

iX Biopharma Ltd.

(Company Registration No. 200405621W)

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

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 9 months ended | | |
|---|-------------------------|-----------------------------------|------------------|-------------------------|-----------------------------------|------------------|
| | 31.03.17 S\$'000 | 31.03.16 S\$'000 (Restated) | Incr/(Decr) % | 31.03.17 S\$'000 | 31.03.16 S\$'000 (Restated) | Incr/(Decr) % |
| Revenue | 1,492 | 1,066 | 40% | 4,594 | 4,092 | 12% |
| Cost of sales | (1,048) | (1,043) | 0% | (3,256) | (3,037) | 7% |
| Gross profit | 444 | 23 | n.m. | 1,338 | 1,055 | 27% |
| | 30% | 2% | | 29% | 26% | |
| Other income | 868 | 390 | 123% | 1,845 | 800 | 131% |
| Expenses | | | | | | |
| - Research and development | (1,821) | (1,340) | 36% | (3,610) | (4,165) | (13%) |
| - Sales and marketing | (271) | (134) | 102% | (713) | (447) | 60% |
| - General and administrative | (1,741) | (1,486) | 17% | (4,651) | (4,724) | (2%) |
| - Others | (366) | (826) | (56%) | 1,496 | (736) | n.m. |
| - Finance expense | (62) | (10) | 520% | (180) | (28) | 543% |
| Total expenses | (4,261) | (3,796) | 12% | (7,658) | (10,100) | (24%) |
| Loss before income tax | (2,949) | (3,383) | 13% | (4,475) | (8,245) | 46% |
| Income tax credit | 54 | 70 | (23%) | 130 | 141 | (8%) |
| Loss for the financial period | (2,895) | (3,313) | 13% | (4,345) | (8,104) | 46% |
| Other comprehensive income: | | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Currency translation differences arising from consolidation | | | | | | |
| - Loss - net of tax | (111) | (17) | 553% | (251) | (88) | 185% |
| Total comprehensive loss | (3,006) | (3,330) | 10% | (4,596) | (8,192) | 44% |

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

Note: The presentation of analysis of expenses in the statement of comprehensive income has been changed to the classification based on function of expenses, which provides information that is more relevant and informative to users of the financial statements. Comparative figures in the statement of comprehensive income based on nature of expenses have been changed from the previous year to conform to current year's presentation.

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

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

| | Note | Group | | | Group | | |
|---|-------|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
| | | 3 months ended | | | 9 months ended | | |
| | | 31.03.17 S\$'000 | 31.03.16 S\$'000 | Incr/ (Decr) % | 31.03.17 S\$'000 | 31.03.16 S\$'000 | Incr/ (Decr) % |
| After crediting: | | | | | | | |
| Research and development tax incentive | (i) | 804 | 366 | 120% | 1,699 | 741 | 129% |
| Interest income | | 23 | 10 | 130% | 85 | 27 | 215% |
| Currency exchange (losses)/ gains - net | | (366) | (850) | (57%) | 1,496 | (579) | n.m. |
| After charging: | | | | | | | |
| Share based payment expense | (ii) | 269 | 83 | 224% | 239 | 342 | (30%) |
| Depreciation and amortisation expense | | 330 | 240 | 38% | 950 | 682 | 39% |
| Interest expense | | 62 | 10 | 520% | 180 | 28 | 543% |
| Initial public offering related expense | (iii) | - | - | - | - | 180 | n.m. |

- (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% (revised from 45% before 1 July 2016) refundable tax offset for expenditure incurred for eligible R&D activities. The increase in R&D tax incentive in 3Q17 and 9M17 were due to additional R&D expenditure eligible for refundable tax offset.
- (ii) The share based payment expense was due to amortisation of the fair value of the share options granted to employees and consultants over the vesting period. In 1Q17, a reversal of the fair value of share options amounted to S\$0.44 million arose from forfeiture of certain share options due to resignation of an employee. This was partially offset by amortisation of new share awards granted on 30 September 2016 which amounted to S\$0.27 million and S\$0.68 million in 3Q17 and 9M17 respectively.
- (iii) The initial public offering related expense consisted of a one-off expense for activities related to the Company’s listing on the Catalist Board of the Singapore Exchange Securities Trading Limited.

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

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 31.03.17 | 30.06.16 | 31.03.17 | 30.06.16 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 31,594 | 31,327 | 30,455 | 30,735 |
| Trade and other receivables | 5,335 | 4,884 | 5,175 | 2,703 |
| Other current assets | 150 | 542 | 84 | 276 |
| | <u>37,079</u> | <u>36,753</u> | <u>35,714</u> | <u>33,714</u> |
| Non-current assets | | | | |
| Deposits – operating lease | 102 | 23 | 102 | 23 |
| Intangible assets | 1,639 | 1,793 | - | - |
| Property, plant and equipment | 8,324 | 7,541 | 184 | 119 |
| Investments in subsidiaries | - | - | 5,404 | 5,404 |
| | <u>10,065</u> | <u>9,357</u> | <u>5,690</u> | <u>5,546</u> |
| Total assets | <u>47,144</u> | <u>46,110</u> | <u>41,404</u> | <u>39,260</u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 3,569 | 3,063 | 874 | 959 |
| Borrowings | 270 | 207 | - | - |
| Provision | 103 | 151 | - | - |
| | <u>3,942</u> | <u>3,421</u> | <u>874</u> | <u>959</u> |
| Non-current liabilities | | | | |
| Provision | 50 | 30 | - | - |
| Deferred government grant | 45 | 67 | - | - |
| Borrowings | 4,474 | 4,045 | - | - |
| Deferred income tax liabilities | 236 | 356 | - | - |
| | <u>4,805</u> | <u>4,498</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>8,747</u> | <u>7,919</u> | <u>874</u> | <u>959</u> |
| NET ASSETS | <u>38,397</u> | <u>38,191</u> | <u>40,530</u> | <u>38,301</u> |
| EQUITY | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | |
| Share capital | 70,131 | 64,998 | 70,131 | 64,998 |
| Shares to be issued | - | 465 | - | 465 |
| Other reserves | 373 | 490 | 578 | 444 |
| Accumulated losses | <u>(32,107)</u> | <u>(27,762)</u> | <u>(30,179)</u> | <u>(27,606)</u> |
| Total equity | <u>38,397</u> | <u>38,191</u> | <u>40,530</u> | <u>38,301</u> |

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

| | 31.03.17 S\$'000 | 30.06.16 S\$'000 |
|--|---------------------|---------------------|
| Amount repayable in one year or less, or on demand | | |
| - Secured | 270 | 207 |
| Amount repayable after one year | | |
| - Secured | 4,474 | 4,045 |
| Total borrowings | <u>4,744</u> | <u>4,252</u> |

Details of any collateral:

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

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

| | Group 3 months ended | | Group 9 months ended | |
|--|-------------------------|---------------------|-------------------------|---------------------|
| | 31.03.17 S\$'000 | 31.03.16 S\$'000 | 31.03.17 S\$'000 | 31.03.16 S\$'000 |
| Cash flows from operating activities | | | | |
| Total loss after tax | (2,895) | (3,313) | (4,345) | (8,104) |
| Adjustments for: | | | | |
| - Deferred government grant income | (9) | (8) | (26) | (25) |
| - Depreciation and amortisation expense | 330 | 240 | 950 | 682 |
| - Income tax credit | (54) | (70) | (130) | (141) |
| - Interest income | (23) | (10) | (85) | (27) |
| - Interest expense | 62 | 10 | 180 | 28 |
| - Provision | 2 | 10 | (40) | 4 |
| - Research and development tax incentive | (804) | (366) | (1,699) | (741) |
| - Share based payment expense | 269 | 83 | 239 | 342 |
| - Change in fair value of contingent consideration payable | - | (24) | - | (23) |
| - Unrealised currency exchange losses/(gains) – net | 400 | 408 | (1,411) | 561 |
| | <u>(2,722)</u> | <u>(3,040)</u> | <u>(6,367)</u> | <u>(7,444)</u> |
| Changes in working capital, net of effects from acquisition of subsidiaries: | | | | |
| - Trade and other receivables | 63 | 169 | 142 | 624 |
| - Other current assets | 83 | (279) | 330 | (174) |
| - Trade and other payables | 788 | (175) | 366 | (490) |
| Cash used in operations | <u>(1,788)</u> | <u>(3,325)</u> | <u>(5,529)</u> | <u>(7,484)</u> |
| Interest received | 38 | 8 | 79 | 25 |
| Research and development tax incentive received | - | - | 1,410 | 264 |
| Net cash used in operating activities | <u>(1,750)</u> | <u>(3,317)</u> | <u>(4,040)</u> | <u>(7,195)</u> |
| Cash flows from investing activities | | | | |
| Additions to property, plant and equipment | (171) | (168) | (841) | (1,039) |
| Additions to intangible assets | (120) | (2) | (137) | (18) |
| Payment of contingent consideration payable | - | (767) | - | (767) |
| Net cash used in investing activities | <u>(291)</u> | <u>(937)</u> | <u>(978)</u> | <u>(1,824)</u> |

| | Group | | Group | |
|---|----------------|----------------|----------------|---------------|
| | 3 months ended | | 9 months ended | |
| | 31.03.17 | 31.03.16 | 31.03.17 | 31.03.16 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash flows from financing activities | | | | |
| Proceeds from issuance of ordinary shares and shares to be issued | - | - | 4,698 | 30,130 |
| Transaction costs paid pursuant to issuance of shares | - | - | (135) | (1,064) |
| Repayment of borrowings | (76) | (24) | (190) | (69) |
| Proceeds from borrowings | - | - | 388 | 53 |
| Interest paid | (62) | (5) | (180) | (12) |
| Increase in pledged fixed deposits | - | - | - | (400) |
| Net cash (used in)/from financing activities | (138) | (29) | 4,581 | 28,638 |
| Net (decrease)/increase in cash and cash equivalents | (2,179) | (4,283) | (437) | 19,619 |
| Cash and cash equivalents | | | | |
| Beginning of financial period | 34,051 | 32,562 | 30,927 | 8,891 |
| Effects of currency translation on cash and cash equivalents | (678) | (420) | 704 | (651) |
| End of financial period | 31,194 | 27,859 | 31,194 | 27,859 |

Cash and cash equivalents comprise the following:

| | Group |
|--|---------------|
| | 31.03.17 |
| | S\$'000 |
| Cash and cash equivalents in Balance Sheet | 31,594 |
| Less: Bank deposits pledged | (400) |
| Cash and cash equivalents per consolidated statement of cash flows | 31,194 |

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

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

| Group | Attributable to equity holders of the Company | | | | | |
|--|---|---------------------|-----------------------------|------------------------------|--------------------|---------------|
| | Share capital | Shares to be issued | Share based payment reserve | Currency translation reserve | Accumulated losses | Total equity |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| At 1 July 2016 | 64,998 | 465 | 444 | 46 | (27,762) | 38,191 |
| Loss for the period | - | - | - | - | (1,450) | (1,450) |
| Other comprehensive loss for the period | - | - | - | (140) | - | (140) |
| Total comprehensive loss for the period | - | - | - | (140) | (1,450) | (1,590) |
| Share based payment scheme | | | | | | |
| - Value of employees' services | - | - | 414 | - | - | 414 |
| - Reversal of share based payment | - | - | (444) | - | - | (444) |
| Shares issued pursuant to the rights issue, net of transaction costs | 5,028 | (465) | - | - | - | 4,563 |
| Shares issued pursuant to iX Performance Share Plan | 105 | - | (105) | - | - | - |
| Total transactions with owners, recognised directly in equity | 5,133 | (465) | (135) | - | - | 4,533 |
| At 31 December 2016 | 70,131 | - | 309 | (94) | (29,212) | 41,134 |

Attributable to equity holders of the Company

| Group | Share capital | Shares to be issued | Share based payment reserve | Currency translation reserve | Accumulated losses | Total equity |
|---|---------------|---------------------|-----------------------------|------------------------------|--------------------|---------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| At 31 December 2016 | 70,131 | - | 309 | (94) | (29,212) | 41,134 |
| Loss for the period | - | - | - | - | (2,895) | (2,895) |
| Other comprehensive loss for the period | - | - | - | (111) | - | (111) |
| Total comprehensive loss for the period | - | - | - | (111) | (2,895) | (3,006) |
| Share based payment scheme | | | | | | |
| - Value of employees' services | - | - | 269 | - | - | 269 |
| Total transactions with owners, recognised directly in equity | - | - | 269 | - | - | 269 |
| At 31 March 2017 | 70,131 | - | 578 | (205) | (32,107) | 38,397 |
| At 1 July 2015 | 29,019 | - | 1,299 | (15) | (20,059) | 10,244 |
| Loss for the period | - | - | - | - | (4,791) | (4,791) |
| Other comprehensive loss for the period | - | - | - | (71) | - | (71) |
| Total comprehensive loss for the period | - | - | - | (71) | (4,791) | (4,862) |
| Share based payment scheme | | | | | | |
| - Value of employees' services | - | - | 259 | - | - | 259 |
| Share options exercised | 1,009 | - | (1,009) | - | - | - |
| Shares issued pursuant to the initial public offering, net of transaction costs | 29,066 | - | - | - | - | 29,066 |
| Total transactions with owners, recognised directly in equity | 30,075 | - | (750) | - | - | 29,325 |
| At 31 December 2015 | 59,094 | - | 549 | (86) | (24,850) | 34,707 |
| Loss for the period | - | - | - | - | (3,313) | (3,313) |
| Other comprehensive loss for the period | - | - | - | (17) | - | (17) |
| Total comprehensive loss for the period | - | - | - | (17) | (3,313) | (3,330) |
| Share based payment scheme | | | | | | |
| - Value of employees' services | - | - | 83 | - | - | 83 |
| Share options exercised | 258 | - | (258) | - | - | - |
| Total transactions with owners, recognised directly in equity | 258 | - | (175) | - | - | 83 |
| At 31 March 2016 | 59,352 | - | 374 | (103) | (28,163) | 31,460 |

Attributable to equity holders of the Company

| Company | Share capital | Shares to be issued | Share based payment reserve | Accumulated losses | Total equity |
|---|---------------|---------------------|-----------------------------|--------------------|---------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| At 1 July 2016 | 64,998 | 465 | 444 | (27,606) | 38,301 |
| Loss for the period | - | - | - | (608) | (608) |
| Total comprehensive loss for the period | - | - | - | (608) | (608) |
| Share based payment scheme | | | | | |
| - Value of employees' services | - | - | 414 | - | 414 |
| - Reversal of share based payment | - | - | (444) | - | (444) |
| Shares issued pursuant to the rights issue, net of transaction costs | 5,028 | (465) | - | - | 4,563 |
| Shares issued pursuant to iX Performance Share Plan | 105 | - | (105) | - | - |
| Total transactions with owners, recognised directly in equity | 5,133 | (465) | (135) | - | 4,533 |
| At 31 December 2016 | 70,131 | - | 309 | (28,214) | 42,226 |
| Loss for the period | - | - | - | (1,965) | (1,965) |
| Total comprehensive loss for the period | - | - | - | (1,965) | (1,965) |
| Share based payment scheme | | | | | |
| - Value of employees' services | - | - | 269 | - | 269 |
| Total transactions with owners, recognised directly in equity | - | - | 269 | - | 269 |
| At 31 March 2017 | 70,131 | - | 578 | (30,179) | 40,530 |
| At 1 July 2015 | 29,019 | - | 1,299 | (19,362) | 10,956 |
| Loss for the period | - | - | - | (3,767) | (3,767) |
| Total comprehensive loss for the period | - | - | - | (3,767) | (3,767) |
| Share based payment scheme | | | | | |
| - Value of employees' services | - | - | 259 | - | 259 |
| Shares options exercised | 1,009 | - | (1,009) | - | - |
| Shares issued pursuant to the initial public offering, net of transaction costs | 29,066 | - | - | - | 29,066 |
| Total transactions with owners, recognised directly in equity | 30,075 | - | (750) | - | 29,325 |
| At 31 December 2015 | 59,094 | - | 549 | (23,129) | 36,514 |
| Loss for the period | - | - | - | (2,670) | (2,670) |
| Total comprehensive loss for the period | - | - | - | (2,670) | (2,670) |
| Share based payment scheme | | | | | |
| - Value of employees' services | - | - | 83 | - | 83 |
| Shares options exercised | 258 | - | (258) | - | - |
| Total transactions with owners, recognised directly in equity | 258 | - | (175) | - | 83 |
| At 31 March 2016 | 59,352 | - | 374 | (25,799) | 33,927 |

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

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

| Company | No. of ordinary shares | Amount S\$'000 |
|--|------------------------|-------------------|
| At 1 July 2016 | 614,607,107 | 64,998 |
| Shares issued pursuant to the rights issue | 24,584,284 | 5,163 |
| Shares issued pursuant to iX Performance Share Plan | 333,333 | 105 |
| Less: Transaction costs pursuant to the rights issue | - | (135) |
| At 31 December 2016 and 31 March 2017 | 639,524,724 | 70,131 |

In July and December 2016, the Company completed a rights issue of 24,584,284 ordinary shares for a total consideration of S\$5,162,700 ("Rights Issue") and issued 333,333 ordinary shares pursuant to iX Performance Share Plan respectively.

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.

On 30 September 2016, the Company announced total awards of 3,504,333 shares to certain employees and executives under iX Performance Share Plan. Included in these awards, 2,239,000 shares granted to a controlling shareholder of the Company were approved by the shareholders at the annual general meeting on 25 October 2016. The Company has not granted any options under iX Employee Share Option Scheme since its inception.

| | Number of outstanding share awards / share options | Number of Shares that may be issued upon exercise of options / release of awards |
|--|--|--|
| As at 31 March 2017 | | |
| iX Performance Share Plan | 3,171,000 | 3,171,000 |
| Share options granted to various consultants and employees for services rendered | - | - |
| As at 31 March 2016 | | |
| iX Performance Share Plan | - | - |
| Share options granted to various consultants and employees for services rendered | 5,000,000 | 5,000,000 |

There were no treasury shares as at 31 March 2017 and 31 March 2016.

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

As at 31 March 2017, the number of issued shares excluding treasury shares was 639,524,724 (30 June 2016: 614,607,107).

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

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

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 30 June 2016.

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

The Group has adopted all the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 July 2016. The adoption of these new and revised FRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

The presentation of analysis of expenses in the statement of comprehensive income has been changed to the classification based on function of expenses, which provides information that is more relevant and informative to users of the financial statements. Comparative figures in the statement of comprehensive income based on nature of expenses have been changed from the previous year to conform to current year's presentation.

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 | | 9 months ended | |
| | 31.03.17 | 31.03.16 | 31.03.17 | 31.03.16 |
| Net loss attributable to equity holders of the Company (S\$'000) | (2,895) | (3,313) | (4,345) | (8,104) |
| Weighted average number of shares outstanding ('000) | 639,525 | 606,573 ⁽¹⁾ | 638,035 | 597,318 ⁽¹⁾ |
| Basic loss per share (Cents per share) | (0.5) | (0.5) | (0.7) | (1.4) |

Note:

- (1) The weighted average number of shares have been restated to reflect the effect of bonus element pursuant to the Rights Issue.

The Company has 3,171,000 share awards under iX Performance Share Plan (31 March 2016: 5,000,000 shares options). As they were anti-dilutive and had the effect of decreasing the loss per share, they were not included in the calculation of diluted loss per share above. Accordingly, the basic loss per share and diluted loss per share were the same for the financial periods presented.

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

| | Group | | Company | |
|---|----------|----------|----------|----------|
| | 31.03.17 | 30.06.16 | 31.03.17 | 30.06.16 |
| Net asset value per ordinary share (in cents) | 6.0 | 6.2 | 6.3 | 6.2 |

The net asset value per ordinary share of the Group and the Company as at 31 March 2017 were calculated based on the total number of issued shares of 639,524,724 (30 June 2016: 614,607,107).

There were no treasury shares as at 31 March 2017 and 30 June 2016.

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.

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

During the quarter, the Group had been active in developing its product pipeline and research and development ("R&D") activities. The development status as at the end of 3Q17 is summarised below:

| Products | Product Description | Development Status |
|------------|--|---|
| Wafermine™ | Sublingual ketamine for moderate to severe pain | In advanced preparation for Phase 2 Efficacy (Dose Selection) Study |
| PheoniX™ | Sublingual sildenafil for the treatment of male erectile dysfunction | Subsequently filed for drug registration with TGA in April 2017 |
| BnoX™ | Sublingual buprenorphine for moderate to severe pain | Phase 1 pharmacokinetic ("PK") study successfully completed |
| WafeRest™ | Sublingual melatonin for jetlag and improved sleep quality | Ready for sale as a supplement Planned product launch for Singapore in June 2017 |
| Wafernyl™ | Sublingual fentanyl for breakthrough, acute, post-operative and traumatic pain | Re-evaluating time-to-market given the current market trends |

Additional information on each of the above are as follows:

Wafermine™

As part of FDA requirement, the Group has successfully completed a PK study for Wafermine™ versus intravenous Ketalar (a reference drug imported from US) in the quarter ended 31 March

2017 (“3Q17”). The Group is in advanced preparation for a Phase 2 efficacy (dose selection) study.

PheoniX™

The Group completed its pivotal study confirming bioequivalence and good oral tolerability of PheoniX™ when compared with reference drug. Subsequently, the Group submitted its application for drug registration with TGA in April 2017.

BnoX™

The Group has successfully completed a Phase 1 PK study in 3Q17. We have commenced preparation to supply BnoX™ to hospitals and registered pharmacies in Australia under the Special Access Scheme exemption set out in Schedule 5A of the TGR.

WafeRest™

In March 2017, we filed for product classification with Health Science Authority of Singapore (“HSA”) and have received “no objection” from HSA for WafeRest™. Accordingly, our WafeRest™ is now ready for sales as a supplement in Singapore. In preparation for the launch of the product in the region, we have been engaging with the medical community to create awareness of WafeRest™.

Waferyl™

The Group completed its Phase 1 study and is re-evaluating the time-to-market of Waferyl™ given the current market trends.

Review of performance for quarter (“3Q17”) and nine months (“9M17”) ended 31 March 2017

| Revenue | 3Q17 | 3Q16 | Incr/ (Decr) | 9M17 | 9M16 | Incr/ (Decr) |
|--------------------------|----------------|----------------|-------------------------|----------------|----------------|-------------------------|
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Chemical Analysis | 1,479 | 1,056 | 40% | 4,554 | 3,996 | 14% |
| Specialty Pharmaceutical | 13 | 10 | 30% | 40 | 96 | (58%) |
| Total revenue | 1,492 | 1,066 | 40% | 4,594 | 4,092 | 12% |

The Group currently derives its main source of revenue from the chemical analysis business, which provides laboratory testing services. The segment recorded revenue of S\$1.48 million in 3Q17, an increase of 40% as compared to S\$1.06 million for the same quarter last year (“3Q16”). Revenue for 9M17 was S\$4.55 million, an increase of 14% as compared to S\$4.00 million for the corresponding period last year (“9M16”).

The segment recorded higher revenue in 3Q17 and 9M17 mainly due to:

- (a) increase in laboratory testing services which lead to revenue growth of 33% and 10% in 3Q17 and 9M17 respectively.

In Australian dollar, the segment achieved revenue growth of 33% in 3Q17 with revenue of A\$1.38 million as compared to A\$1.04 million in 3Q16. For 9M17, revenue increased by 10% to A\$4.33 million as compared to A\$3.95 million in 9M16.

- (b) the strengthening of the Australian dollar when translated into the reporting currency (Singapore dollars), resulted in an increase of 7% and 4% in revenue for 3Q17 and 9M17 respectively.

In 3Q17, cost of sales of S\$1.05 million, comprising mainly of personnel and consumable expenses relating to provision of chemical analysis services, was in line with 3Q16. In 9M17, cost of sales was S\$3.26 million, an increase of 7% mainly due to higher revenue.

The Group recorded a gross profit of S\$0.44 million or 30% of revenue in 3Q17 versus S\$0.02 million or 2% of revenue in 3Q16. For the nine-month period, the Group recorded a gross profit of S\$1.34 million or 29% of revenue in 9M17 versus S\$1.06 million or 26% of revenue in 9M16.

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

The Group conducts its R&D activities through its subsidiaries in Australia and have 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% (revised from 45% before 1 July 2016) refundable tax offset for expenditure incurred in Australia by the subsidiaries. In June 2016, Innovation Australia approved the Group’s application to include additional expenditure incurred as eligible R&D expenditure for the purpose of this R&D tax incentive. Consequently, the Group recognised a higher R&D incentive of S\$0.44 million in 3Q17 and S\$0.96 million in 9M17 as compared to prior comparative periods.

Expenses

The expense items in loss before tax were analysed below:

R&D expense

The Group undertook R&D activities in drug development, including formulation and manufacturing for clinical trials.

R&D expense was S\$1.82 million in 3Q17 as compared to S\$1.34 million in 3Q16. For the nine-month period, R&D expense was S\$3.61 million in 9M17 as compared to S\$4.17 million in 9M16. These were principally due to the timing and progress of clinical trials.

Sales and marketing

Sales and marketing expense was S\$0.71 million in 9M17 as compared to S\$0.45 million in 9M16, as the Group began preparing for commercialisation of its products. The increase in sales and marketing expense was mainly due to increase in headcount and marketing efforts in preparation for products launch.

General and administrative

In 3Q17, general and administrative expense increased by S\$0.26 million or 17% mainly due to increase in share based payment expense by S\$0.19 million for amortisation of the fair value of share awards granted to employees over their vesting periods.

In 9M17, general and administrative expense of S\$4.65 million was comparable to S\$4.72 million in the corresponding period last year.

Others

Others consist principally of currency exchange gain/loss and a one-off IPO related expense.

Currency exchange loss was S\$0.37 million in 3Q17 as compared to S\$0.85 million in 3Q16. The losses arose mainly from the weakening of the US dollar against the Singapore dollar for the Group’s US dollar denominated cash deposits.

For 9M17, currency exchange gain was S\$1.50 million as compared to loss of S\$0.58 million in 9M16. The currency exchange gain in 9M17 arose from the strengthening of the US and Australian dollars against the Singapore dollar for the Group’s foreign currency denominated cash deposits and receivables from subsidiaries.

Review of financial position

Trade and other receivables increased by S\$0.45 million from 30 June 2016 (“FY2016”) mainly due to additional accrued R&D incentive receivable of S\$1.70 million, and partially offset by an R&D tax incentive receipt of S\$1.41 million. Other current assets reduced by S\$0.39 million in deposits as a result of capitalisation of new equipment.

Property, plant and equipment and intangible assets were S\$9.96 million, a net increase of S\$0.63 million from S\$9.33 million in FY2016. The increase was mainly attributed to additions of fixed assets amounted to S\$0.84 million.

Trade and other payables was S\$3.57 million, an increase of S\$0.51 million from S\$3.06 million in FY2016, which was in line with higher clinical trials activities in 3Q17.

Current and non-current borrowings were S\$4.74 million, an increase of S\$0.49 million from S\$4.25 million in FY2016, mainly due to increase of S\$0.39 million in bank borrowings by a subsidiary to refinance its plant and equipment.

Cash flow analysis

During 3Q17, cash outflow in operating activities was S\$2.72 million, partially offset by a net increase in working capital of S\$0.93 million. As a result, the Group recorded a net cash used in operating activities of S\$1.75 million.

In the same quarter, the Group invested S\$0.29 million in new software and plant & equipment principally for laboratory testing and manufacturing purposes.

During 9M17, cash outflow in operating activities was S\$6.37 million, partially offset by R&D tax incentive received of S\$1.41 million and net increase in working capital of S\$0.84 million. As a result, the Group recorded a net cash used in operating activities of S\$4.04 million.

In the nine-month period, the Group invested S\$0.98 million to acquire new software and plant & equipment principally for laboratory testing and manufacturing purposes.

The Group raised S\$4.56 million and S\$0.39 million through issue of new shares and loans respectively. Through the Rights Issue, the Group raised a net proceed of S\$5.03 million, of which S\$0.47 million has been received in the fourth quarter ended 30 June 2016 from a shareholder pursuant to its undertaking in relation to the Rights Issue.

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

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

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

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

Timing and progress of our clinical studies may impact our research and development expenses over the next 12 months. The Group is in advance stage of preparation to initiate the next clinical study for Phase 2 efficacy (dose selection) study for Wafermine™. Subject to regulatory approvals, this clinical trial is planned for 1st half of financial year ending 30 June 2018 ("FY2018").

Over the next 12 months, the Group shall be undertaking more marketing activities to promote its products coming into the regional markets. The Group plans to launch WafeRest™ initially in Singapore in next quarter and will continue its effort to engage with the medical community to create product awareness. It also has plans to roll-out WafeRest™ in the region subsequently, subject to obtaining regulatory approvals from respective local authorities where applicable.

With the filing of PheoniX™ with TGA in April 2017, the Group has commenced designing marketing campaigns targeted at the region to promote the sale of this novel product for male erectile dysfunction.

In Australia, continued efforts are made to promote product awareness of Wafermine™ and BnoX™ via trade exhibitions and conferences. For the year 2017, iX Biopharma Ltd has been invited to present our Wafermine™ and BnoX™ products and their comparative advantages for acute and severe pain management in annual scientific meetings of Australian Pain Society in April and Australian and New Zealand College of Anaesthetists in May. Our presentation for Australian Pain Society in April was well received.

The Group is planning to incorporate a new wholly owned subsidiary to promote and market its new line of products: supplements addressing specific conditions. The subsidiary will be the Group's third business arm complementing its existing Pharmaceuticals business and Chemical Analysis business. The Group will announce the incorporation of the new subsidiary in due course.

11. If a decision regarding dividend has been made:

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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

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

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

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

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

14. Use of Proceeds

(a) Initial Public Offer

Pursuant to the IPO, the Company received total proceeds of S\$30.13 million ("IPO Proceeds"). As at 31 March 2017, the IPO Proceeds has been utilised as follows:

| | Amount allocated | 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 | 26,200 | (6,602) | 19,598 |
| General working capital purposes | 1,413 | (1,413) | - |
| Listing expenses | 2,517 | (2,517) | - |
| Total | 30,130 | (10,532) | 19,598 |

Details of working capital used:

| | S\$'000 |
|---|----------------|
| Professional fees | 326 |
| Payroll and directors' fees | 755 |
| Trademark and patents | 67 |
| Rental, office expenditure and other operating expenses | 265 |
| Total | 1,413 |

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.

(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 31 March 2017, 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 | (472) | 3,377 |
| Acquisition of new product packaging equipment | 1,000 | (76) | 924 |
| Total | 4,849 | (548) | 4,301 |

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 31 March 2017, 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 | (740) | 3,288 |
| Acquisition of new product packaging equipment | 1,000 | - | 1,000 |
| Total | 5,028 | (740) | 4,288 |

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

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

The Board of Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the financial results for the period ended 31 March 2017 to be false or misleading in any material aspect.

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

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

On behalf of the Board of Directors

Eddy Lee Yip Hang
Chairman & CEO

Albert Ho Shing Tung
Non-executive Director

11 May 2017

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

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

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