

iX Biopharma Ltd.
(Company Registration No. 200405621W)

UNAUDITED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2019

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

	Group 3 months ended			Group 12 months ended		
	30.06.19 S\$'000	30.06.18 # S\$'000	Incr/(Decr) %	30.06.19 S\$'000	30.06.18 # S\$'000	Incr/(Decr) %
Continuing Operations						
Revenue	129	70	84%	671	246	173%
Cost of sales	(343)	(301)	14%	(1,200)	(493)	143%
Gross Loss	(214)	(231)	(7%)	(529)	(247)	114%
Other (loss)/ income	(75)	547	n.m	759	1,773	(57%)
Expenses						
- Research and development	(780)	(3,316)	(76%)	(3,765)	(8,031)	(53%)
- Sales and marketing	(566)	(518)	9%	(2,024)	(1,691)	20%
- General and administrative	(1,299)	(1,416)	(8%)	(5,821)	(5,704)	2%
- Others †	(486)	610	n.m	(1,656)	(1,085)	53%
- Finance expense	(55)	(61)	(10%)	(232)	(250)	(7%)
Total expenses	(3,186)	(4,701)	(32%)	(13,498)	(16,761)	(19%)
Loss from continuing operations before income tax	(3,475)	(4,385)	(21%)	(13,268)	(15,235)	(13%)
Income tax (expenses)/credit	(14)	(36)	(61%)	22	(52)	n.m
Loss from continuing operations	(3,489)	(4,421)	(21%)	(13,246)	(15,287)	(13%)
Discontinued Operation						
Profit/(Loss) from operation, net of tax	-	49	n.m	(94)	193	n.m
(Loss)/Gain on disposal of subsidiary	(280)	-	n.m	10,349	-	n.m
(Loss)/Profit from discontinued operation	(280)	49	n.m	10,255	193	5,213%
Total loss	(3,769)	(4,372)	(14%)	(2,991)	(15,094)	(80%)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation						
- Gain	514	51	908%	1,447	582	149%
- Reclassification on disposal of subsidiary	(125)	-	n.m	(185)	-	n.m
Other comprehensive income, net of tax	389	51	663%	1,262	582	117%
Total comprehensive loss	(3,380)	(4,321)	(22%)	(1,729)	(14,512)	(88%)

Note

During 3Q19, the Group disposed its entire laboratory testing business held under Chemical Analysis Pty Ltd ("CAPL") and the disposal of CAPL was completed on 15 March 2019. Accordingly, the Group decided to account and report all laboratory testing activities of CAPL, prior to its disposal as part of Discontinued Operation in the current financial year and re-presented its comparative in the Consolidated Statement of Comprehensive Income.

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

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

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

Total loss of the Group is arrived at after charging/crediting the following:

	Note	Group 3 months ended			Group 12 months ended		
		30.06.19 S\$'000	30.06.18 S\$'000	Incr/ (Decr) %	30.06.19 S\$'000	30.06.18 S\$'000	Incr/ (Decr) %
After crediting:							
Research and development tax incentive	(i)	(200)	364	n.m	208	1,207	(83%)
Interest income		51	69	(26%)	194	223	(13%)
Gain on disposal of subsidiary		(280)	-	n.m	10,349	-	n.m
After charging:							
Share-based payment expense	(ii)	102	74	38%	708	407	74%
Depreciation and amortisation expense		167	363	(54%)	1,216	1,407	(14%)
Currency exchange losses/(gains) - net		486	(610)	n.m	1,656	1,085	53%
Interest expense		55	66	(17%)	249	267	(7%)

- (i) The research and development (R&D) tax incentive is a programme administered jointly by the Australian Taxation Office and Innovation Australia which provides a rate of 43.5% refundable tax offset for expenditure incurred for eligible R&D activities. (See Note 8 for details)
- (ii) The share-based payment expense was due to amortisation of the fair value of the share options granted to employees over the vesting period.

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

	Group		Company	
	30.06.19 S\$'000	30.06.18 S\$'000	30.06.19 S\$'000	30.06.18 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	15,872	21,066	14,308	18,880
Trade and other receivables	1,425	2,033	10,871	5,220
Other current assets	362	486	171	305
Inventories	850	528	-	-
	18,509	24,113	25,350	24,405
Non-current assets				
Deposits – operating lease	81	-	81	-
Intangible assets	460	865	102	-
Property, plant and equipment	7,636	8,096	256	124
Investments in subsidiaries	-	-	1,966	5,404
	8,177	8,961	2,405	5,528
Total assets	26,686	33,074	27,755	29,933
LIABILITIES				
Current liabilities				
Trade and other payables	2,310	6,776	1,149	1,416
Borrowings	211	285	23	-
Provision	10	71	-	-
	2,531	7,132	1,172	1,416
Non-current liabilities				
Provision	36	61	-	-
Deferred government grant	-	17	-	-
Borrowings	3,620	4,254	80	-
Deferred income tax liabilities	-	90	-	-
	3,656	4,422	80	-
Total liabilities	6,187	11,554	1,252	1,416
NET ASSETS	20,499	21,520	26,503	28,517
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	71,525	71,129	71,525	71,129
Other reserves	2,211	637	508	196
Accumulated losses	(53,237)	(50,246)	(45,530)	(42,808)
Total equity	20,499	21,520	26,503	28,517

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

	30.06.19 S\$'000	30.06.18 S\$'000
Amount repayable in one year or less, or on demand		
- Secured	211	285
Amount repayable after one year		
- Secured	3,620	4,254
Total borrowings	3,831	4,539

Details of any collateral:

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

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

	Group		Group	
	3 months ended		12 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total loss after tax	(3,769)	(4,372)	(2,991)	(15,094)
Adjustments for:				
- Deferred government grant income	(4)	(4)	(16)	(17)
- Depreciation and amortisation expense	167	363	1,216	1,407
- Gain on disposal of subsidiary	280	-	(10,349)	-
- Income tax expenses/(credit)	15	29	(44)	(61)
- Interest income	(51)	(69)	(194)	(223)
- Interest expense	55	66	249	267
- Provision	8	(46)	67	(27)
- Research and development tax incentive	200	(364)	(208)	(1,207)
- Share based payment expense	102	73	708	407
- Loss on disposal of Property, plant and equipment	-	8	-	8
- Unrealised currency exchange losses/(gains) – net	506	(683)	1,343	978
	(2,491)	(4,999)	(10,219)	(13,562)
Changes in working capital:				
- Trade and other receivables	(118)	(184)	(31)	196
- Other current assets	284	(166)	(68)	98
- Trade and other payables	484	2,971	(3,422)	3,378
- Inventories	(112)	99	(350)	(528)
Cash used in operations	(1,953)	(2,279)	(14,090)	(10,418)
Interest received	45	144	189	247
Research and development tax incentive received	-	1,809	-	1,809
Net cash used in operating activities	(1,908)	(326)	(13,901)	(8,362)
Cash flows from investing activities				
Additions to property, plant and equipment	(47)	(222)	(1,534)	(1,118)
Disposal of a subsidiary, net of cash disposed of	644	-	11,432	-
Additions to intangible assets	(154)	(9)	(154)	(68)
Net cash from/(used in) investing activities	443	(231)	9,744	(1,186)
Cash flows from financing activities				
Increase in fixed deposits pledged	(1,163)	-	(763)	-
Repayment of borrowings	(45)	(70)	(565)	(289)
Proceeds from borrowings	-	-	-	308
Interest paid	(55)	(66)	(249)	(267)
Net cash used in financing activities	(1,263)	(136)	(1,577)	(248)
Net decrease in cash and cash equivalents	(2,728)	(693)	(5,734)	(9,796)
Cash and cash equivalents				
Beginning of financial period	17,685	20,693	20,666	30,688
Effects of currency translation on cash and cash equivalents	(248)	666	(223)	(226)
End of financial period	14,709	20,666	14,709	20,666
Note:			Group	Group
A. Cash and cash equivalents comprise the following:			30.6.19	30.6.18
			S\$'000	S\$'000
Cash and cash equivalents in Balance Sheet			15,872	21,066
Less: Bank deposits pledged			(1,163)	(400)
Cash and cash equivalents per consolidated statement of cash flows			14,709	20,666

Bank deposits are pledged as security for credit facilities.

B. The Group purchased property, plant and equipment with an aggregate cost of \$1.66 million during FY2019. Of the total purchase, \$0.12 million was acquired under finance lease arrangement.

C. Reconciliation of liabilities arising from financing activities

	1 July 2018 S\$'000	Principal and interest payments S\$'000	Non-cash change			30 June 2019 S\$'000
			Acquisition S\$'000	Interest expense S\$'000	Foreign exchange movement S\$'000	
Borrowings	4,539	(814)	124	249	(267)	3,831

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

Group	Attributable to equity holders of the Company				
	Share capital	Share based payment reserve	Currency translation reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2018	71,129	196	441	(50,246)	21,520
Profit for the period	-	-	-	778	778
Other comprehensive gain for the period	-	-	873	-	873
Total comprehensive gain for the period	-	-	873	778	1,651
Share based payment scheme					
- Value of employees' services	-	607	-	-	607
- Shares issued pursuant to iX Performance Share Plan	396	(396)	-	-	-
Total transactions with owners, recognised directly in equity	396	211	-	-	607
At 31 March 2019	71,525	407	1,314	(49,468)	23,778
Loss for the period	-	-	-	(3,769)	(3,769)
Other comprehensive gain for the period	-	-	389	-	389
Total comprehensive gain/(loss) for the period	-	-	389	(3,769)	(3,380)
Share based payment scheme					
- Value of employees' services	-	101	-	-	101
- Shares issued pursuant to iX Performance Share Plan	-	-	-	-	-
Total transactions with owners, recognised directly in equity	-	101	-	-	101
At 30 June 2019	71,525	508	1,703	(53,237)	20,499
At 1 July 2017	70,131	787	(141)	(35,152)	35,625
Loss for the period	-	-	-	(10,722)	(10,722)
Other comprehensive gain for the period	-	-	531	-	531
Total comprehensive gain/(loss) for the period	-	-	531	(10,722)	(10,191)
Share based payment scheme					
- Value of employees' services	-	333	-	-	333
- Shares issued pursuant to iX Performance Share Plan	998	(998)	-	-	-
Total transactions with owners, recognised directly in equity	998	(665)	-	-	333
At 31 March 2018	71,129	122	390	(45,874)	25,767

Attributable to equity holders of the Company					
Group	Share capital	Share based payment reserve	Currency translation reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 31 March 2018	71,129	122	390	(45,874)	25,767
Loss for the period	-	-	-	(4,372)	(4,372)
Other comprehensive gain for the period	-	-	51	-	51
Total comprehensive gain/(loss) for the period	-	-	51	(4,372)	(4,321)
Share based payment scheme					
- Value of employees' services	-	74	-	-	74
- Shares issued pursuant to iX Performance Share Plan	-	-	-	-	-
Total transactions with owners, recognised directly in equity	-	74	-	-	74
At 30 June 2018	71,129	196	441	(50,246)	21,520

Attributable to equity holders of the Company				
Company	Share capital	Share based payment reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2018	71,129	196	(42,808)	28,517
Loss for the period	-	-	(727)	(727)
Total comprehensive loss for the period	-	-	(727)	(727)
Share based payment scheme				
- Value of employees' services	-	607	-	607
- Shares issued pursuant to iX Performance Share Plan	396	(396)	-	-
Total transactions with owners, recognised directly in equity	396	211	-	607
At 31 March 2019	71,525	407	(43,535)	28,397
Loss for the period	-	-	(1,995)	(1,995)
Total comprehensive loss for the period	-	-	(1,995)	(1,995)
Share based payment scheme				
- Value of employees' services	-	101	-	101
- Shares issued pursuant to iX Performance Share Plan	-	-	-	-
Total transactions with owners, recognised directly in equity	-	101	-	101
At 30 June 2019	71,525	508	(45,530)	26,503
At 1 July 2017	70,131	787	(34,881)	36,037
Loss for the period	-	-	(6,354)	(6,354)
Total comprehensive loss for the period	-	-	(6,354)	(6,354)
Share based payment scheme				
- Value of employees' services	-	333	-	333
- Shares issued pursuant to iX Performance Share Plan	998	(998)	-	-
Total transactions with owners, recognised directly in equity	998	(665)	-	333
At 31 March 2018	71,129	122	(41,235)	30,016

Attributable to equity holders of the Company				
Company	Share capital	Share based payment reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
At 31 March 2018	71,129	122	(41,235)	30,016
Loss for the period	-	-	(1,573)	(1,573)
Total comprehensive loss for the period	-	-	(1,573)	(1,573)
Share based payment scheme				
Value of employees' services	-	74	-	74
- Shares issued pursuant to iX Performance Share Plan	-	-	-	-
Total transactions with owners, recognised directly in equity	-	74	-	74
At 31 June 2018	71,129	196	(42,808)	28,517

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

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

Company	3 months ended 30.06.19		12 months ended 30.06.19	
	No. of ordinary shares	Amount	No. of ordinary shares	Amount
		S\$'000		S\$'000
At beginning of period	644,594,057	71,525	642,695,724	71,129
Shares issued pursuant to iX Performance Share Plan	-	-	1,898,333	396
At end of period	644,594,057	71,525	644,594,057	71,525

On 16 November 2018, the Company issued 1,898,333 ordinary shares pursuant to iX Performance Share Plan. No share was issued to a Director or controlling shareholder (and each of their associates).

On 16 November 2018, the Company announced total awards of 4,633,333 shares to certain employees and executives under iX Performance Share Plan. No award was granted to a Director or controlling shareholder (and each of their associates). The Company has not granted any options under iX Employee Share Option Scheme since its inception.

Save as disclosed, there are no other changes in the Company's share capital arising from any rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion

of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous reported period.

	Number of outstanding share awards / share options	Number of Shares that may be issued upon exercise of options / release of awards
As at 30 June 2019		
iX Performance Share Plan	4,100,000	4,100,000
As at 30 June 2018		
iX Performance Share Plan	1,365,000	1,365,000

There were no treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 2018.

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

As at 30 June 2019, the number of issued shares excluding treasury shares was 644,594,057 (30 June 2018: 642,695,724).

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

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

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

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

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

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

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

Not applicable.

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

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

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

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

- SFRS(I) 9 Financial instruments
- SFRS(I) 15 Revenue from contracts with customers

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

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

- (a) based on the weighted average number of ordinary shares on issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).**

	Group		Group	
	3 months ended		12 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
Net (loss)/profit attributable to equity holders of the Company (S\$'000)				
- Continuing operations	(3,489)	(4,421)	(13,246)	(15,287)
- Discontinued operation	(280)	49	10,255	193
Weighted average number of shares outstanding ('000)				
- Basic	644,594	642,696	643,830	641,631
- Diluted	644,594	644,061	646,942	643,580
Basic (loss)/profit per share (Cents per share)				
- Continuing operations	(0.54)	(0.69)	(2.06)	(2.38)
- Discontinued operation	(0.04)	0.01	1.59	0.03
Diluted (loss)/profit per share (Cents per share)				
- Continuing operations	(0.54)	(0.69)	(2.06)	(2.38)
- Discontinued operation	(0.04)	0.01	1.59	0.03

The Company has 4,100,000 share awards under iX Performance Share Plan (30 June 2018: 1,365,000 shares awards) could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted loss per share for continuing operations above because they are antidilutive and having the effect of decreasing the loss per share.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	30.06.19	30.06.18	30.06.19	30.06.18
Net asset value per ordinary share (in cents)	3.2	3.3 [#]	4.1	4.4

includes net assets of CAPL as part of the consolidated group prior to its disposal.

The net asset value per ordinary share of the Group and the Company as at 30 June 2019 were calculated based on the total number of issued shares of 644,594,057 (30 June 2018: 642,695,724).

There were no treasury shares as at 30 June 2019 and 30 June 2018.

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

Overview

The Group is a late-stage specialty pharmaceutical company focused on the development and commercialisation of innovative therapies for improving the quality of life of those suffering from pain and other health conditions. The Company leverages its drug formulation expertise and patented sublingual drug delivery technology, **WaferiX™**, to develop products for rapid onset of action with potentially more predictable effects and ease of use. The Group's nutraceuticals division, Entity Health, is engaged in the development and commercialisation of nutraceutical products that address specific health conditions and improve quality of lifestyles throughout all phases of life.

Following the disposal of Chemical Analysis Pty Ltd (CAPL), which operated the Group's laboratory testing business in Australia, on 15 March 2019, the Group established a small team of 3 analytical chemists for the Group research and development chemical testing purposes. The new setup became fully operational during the quarter.

During the quarter, the Group has continued to progress the development of its pharmaceutical and nutraceutical product pipeline.

Wafermine

During the year, in collaboration with pain specialists and our scientific advisors, we developed two phase 3 clinical study protocols for submission to the US FDA. We are pleased to report that we have secured an End-of-Phase-2 (EOP2) meeting with the US FDA scheduled for late 1Q20. The EOP2 meeting is to discuss and agree on the proposed Phase 3 programme for moderate to severe acute pain.

The results from our Phase 2b KET010 clinical study for Wafermine in patients experiencing acute, moderate to severe post-operative pain confirmed that Wafermine is a highly effective painkiller and is safe and well tolerated.

In 3Q19, the Group appointed a strategic financial advisor to assist with the out-licensing of Wafermine.

Wafesil and Silcap

The Group obtained marketing approval from the TGA in Australia for Wafesil and Silcap in June and August 2018, respectively. Both products are approved for the treatment of male erectile dysfunction in Australia.

The Group is evaluating commercialisation strategies for Wafesil in Australia, including building sales, distribution and marketing capabilities, and establishing collaborations with suitable third parties.

The Group filed for marketing approval for Silcap with Singapore Health Sciences Authority (HSA) during 3Q19. The approval is still pending. We commenced registration activities for Wafesil in the European Union during the quarter.

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

BnoX

BnoX is a novel, sublingual buprenorphine wafer developed for the management of acute and chronic moderate to severe pain. Despite the current opioid crisis, there has been a continuing reliance on opioids to treat moderate to severe pain due to a lack of effective alternatives. As a consequence, there has been increasing recognition and focus on opioids which have a far favourable safety profile, such as buprenorphine.

BnoX is currently being supplied to hospitals in Australia under Schedule 5A of the Therapeutics Goods Regulations.

Xativa

During the year, the Group successfully formulated and developed Xativa, a cannabidiol (CBD) medicinal cannabis sublingual wafer with our WaferiX technology. Xativa is being evaluated for the potential treatment of various conditions, including anxiety, movement disorders and chronic inflammation.

iX Biopharma licensed its patented WaferiX technology to develop a novel CBD ECs315 sublingual wafer for ASX-listed Bod Australia Limited (BOD Australia). ECs315 is a cannabis phytocomplex extract. BOD Australia conducted a Phase 1 clinical study in Australia with 24 healthy individuals. The study compared the relative absorption of the novel CBD ECs315 wafer to (i) ECs315 oil extract administered sublingually and (ii) Sativex®, an oromucosal cannabis spray (UK and AUS approved). The results demonstrated that CBD ECs315 sublingual wafer has a faster and more predictable absorption than ECs315 oil administered sublingually and Sativex® spray.

WaferiX has the advantage to deliver fixed doses of medicinal cannabis more predictably to patients for faster symptomatic relief.

Nutraceuticals – Entity Health

Since 1Q19, the Group has identified Australia as the market to initially focus its sales and marketing efforts. The Group continues to utilise the soft launch phase to gather data and feedback regarding the acceptance of Entity products in the market place, optimise production capacity and improve logistical capabilities to meet demand. Additionally, the Group continues to build on its strategy of growing the number of stockists for its product line in Australia. To stimulate uptake by the stores, the Group promoted its popular lifestyle products for hangover relief, skin repair and stress management. As a result, the number of stockists distributing Entity nutraceuticals, including pharmacies and health food stores, grew from 80 to 158 this quarter. During the quarter, Entity also added to its sales channels by securing an account with a health food distributor with a broad customer base of health professionals, health food stores and pharmacies.

The Group is planning a marketing launch in NSW and Victoria, anticipated in 1Q20. The marketing campaign will focus on RestoriX, the Australian-exclusive NAD+ supplement that improves energy levels and supports DNA repair. The selection of this product follows feedback from pharmacists and health professionals that the interest in NAD+ supplements have been growing.

Review of performance for quarter (4Q19) and twelve months (FY2019) ended 30 June 2019

Continuing Operations

Continuing Operations comprise of the Group's specialty pharmaceutical and nutraceutical businesses.

Revenue	4Q19	4Q18	Incr/ (Decr)	FY2019	FY2018	Incr/ (Decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Specialty Pharmaceutical	42	16	163%	393	90	337%
Nutraceuticals	87	54	61%	278	156	78%
Total revenue	129	70	84%	671	246	173%

The Group's specialty pharmaceutical division derived a revenue of S\$0.04 million during the quarter versus S\$0.02 million in 4Q18, increased by 163%. Included in the revenue of the specialty pharmaceutical business for FY2019 is a service income amounting to S\$281,000 attributed to the initial development phase of a medicinal cannabis wafer incorporating cannabis extracts provided by BOD Australia. The development was successfully completed and product was delivered to BOD Australia for their Phase I clinical study.

The revenue attributed to the nutraceutical division, Entity Health, increased by S\$0.03 million compared to the corresponding quarter last year. In FY2019, its revenue grew by 78% to S\$0.28 million (S\$0.16 million in FY2018).

The Group's cost of sales was S\$0.34 million in 4Q19 as compared to S\$0.30 million in 4Q18. In FY2019, cost of sales was S\$1.20 million as compared to S\$0.49 million in FY2018. The cost of sales also includes the cost of manufacturing which consists of personnel, material and other fixed overheads. The higher cost was in line with the Group's plan to upscale its manufacturing capacity in preparation for expected future growth.

The Group recorded a gross loss of S\$0.21 million in 4Q19 versus S\$0.23 million in 4Q18. For the twelve-month period, the Group recorded a gross loss of S\$0.53 million in FY2019 versus S\$0.25 million in FY2018.

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

The Group conducts its R&D activities through its wholly-owned subsidiaries in Australia and has been eligible for R&D tax incentive under a programme administered jointly by the Australian Taxation Office and Innovation Australia. This incentive provides a rate of 43.5% tax rebate for eligible R&D expenditure incurred in Australia by these subsidiaries. During the quarter, the Group reviewed the eligibility of certain R&D expenditure incurred in the prior year for R&D incentive and revised its estimate of the related incentive previously accrued. As a result, an incentive of S\$0.25 million was reversed in the quarter. Further, a lower R&D incentive of S\$0.05 million was recognised as compared to S\$0.36 million in 4Q18 due to lower level of eligible R&D activities.

Expenses

The expense items in loss before tax were analysed below:

R&D expense

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

R&D expense was S\$0.78 million in 4Q19 as compared to S\$3.32 million in 4Q18. For the twelve-month period, R&D expense was S\$3.77 million in FY2019 as compared to S\$8.03 million in FY2018. The decrease was mainly due to the timing and progress of KET010 clinical study which had since completed in 1Q19.

Sales and marketing

Sales and marketing expense rose by 9% to S\$0.57 million in 4Q19 (S\$0.52 million in 4Q18) and 20% to S\$2.02 million in FY2019 (S\$1.69 million in FY2018), mainly attributed to increases in personnel and market research expenses.

General and administrative (G&A)

The Group incurred lower G&A expenses of S\$1.30 million in 4Q19 compared to S\$1.42 million in 4Q18, down by 8%. This was due to lower professional expenses.

For FY2019, G&A expense increased by S\$0.12 million or 2% to S\$5.82 million as compared to S\$5.70 million in FY2018, which was higher mainly due to higher share-based payment expenses and offset by lower professional expenses.

Others

Others consist solely of currency exchange gain/loss.

Currency exchange loss was S\$0.49 million in 4Q19 as compared to a net gain of S\$0.61 million in 4Q18. For FY2019, currency exchange loss was S\$1.66 million as compared to a net loss of S\$1.09 million in FY2018. This arose mainly from the impact of the depreciation of the Australian dollar against the Singapore dollar during the quarter on the receivables from its subsidiaries.

Discontinued Operation

Discontinued operation comprised the laboratory testing business under CAPL.

During 3Q19, the Group disposed of its laboratory testing business. Accordingly, the Group decided to account and report all laboratory testing activities of CAPL prior to its disposal as part of Discontinued Operation in the current financial year. The disposal was completed on 15 March 2019 at a gross consideration of A\$12.50 million.

In 4Q19, the Company finalised additional adjustments totalling S\$0.32 million to the gross consideration in accordance with the sale and purchase agreement. Consequently, the Group revised the net gain on disposal recognised in the income statement to S\$10.35 million.

Review of financial position

The consolidated balance sheet of the Group as at 30 June 2019 does not include the assets and liabilities of disposed laboratory testing business under CAPL.

The effects of excluding CAPL's assets and liabilities on the changes in the financial positions of the Group are:

	The Group		Changes	Effect of CAPL	Net Changes
	30.06.19	30.06.18			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cash and cash equivalents	15,872	21,066	(5,194)	104	(5,090)
Trade and other assets	1,868	2,519	(651)	803	152
Inventories	850	528	322	-	322
Intangible assets	460	865	(405)	538	133
Property, plant and equipment	7,636	8,096	(460)	1,205	745
Assets	26,686	33,074	(6,388)	2,650	(3,738)
Trade and other liabilities	2,306	6,793	(4,487)	918	(3,569)
Borrowings	3,831	4,539	(708)	374	(334)
Provisions	46	132	(86)	132	46
Deferred tax liabilities	-	90	(90)	90	-
Total Liabilities	6,183	11,554	(5,371)	1,514	(3,857)
Net Assets	20,503	21,520	(1,017)	1,136	119

Except for the effect of CAPL above, significant changes in the financial positions of the Group are as follows:

As at 30 June 2019, the Group's cash and cash equivalents was S\$15.87 million. The decrease of S\$5.09 million was mainly due to S\$14.10 million in cash outflows in operating activities (which included R&D expenses of S\$3.77 million), S\$1.69 million for purchase of equipment (substantially for manufacturing) and S\$0.81 million in loan related payments. This was offset by S\$11.43 million received from the disposal of laboratory testing business.

Increase in inventories of S\$0.32 million comprised raw materials of S\$0.17 million, work in progress of S\$0.07 million and finished goods of S\$0.08 million, principally related to our new nutraceutical products.

Increase in property, plant and equipment and intangible assets was attributed to S\$1.69 million in additions which were mainly manufacturing equipment and offset by depreciation of S\$0.62 million.

Trade and other liabilities decreased to S\$2.31 million substantially due to payment of billings for cost of clinical trial undertaken during 4Q18.

Borrowings decreased to S\$3.83 million mainly due to repayment during the period.

Cash flow analysis

During 4Q19, the Group recorded a net cash used in operating activities of S\$1.91 million as compared to S\$0.33 million in 4Q18, which was mainly due to the timing and progress of clinical trials.

During the quarter, the Group received additional S\$0.64 million cash as the final payment of the proceeds from the disposal of CAPL. At the same time, the Group also restructured its bank credit facilities in Australia by providing A\$1.23 million (S\$1.16 million) in fixed bank deposits as collaterals.

For FY2019, the Group recorded a net cash used in operating activities of S\$13.90 million as compared to S\$8.36 million in FY2018, which was mainly due to the timing and progress of clinical trials and sales & marketing activities for launching of nutraceutical products.

In the twelve-month period, the Group received S\$11.43 million in cash proceeds from the disposal of CAPL and invested S\$1.69 million principally in a new freeze-drying manufacturing equipment.

Net cash used in financing activities of S\$1.58 million in FY2019 was due to the repayment of borrowings and interest of S\$0.81 million, and an additional S\$0.76 million in fixed bank deposits being provided to a bank as collaterals.

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

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

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

Wafermine

Following the positive outcome of the KET010 study of Wafermine, an End of Phase 2 (EOP2) meeting with the US FDA to determine the pathway for Phase 3 studies has been scheduled to take place in late 1Q20. The Group's strategy is to partner with a suitable pharmaceutical company via out-licensing to continue to develop the Wafermine programme. Out-licensing following a successful Phase 2 study is a typical approach for a specialty pharmaceutical company like ours. In 3Q19, the Group appointed a strategic financial advisor to assist with the out-licensing of the Group's pharmaceutical assets.

Xativa – New Medicinal Cannabis In Pipeline

Australia legalised medicinal cannabis in October 2016. In 2017, the Therapeutic Goods Administration (TGA) rescheduled some medicinal cannabis products to schedule 8 of the Poisons Standard, making the prescription of medicinal cannabis legal in Australia. Patients are now able to access unregistered cannabis drugs for medical use through the Authorised Prescriber Scheme and the Special Access Scheme administered by the TGA. To meet demand, the Australian government has approved companies to import, store and sell the drug. In addition, industrial hemp, which are non-intoxicating varieties of cannabis (containing less than 0.3% of THC), is legal in Australia, and can be legally harvested for cannabidiol (CBD) oil. The Australian government has indicated that one of the goals of its regulatory reforms is to give Australian companies a chance to be the top exporters of cannabis products, to take a slice of the rapidly expanding global cannabis market.

We anticipate that the Australian government will continue to increase patient accessibility to medicinal cannabis, and private sector-driven education and outreach to doctors and patients will continue to influence the demand for the drug and maximise domestic market potential. At this nascent stage, the total medicinal cannabis market value in Australia stands at US\$12.56 million

in 2018. It has been projected to grow to US\$2.13 billion by 2028¹. At the same time, as Asian countries liberalise their drug policies, a strong cannabis export framework will help Australian cannabis drug manufacturers serve the demand in the region.

During the year, the Group successfully formulated and developed Xativa, a cannabidiol (CBD) medicinal cannabis sublingual wafer with WaferiX technology. Xativa is being evaluated for the potential treatment of various conditions, including anxiety, movement disorders and chronic inflammation.

A phase 1 clinical study conducted by BOD Australia using a wafer developed by the Group containing cannabis phyto-complex extract, ECs315, demonstrated that the WaferiX technology can deliver CBD more effectively and consistently than both CBD oil administered sublingually and Sativex®, an approved cannabis oromucosal spray.

WaferiX has the advantage to deliver fixed doses of medicinal cannabis more predictably to patients for faster symptomatic relief.

Feedback on Xativa's innovative delivery using WaferiX has been very positive; the Group intends to continue further formulation and clinical work to position itself to take first-mover advantage following the anticipated rise in global demand for medicinal cannabis, including Australia. The strong global demand offers the Group potential export opportunities by way of off-take arrangement and/or licensing of our WaferiX technology.

Wafesil & Silcap - Commercialisation

We commenced registration activities for Wafesil in the European Union (EU) during the quarter. The registration will serve the EU, Hong Kong and potentially the Chinese markets. Our research suggests that the market recognises sublingual drug delivery is superior to oral; hence, giving Wafesil a marketing edge.

Following the approval of both Wafesil and Silcap by the TGA for male erectile dysfunction in Australia, the Group is evaluating commercialisation strategies for Wafesil in Australia, including building sales, distribution and marketing capabilities and establishing collaboration with suitable third parties.

The Group filed for marketing approval for Silcap with Singapore Health Sciences Authority (HSA) during 3Q19.

Entity Health – Continue Growing

The Group's nutraceuticals line, Entity, is focused on penetrating the Australian market to establish itself as a homegrown Australian health supplements brand. To achieve our objective, we are seeking to establish Entity's presence in retail pharmacies and health food stores across Australia. Entity nutraceuticals are now sold in [175] pharmacies in Melbourne, Sydney and Perth, including in TerryWhite Chemmart and Priceline pharmacies and other health food shops.

We believe that driving recognition of Entity as an Australian brand not only allows us to leverage on the credence given to Australian healthcare companies, it also allows us to build exposure of our brand to the Asia Pacific region through tourists, student visitors and foreign residents.

In particular, the Chinese appetite for Australian-made health supplements has been overwhelming: in 2018, Australia accounted for 22.3%² of all supplements and health foods imported into China, taking the top spot from the US, which had 20.4% share of the market. According to data from the China Chamber of Commerce for Import and Export of Medicines and

¹ Prohibition Partners, 2018, "The Oceania Cannabis Report".

² Nutraingredients-Asia, April 2019, "New number one: Australia takes top spot from US for supplements and health foods imported into China"

Health Products, Australian health product imports recorded growth of 60.8% year-on-year to US\$660 million².

The Group intends to leverage Entity's foundation as a premium and innovative Australian brand to be a springboard for its entry into China, selling to Chinese consumers via cross-border e-commerce. To this end, we are exploring partnership opportunities with local Chinese healthcare distributors to market our products.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the current reporting period as the Company is in a loss position.

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

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

14. Use of Proceeds

(a) Initial Public Offer

Pursuant to the IPO, the Company received total proceeds of S\$30.13 million (IPO Proceeds). As at 30 June 2019, the IPO Proceeds has been utilised as follows:

	Amount after re- allocation	Amount utilised	Balance
	S\$'000	S\$'000	S\$'000
To fund the clinical trials for the development of our products, and for preparing and submitting an Abbreviated New Drug Application or New Drug Application as the case may be, to the US Food and Drug Administration for marketing approval and commercialisation of our products in the United States, and where it is commercially viable to do so, in other parts of the world upon receipt of the relevant regulatory approvals	15,286	(15,286)	-
To fund the development, manufacturing and marketing activities required for our pharmaceutical and nutraceutical products in the pipeline, including Wafermine, Wafesil (formerly PheoniX), Silcap (formerly XCalibur) and the Entity line of nutraceutical products	9,414	(2,810)	6,604
General working capital purposes	2,913	(2,913)	-
Listing expenses	2,517	(2,517)	-
Total	30,130	(23,526)	6,604

Details of working capital used:	S\$'000
Professional fees	617
Payroll and directors' fees	1,596
Trademark and patents	67
Rental, office expenditure and other operating expenses	633
Total	2,913

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

(b) Private Placement

Pursuant to the private placement of 14,358,000 shares on 21 April 2016, the Company received net proceeds of S\$4.85 million (Placement Proceeds). As at 30 June 2019, the Placement Proceeds has been utilised as follows:

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

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

(c) Rights Issue

Pursuant to the rights issue of 24,584,284 shares on 22 July 2016, the Company received net proceeds of S\$5.03 million (Rights Proceeds). As at 30 June 2019, the Rights Proceeds has been utilised as follows:

	Amount allocated	Amount utilised	Balance
	S\$'000	S\$'000	S\$'000
Development of the Company's pipeline products (including undertaking clinical trials and registration of such products with appropriate agencies for marketing approval) and for marketing of the Company's products	4,028	(4,028)	-
Acquisition of new product packaging equipment	1,000	(1000)	-
Total	5,028	(5,028)	-

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

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

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

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

(a) Business segments

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

In the prior year, the Group operated a Chemical Analysis business which was divested during the year.

Group	Specialty		Total
	Pharmaceutical	Nutraceutical	
FY2019	S\$000	S\$000	S\$000
Total segment sales	480	278	758
Less:			
Inter-segment sales	(87)	-	(87)
Net sales to external parties	393	278	671
Adjusted EBITDA for reportable segments	(4,956)	(1,854)	(6,810)
Depreciation	538	-	538
Amortisation	2	-	2
FY2018			
Total segment sales	139	156	295
Less:			
Inter-segment sales	(49)	-	(49)
Net sales to external parties	90	156	246
Adjusted EBITDA for reportable segments	(10,083)	(364)	(10,447)
Depreciation	434	-	434
Amortisation	4	-	4

	FY2019 S\$'000	FY2018 S\$'000
Adjusted EBITDA is reconciled to loss before income tax as follows:		
Reportable segments	(6,810)	(10,447)
Unallocated corporate expenses	(3,641)	(3,970)
	(10,451)	(14,417)
Research and development tax incentive	208	1,207
Depreciation	(621)	(501)
Amortisation	(2)	(5)
Currency exchange losses - net	(1,656)	(1,085)
Share based payment expense	(708)	(407)
Finance expense	(232)	(250)
Interest income	194	223
Loss before income tax (continuing operations)	(13,268)	(15,235)

(b) Geographical segments

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

	FY2019 S\$'000	FY2018 S\$'000
Net Sales		
Singapore	88	134
Australia	583	112
	671	246
Non-current assets		
Singapore	439	124
Australia	7,738	7,472
	8,177	7,596

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

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

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

- (1) the specialty pharmaceutical business with adjusted EBITDA loss of S\$4.96 million as compared to loss of S\$10.08 million in FY2018. The decrease was principally due to the timing and progress of clinical trials.
- (2) the nutraceutical business with adjusted EBITDA loss of S\$1.85 million as compared to loss of S\$0.36 million in FY2018. The increase was mainly attributable to higher personnel cost and sales and marketing expenses to promote and commercialise its products.

18. A breakdown of net sales as follows:

	Group		
	FY2019 S\$'000	FY2018 S\$'000	Incr / (Decr) %
Net Sales			
- First half year	208	82	154%
- Second half year	463	164	182%
Operating loss after tax			
- First half year	(6,942)	(6,739)	3%
- Second half year	(6,304)	(8,548)	(26%)

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

Not applicable. No dividends have been declared or recommended for the financial years ended 30 June 2019 and 30 June 2018.

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

Pursuant to Rule 704(10) of the Catalist Rules, there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company as at 30 June 2019.

On behalf of the Board of Directors

Eddy Lee Yip Hang
Chairman & CEO

Albert Ho Shing Tung
Non-executive Director

23 August 2019

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Catalist Rules. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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