders.

(iii) Mr Low Weng Keong, if re-elected, will remain as Chairman of the Audit Committee, and continue as a member of the Nominating Committee and Remuneration Committee. The Board considers Mr Low Weng Keong to be independent for the purpose of Rule 704(7) of the Catalist Rules. Mr Low Weng Keong does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its 10% shareholders.

(iv) Ms Claudia Teo Kwee Yee, if re-elected, will remain as Chairman of the Nominating Committee, and continue as a member of the Audit Committee and Remuneration Committee. The Board considers Ms Claudia Teo Kwee Yee to be independent for the purpose of Rule 704(7) of the Catalist Rules. Ms Claudia Teo Kwee Yee does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its 10% shareholders.

(v) Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or the date such authority is revoked by the Company in a general meeting, whichever is the earliest, to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares (including any Shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed one hundred per cent. (100%) of the Company's total number of issued Shares excluding treasury shares, of which up to 50% of the total number of issued Shares excluding treasury shares, in the capital of the Company may be issued other than on a pro-rata basis to existing shareholders.

(vi) Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next Annual General Meeting, to allot and issue Shares in the Company, collectively of up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company from time to time pursuant to the exercise of Options under the Share Option Scheme.

(vii) Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next Annual General Meeting, to allot and issue Shares in the Company, collectively of up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company from time to time pursuant to the grant of share awards under the Share Plan.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.

3. If the member is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 350 Orchard Road, #16-10 Shaw House, Singapore 238868 not less than 48 hours before the time appointed for holding the Annual General Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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