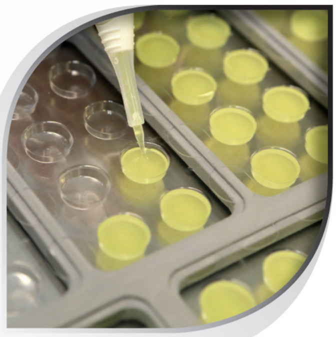
biopharma
it's life changing

IT'S LIFE CHANGING



ANNUAL REPORT
2016

CORPORATE PROFILE

biopharma
it's life changing

iX Biopharma Ltd. is a specialty pharmaceutical company, with a focus on the development and commercialisation of innovative therapies for improving the lives of those suffering from pain and other health issues. The Company leverages its patented sublingual drug delivery technology, **WaferiX™**, to develop proprietary products that incorporate pharmacologically active compounds that have been approved by regulatory bodies. Its current pipeline of products include **Wafermine™**, **BnoX™** and **Wafernyl™** for pain management, **PheoniX™** for erectile dysfunction, and **WafeRest™** for improved sleep quality.

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

CONTENTS

This annual report 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 Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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

iX Biopharma makes strides in drug development and extension of product pipeline in FY2016

> "Our products have the potential to be game-changers in their respective market segments… We also have in place the proprietary technology, a talented and passionate team of experts, and an expanded manufacturing capacity to embark on an accelerated growth trajectory over the next few years."

Dear Shareholders

Many of us who do not suffer from chronic pain may find it hard to understand how debilitating it can be, and the lengths a person may go to in their attempts to alleviate their pain.

That desperation is what drives the global opioid addiction epidemic, and is rumoured to be the cause behind several high profile celebrity deaths in recent years. It was reported in the New York Times in May 2016 that there were 47,000 deaths from drug overdose in the United States of America ("USA") last year alone, 61% of which were caused by opioid addiction. These have contributed to growing concerns amongst the medical community that long-term use of opioids pose serious risk of tolerance and hyperalgesia (abnormally heightened sensitivity to pain), thus requiring higher doses of the drug in order to achieve the same pain relief, and perpetuating the cycle of pain and euphoria that fosters addiction.

According to a CNBC report in April 2016, pain relieving drugs are the second-largest pharmaceutical class worldwide, after cancer medicines. There were approximately 300 million pain prescriptions written in 2015 globally, which translates to a US$24 billion market.

iX Biopharma is developing alternative solutions that address the rising medical and regulatory concerns about the increasing rate of opioid addiction as well as concerns over their long-term efficacy and safety. We are therefore very excited about our mission and role in transforming the pain management industry through our revolutionary technology and product offerings, and the huge market potential this represents.

The past 12 months have been a busy period of growth as we completed the transition from a private to public-listed company through an initial public offering ("IPO"). We also sharpened our corporate governance and strengthened our internal controls during this time. With the corporate structure in place and the successful completion of the acquisition of Syrinx Pharmaceuticals Pty Ltd ("Syrinx"), we are now ready to move full steam ahead with the development and delivery of our pipeline of products.

Protecting Our Game-Changing Technology

Our drug delivery technology, WaferiX, is a fast-dissolving wafer technology that allows pharmacologically active compounds to be administered sublingually (under the tongue).

This mode of delivery reduces the effect of first-pass metabolism, a process whereby the concentration of the drug is significantly reduced before it reaches the systemic circulation during the absorptive and metabolic process related to the liver and gut wall. This process affects the bioavailability of a number of drugs such as ketamine when ingested orally. Sublingual delivery via WaferiX therefore has the potential to increase the rate, extent and predictability of drug absorption for a number of already approved drugs, resulting in new or improved existing clinical applications. We are aware of the

CHAIRMAN'S STATEMENT

market potential for our technology globally and we have developed an intellectual property strategy intended to maximise protection of our proprietary sublingual technologies and expertise. We now have patents granted in Singapore, Australia, New Zealand, Malaysia, Japan, Indonesia and South Korea. Our applications are currently being evaluated in other major markets including the USA, China, Europe and India.

Wafermine - A Potential Morphine Substitute

Leading our product pipeline in the battle against the global opioid addiction epidemic is Wafermine, our proprietary sublingual ketamine wafer positioned as an alternative analgesic to opioids for the treatment of moderate to severe pain.

Compared with opioids, ketamine has the advantage of reduced risk of respiratory depression, tolerance and addiction. It is therefore considered a viable substitute for morphine, which is slipping as the gold standard in pain management according to the United States Defense Health Board. The US Department of Defense is looking favourably to ketamine as the new battlefield analgesia.

We have successfully completed a multi-dose, placebo-controlled clinical study of Wafermine in patients who have undergone a bunionectomy, a surgical procedure to remove bunions from the foot (KET-009). This Phase 2 study demonstrated the safety and tolerability of Wafermine when administered alone and in combination with opioids through three different dosing regimens.

The next key step in development for Wafermine is to conduct a Phase 2 efficacy study (KET-010) to determine the optimal dose to be used in the subsequent pivotal Phase 3 registration studies.

BnoX - Managing Pain While Reducing the Risk of Addiction

Our next pain management product in development is BnoX, which is formulated with the active compound, buprenorphine – another exciting and emerging compound for acute pain management.

In response to the opioid epidemic described earlier, the American government has taken unusual and drastic measures to reduce the number of opioid prescriptions. This includes a US$1.1 billion budget announced in February 2016 to address opioid overdose, and support to expand buprenorphine prescriptions to overcome drug addiction. The federal government also published the first national standards for prescription painkillers and recommended the use of alternatives, such as buprenorphine, to highly addictive opioids.

We have successfully completed pre-clinical development of BnoX. The immediate plan is to conduct a pharmacokinetic ("PK") study before supplying BnoX to hospitals and registered pharmacies in Australia under the Special Access Scheme exemption set out in Schedule 5A of the Therapeutic Goods Regulations 1990 ("TGR").

PheoniX - High Potential Male Erectile Dysfunction Drug

PheoniX is our sublingual sildenafil wafer for the treatment of male erectile dysfunction ("MED").

MED is no longer a condition mainly affecting older males, as a report in the Journal of Sexual Medicine in May 2013 found that more young men are being diagnosed with this condition. Another trend contributing to the boom in men's health products is the dangerous explosion of counterfeit male sexual drugs and supplements.

PheoniX is therefore poised to enter a billion-dollar market, where over US$5 billion of sales was generated from the three best-selling MED drugs globally in 2014 alone.

We have recently completed a pivotal bioequivalence study for PheoniX. The results demonstrated that our sublingual wafer formulation of PheoniX has a similar rate and extent of drug absorption as the reference drug (in this instance the oral tablet, Viagra®). PheoniX was also well tolerated similar to the reference drug.

We are now preparing an application for the registration of PheoniX with the Therapeutic Goods Administration ("TGA") in Australia.

WafeRest - Alleviating Jet Lag & Improving Sleep Quality

With millions of business and leisure travellers today taking flights that cross multiple time zones, jet lag has become a common phenomenon. These travellers experience a temporary misalignment between the body's circadian clock and external time and symptoms include daytime fatigue, impaired alertness, night-time insomnia and impaired cognitive skills.

In general, people are sleeping later than in past generations due to modern-day distractions like smartphones and tablets. Shift workers are also subjected to abnormal sleep cycles. All these affect our natural body clock and our body's ability to produce melatonin, a natural brain hormone that is secreted in response to the daily onset of darkness and helps to regulate disturbed circadian rhythms and promote sleep in people experiencing jet lag and other circadian rhythm sleep disorders.

According to Healthcare Education & Research ("ERS"), a European non-profit research group, the global market for melatonin products was US$504 million in 2012 and is expected to double by 2019. However, research has shown that melatonin has a low absolute bioavailability either due to poor oral absorption, large first-pass metabolism, or a combination of both.

The market potential is therefore huge for our latest product in development: WafeRest, a sublingual melatonin wafer supplement to alleviate jet lag and improve sleep quality.

The timing is perfect for a drug like WafeRest so we are very excited to announce that plans are underway for WafeRest to be made available for sale in the region sometime in 2017.

Enhancing Our Manufacturing Capabilities

Over the past financial year, we completed the acquisition of Syrinx in Victoria, Australia, at a contracted purchase consideration of A$1.1 million, settled in cash and issue of new shares. Our business model is now fully integrated upon completion of this acquisition process that began in 2014. The acquisition has increased our manufacturing capacity and we are now preparing the TGA-licensed manufacturing facility for commercialisation. This will enable us to supply Wafermine to more hospitals and registered pharmacies in Australia than at present.

Strengthening Our Financials

As we continue to invest in our product pipeline, S$5.6 million was spent on research and development ("R&D") through our Australian subsidiaries, iX Biopharma Pty Ltd ("iX Australia") and Syrinx. The progress achieved in our existing and new product pipelines reflect these efforts.

In Australia, experimental activities including pharmaceutical R&D and clinical trials are eligible for a 45% R&D tax incentive. In this regard, having met the conditions required, we recognised S$3.9 million under the scheme this year, which helped reduce our cost of conducting R&D.

We continued to keep a tight rein on our expenses during the year. Total expenses before R&D increased by S$1.3 million, excluding the one-off expenses incurred in the previous year for share-based payments and listing expense.

We raised S$27.6 million in net proceeds from our IPO in July 2015. Since then, we have completed a private placement in April 2016 and initiated a rights issue that concluded in late July 2016, raising approximately S$4.8 million and S$4.9 million in net proceeds respectively. As a result, we have a strong cash balance to fund additional clinical trials, registration and commercialisation of new products in our pipeline.

Accelerated Growth Ahead

As a dynamic and innovative specialty pharmaceutical company, we focus on the development and commercialisation of innovative therapies for pain management and other health issues to help our customers and patients achieve a better quality of life. We aim to push boundaries in developing best-in-class pharmaceutical solutions that offer better outcomes to the current market equivalents.

Our products have the potential to be game-changers in their respective market segments. We are therefore optimistic about iX Biopharma capturing a significant share of the pain management market, in particular, once Wafermine and BnoX are ready for mass commercialisation and exportation. To this end, we have participated in a number of pain conferences in Australia and New Zealand, where Wafermine has been generating strong interest among medical practitioners.

To our management team and our staff in Singapore, Australia and the USA, I thank you all for believing in our shared vision of developing products that make a real difference in improving people's lives. To my fellow Board members, thank you for your guidance and support especially during the challenges of the past year as we transitioned from a private to public-listed company. Last but most importantly, I would like to thank our valued shareholders for your continued support in us.

With these significant developments over the past year, iX Biopharma now operates a fully-integrated business model from drug development to manufacturing and supply. We now have in place the proprietary technology, a talented and passionate team of experts, and an expanded manufacturing capacity to embark on an accelerated growth trajectory over the next few years.

Let's ride this new wave of change together with safer and more effective products that impact the world more positively.

Eddy Lee
Chairman & CEO

INNOVATION

OUR TECHNOLOGY: WAFERIX™

WaferiX™

WaferiX™ drug delivery technology is iX Biopharma's proprietary wafer formulation, which allows pharmacologically active compounds, such as ketamine or buprenorphine, to be administered sublingually. The sublingual delivery platform enables active pharmacological compounds to be delivered safely, rapidly and conveniently into the blood stream.

This mode of delivery reduces the effect of first-pass metabolism, a process whereby the concentration of the drug is significantly reduced before it reaches the systemic circulation during the absorptive and metabolic process related to the liver and gut wall. This process affects the bioavailability of a number of drugs such as ketamine when ingested orally. Sublingual delivery via WaferiX™ therefore has the potential to increase the rate, extent and predictability of drug absorption for a number of already approved drugs, resulting in new or improved existing clinical applications. As a non-invasive method of drug delivery, it eliminates the risk of infection compared with intravenous administration, along with the need for the specialised staff and equipment required for such administration.

Accordingly, drugs delivered via WaferiX™ require a lower dose to achieve a similar therapeutic effect than drugs administered by other oral routes. The wafer, which is in a thin tablet form, is also easy to dose, store and handle. Other advantages of sublingual delivery include non-invasiveness, better side-effect profile, reduced risk of medical errors in drug administration and improved patient compliance.

WaferiX™ has been granted ten patents for our products in seven countries, namely Singapore, Australia, New Zealand, Malaysia, Japan, Indonesia and South Korea.

PRODUCTS IN THE PIPELINE

Wafermine™

Wafermine™, our lead product, is the Group's ground-breaking innovation. It is formulated for moderate to severe pain. The active compound of Wafermine™ is ketamine, which can be used for pain relief when administered at sub-anaesthetic doses. This makes Wafermine™ the world's first oral-sublingual ketamine used for pain relief – a breakthrough in pain management.

The sublingual delivery avoids the requirement (and associated logistical issues) of administering ketamine intravenously as is the current typical clinical practice, yet still delivers the drug rapidly and predictably to the bloodstream.

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

Wafermine™ is currently supplied to hospitals and registered pharmacies in Australia under Schedule 5A of the Therapeutic Goods Regulations 1990 of Australia ("TGR").

BnoX™

BnoX™, our latest product developed for pain management, is a sublingual buprenorphine wafer formulated for the treatment of moderate to severe pain. With the spotlight currently on the global opioid epidemic, there is now an increasing recognition that buprenorphine can be a critical and emerging compound for pain management.

Buprenorphine is known for its poor bioavailability (reported to be 10% or less) when ingested orally. Using our WaferiX™ technology, the bioavailability of buprenorphine is expected to be improved substantially and result in greater analgesic effect. The sublingual delivery will thus potentially offer less variability in drug absorption, producing a more predictable dose and analgesic effect.

Buprenorphine has been shown to provide longer lasting pain relief with lower side effects compared to other opioids. It also exhibits a ceiling effect whereby higher doses do not result in additional opioid effects, including euphoria and respiratory depression. Patients are therefore less likely to develop addiction and tolerance, with the risk of death greatly reduced also.

We intend to supply BnoX™ to hospitals and registered pharmacies in Australia under Schedule 5A of the TGR.

PheoniX™

PheoniX™ contains sildenafil citrate, which is a hallmark drug for the treatment of male erectile dysfunction, as its active compound. Utilising our WaferiX™ technology, PheoniX™ is a sildenafil wafer that is administered sublingually. Delivering sildenafil through the sublingual route has the potential advantage of mitigating the issue of variable and delayed absorption when the drug is given orally following meals. Users of PheoniX™ may thus enjoy faster onset of action and greater convenience.

We are now preparing to apply for the registration of PheoniX™ with the Therapeutic Goods Administration ("TGA") in Australia.

WafeRest™

WafeRest™ is a sublingual melatonin wafer supplement aimed at alleviating jet lag and improving sleep quality.

Melatonin is a hormone produced in the brain that regulates the circadian rhythm (sleep-wake cycle) and people's ability to sleep. Research has shown that melatonin has a low absolute bioavailability either due to poor oral absorption, large first-pass metabolism, or a combination of both. The use of iX Biopharma's WaferiX™ sublingual technology potentially allows for the improvement of its bioavailability as the delivery of the drug bypasses the first-pass metabolism, and hence offers a more rapid and predictable dosage of melatonin.

WafeRest™ is the first supplement in the Group's pipeline of products. We intend to file the product for export listing with the TGA for sale in the region.

Wafernyl™

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

FINANCIAL REVIEW

OPERATING RESULTS

Revenue & Gross Profit

The Group's revenue for the financial year ended 30 June 2016 ("FY2016") was S$5.80 million as compared to S$7.45 million for the financial year ended 30 June 2015 ("FY2015"). Revenue was derived from two business segments.

1. The chemical analysis business, which is the provision of laboratory testing services, accounted for S$5.69 million or 98% of total revenue in FY2016. The segment recorded lower revenue in FY2016 mainly due to:

    a. the weakening of the Australian dollar when translated into the reporting currency (Singapore dollars), resulting in a decrease of S$0.5 million in revenue for FY2016.

    b. the reduction in market demand for Essential Similarity ("ES") testing services during FY2016.

    FY2015 was a bumper year for our ES testing business where a large number of molecules (oral dosage form) were coming off patent. Consequently, ES testing revenue was lower by S$1.2 million for FY2016.

2. The specialty pharmaceutical business accounted for S$0.10 million or 2% of total revenue in FY2016. Supplies of our Wafermine™ product under the exemption set out in Schedule 5A of the TGR were limited by our Good Manufacturing Practice ("GMP") production capacity.

As a result of the above, the Group recorded a gross profit of S$1.71 million or 29% of revenue in FY2016 as compared to a gross profit of S$3.28 million or 44% of revenue in FY2015.

Other Income - 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 45% refundable tax offset for expenditure incurred in Australia by the subsidiaries. In June 2016, Innovation Australia approved the Group's application to include certain overseas expenditure incurred as eligible R&D expenditure for the purpose of this R&D tax incentive. Consequently, the Group recognised a total tax incentive of S$3.87 million for FY2016.

Expenses

In FY2016, R&D expense was S$5.61 million, an increase of S$1.10 million or 25% from S$4.51 million in FY2015. The Group undertook more R&D activities in drug development, including formulation and preparation works, equipment validation, batch and stability testing, and product manufacturing and supply for clinical trials. For our clinical studies in FY2016, a pilot study of PheoniX™ and a Phase 2C clinical trial for Wafermine™ were completed, while a pivotal study of PheoniX™ was completed pending finalisation of its results.

Sales and marketing expense was S$0.66 million in FY2016 as compared to S$0.36 million in FY2015, as the Group began preparing for commercialisation of its products. These include increases in headcounts and participations in trade exhibitions and conferences.

In FY2016, general and administrative expenses decreased by S$0.94 million or 13% in FY2016, mainly due to the following:

- the one-off share based payments of S$1.82 million in FY2015 to certain directors, employees and consultants as remuneration paid for services rendered during the year and an employee for loss of office; offset by
- additional headcounts hired to support the corporate function of S$0.60 million and increase in directors' fees of S$0.28 million due to the appointment of additional directors for listing compliance pursuant to the IPO.

Other expenses consist of currency exchange losses, a one-off IPO related expense and change in fair value of contingent consideration payable. Other expenses in FY2015 were higher mainly due to the one-off IPO listing expense of S$1.36 million. Currency exchange losses in FY2016 of S$0.89 million arose from the depreciation of the US and Australian dollars against the Singapore dollar for the Group's foreign currency denominated cash deposits and receivables from subsidiaries.

FINANCIAL POSITION

As at 30 June 2016, the Group's cash and cash equivalents amounted to S$31.33 million. This was an increase of S$22.44 million or 252% from FY2015, mainly due to proceeds from the issuance of ordinary shares pursuant to the IPO and private placement of S$30.13 million and S$5.03 million respectively, offset by related transaction costs for issuance of shares of S$1.24 million and cash outflows in operating activities of S$9.13 million.

Trade and other receivables amounted to S$4.88 million, an increase of S$3.15 million from FY2015 mainly due to a higher research and development tax incentive receivable of S$3.50 million, offset by trade receivables from lower sales activities in the chemical analysis business of S$0.48 million.

Property, plant and equipment and intangible assets were S$9.33 million, a net increase of S$4.92 million from S$4.41 million in FY2015. The increase was mainly attributable to the acquisition of a property in Victoria, Australia for A$4.53 million, which is an operating plant for the manufacturing of pharmaceutical products and chemical analysis previously leased to our subsidiaries. The property was held by Arrow Property Trust ("APT"), which became a wholly-owned subsidiary in May 2016 following the exercise of the Arrow Property Trust Call Option and KMPL Call Option (options held by the Company arising from an earlier acquisition of Syrinx Pharmaceuticals Pty Ltd and Chemical Analysis Pty Ltd in 2014) by the Company. Also, additions of fixed assets amounted to S$1.16 million, including a freezer dryer for S$0.62 million, partially offset by depreciation and amortisation expense of S$0.93 million.

Current and non-current borrowings were S$4.25 million in FY2016, an increase of S$3.77 million from S$0.48 million in FY2015, mainly attributable to a bank loan of A$3.50 million arising from the acquisition of APT. The loan was secured over a property in Victoria, Australia.

CASH FLOW

For FY2016, cash outflow from operating activities was S$9.50 million, partially offset by a net increase in working capital of S$0.37 million. As a result, the Group recorded a net cash used in operating activities of S$9.13 million.

Net cash used in investing activities in FY2016 was S$2.67 million, which comprised mainly additions to property, plant and equipment of S$1.16 million, payment of S$0.77 million for second earn-out as part of the consideration in the acquisition of subsidiary, and acquisition of the net assets in APT of S$0.74 million. Net cash from financing activities in FY2016 was S$34.48 million, which comprised mainly net proceeds of S$33.92 million from the issuance of ordinary shares pursuant to the IPO and private placement.

Chew Sien Lup
Chief Financial Officer

BOARD OF DIRECTORS

Eddy Lee Yip Hang
Chairman and Chief Executive Officer

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

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

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

Albert Ho Shing Tung
Non-Executive Director

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

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

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

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

Ko Kheng Hwa
Lead Independent Director

Ko Kheng Hwa was appointed to the Board on 18 June 2015 and serves as Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He is also an Independent Director of Ho Bee Land Limited, a company listed on the SGX-ST, Senior Advisor to several companies including Accenture Hong Kong and a member of the Advisory Board of SIM University.

Mr Ko has more than 30 years of leadership, industry and international experience. Public sector leadership positions previously held include Managing Director of Economic Development Board, and Board member of Agency for Science, Technology and Research (A*STAR) and SPRING Singapore. Business sector appointments previously held include CEO of Singbridge International Singapore Pte Ltd, a Temasek-linked company, and Group CEO of Ying Li International Real Estate Ltd.

Mr Ko holds a B.A. (Honours) in Engineering from Cambridge University and Master of Science in Management from Massachusetts Institute of Technology. He is a Fellow of the Institution of Engineers Singapore.

Low Weng Keong
Independent Director

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

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

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

Claudia Teo Kwee Yee
Independent Director

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

Ms Teo's key practice areas at HEP are corporate finance as well as merger and acquisition transactions throughout Asia. Ms Teo was recommended in the 2016 edition of The Legal 500 as well as the 2014 edition of Asialaw's Leading Lawyer Publication, and is a member of the Investment Committee of Ren Ci Hospital & Medicare Centre, a Singapore charity.

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

SENIOR MANAGEMENT

Eddy Lee Yip Hang
Chairman and Chief Executive Officer

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

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

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

Chew Sien Lup
Chief Financial Officer

Chew Sien Lup joined iX Biopharma in April 2016. As Chief Financial Officer, Mr Chew oversees the accounting, financial, taxation, investment and other financial matters of the iX Group.

Mr Chew has over 20 years of experience holding senior positions in accounting, audit and treasury. He spent more than 9 years with an international public accounting firm serving a variety of clients including those in the energy, utilities and high tech industries. Prior to joining iX, he also served as CFO of Singapore eDevelopment Limited and Metech International Limited, both listed on the SGX-ST.

Mr Chew graduated from Monash University, Australia in 1988 with a Bachelor of Economics (Accounting) and a Bachelor of Science (Computer Science) with Honours. He has been a Certified Practising Accountant of CPA Australia since 1993.

Dr Janakan Krishnarajah
Chief Medical Officer

Dr Janakan Krishnarajah joined iX Biopharma in April 2016. As Chief Medical Officer, he is responsible for the development and implementation of iX Biopharma's clinical trial programmes.

Prior to joining iX, Dr Krishnarajah was the CEO and Medical Director of Linear Clinical Research, a leading Australian early-phase clinical trials facility. He has extensive experience in phase I-IV clinical trials and has acted as Principal or Co-Investigator in over 100 Phase I/II clinical trials. He is a reviewing panel member of the Clinical Drug Trials Committee at Sir Charles Gairdner Hospital in Western Australia.

Dr Krishnarajah graduated with a Bachelor of Medicine, Bachelor of Surgery (Hons) from The University of Western Australia in 2001. He is a Consultant Physician with specialist interests in Clinical Pharmacology and Internal Medicine.

SENIOR MANAGEMENT

Dr Iain Cook
Chief Scientist

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

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

Desiree Chua
Business Development Manager

Desiree Chua is responsible for the business development and marketing activities of the Group's products in the Asia region. These include product branding, regulatory affairs and market research activities. She was previously a management consultant at PricewaterhouseCoopers Singapore before joining iX Biopharma in September 2015.

Ms Chua obtained her degrees in Bachelor of Business Management and Bachelor of Accountancy at Singapore Management University.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board" or "Directors") and the management ("Management") of iX Biopharma Ltd. (the "Company", and together with its subsidiaries, the "Group") is committed to comply with the principles of the Code of Corporate Governance 2012 (the "Code") issued on 2 May 2012. The Company believes that good corporate governance is essential in building a sound corporation with an ethical environment, thereby protecting the interests of all shareholders.

This Corporate Governance Report sets out the Company's corporate governance practices. The Board confirms that, for the financial year ended 30 June 2016 ("FY2016"), the Company has generally adhered to the principles and guidelines set out in the Code, except where otherwise stated. Where there have been deviations from the Code, the Company has sought to provide an appropriate explanation for each deviation in this Corporate Governance Report. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time, to ensure compliance with Section B: Rules of Catalist (the "Catalist Rules") of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

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

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

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

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

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

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

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

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

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

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

The Company was admitted to the Official List of the Catalist of the SGX-ST on 22 July 2015 and held its first Board and Board Committee meetings as a public listed company on 26 August 2015. The number of Board and Board Committees meetings held and the attendance of each Board member during the period from 22 July 2015 to 30 June 2016 are shown below:

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	4	4	1	2
No. of meetings attended				
Eddy Lee Yip Hang	3	N/A	1	N/A
Albert Ho Shing Tung	4	4	N/A	2
Ko Kheng Hwa	4	4	1	2
Low Weng Keong	4	4	1	2
Claudia Teo Kwee Yee	4	4	1	2

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

BOARD COMPOSITION AND GUIDANCE

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

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

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

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

The profiles of the Directors are set out in pages 10 and 11 of this Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

BOARD MEMBERSHIP

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

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

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

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

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

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

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

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

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

The NC is also charged with the responsibility of determining annually, and as and when circumstances require, if a Director is independent. Each NC member will not take part in determining his or her own re-appointment or independence. Each Director is required to submit a return of independence to the Company Secretary, who will submit the returns to the NC. The NC shall review the returns and determine the independence of each of the Directors for recommendation to the Board. An independent Director shall notify the NC immediately, if, as a result of a change in circumstances, he or she no longer meets the criteria for independence or if such change in circumstances would be relevant to the NC's analysis of his or her independence. The NC shall review the change in circumstances and make its recommendations to the Board. The NC has reviewed the independence of each Director for FY 2016 and has determined that Ms. Claudia Teo Kwee Yee, Mr. Ko Kheng Hwa and Mr. Low Weng Keong are independent.

The Company's Constitution requires newly appointed Directors to hold office until the next Annual General Meeting ("AGM") and at least half of the Directors to retire by rotation at every AGM. The NC assesses and recommends to the Board whether the retiring Directors are suitable for re-election, taking into consideration the range of expertise, skills and attributes of the Board and its composition. The NC also considers the attendance, level of preparedness, participation and candour of such Directors.

The NC recommends that Mr. Eddy Lee Yip Hang, Mr. Ko Kheng Hwa and Ms. Claudia Teo Kwee Yee, who are to retire by rotation be nominated for re-election at the forthcoming AGM, in accordance with Article 93 of the Company's Constitution:

(a) Mr. Eddy Lee Yip Hang will, upon re-election as a Director of the Company, remain as Chairman and CEO of the Company and a member of NC;

(b) Mr. Ko Kheng Hwa will, upon re-election as a Director of the Company, remain as Chairman of the RC and a member of the AC and NC of the Company. Mr Ko Kheng Hwa is considered independent for the purposes of Rule 704(7) of the Catalist Rules; and

(c) Ms. Claudia Teo Kwee Yee will, upon re-election as a Director of the Company, remain as Chairman of the NC and a member of the AC and RC of the Company. Ms Claudia Teo Kwee Yee is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Although Mr. Low Weng Keong, Mr. Albert Ho Shing Tung and Mr. Ko Kheng Hwa hold directorships in other listed companies (which are not in the Group), the NC is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. Instead, the NC considers these Directors would widen the expertise and experience of the Board and give it a broader perspective. As such, the NC does not presently consider it necessary to determine the maximum number of listed company board representations which any of the Directors may hold. The NC has reviewed and determined that each Director has committed sufficient time, attention, resources and expertise to the affairs of the Company, taking into account the Directors' number of listed company board representations and other principal commitments.

No Director was involved in his or her own evaluation.

The dates of initial appointment and last re-election of each Director, together with his or her current directorships in listed companies are set out below. The details of the Directors' academic and professional qualifications and other principal commitments are set out in pages 10 and 11.

Director	**Current appointment**	**Date of initial appointment**	**Date of last re-election**	**Directorships in other listed companies (present and in the preceding three years)**
Eddy Lee Yip Hang	Executive Director	17.01.2008	28.02.2015	–
Albert Ho Shing Tung	Non-Executive Director	01.03.2013	23.10.2015	Independent Non-Executive Director at Riverstone Holdings Limited
Ko Kheng Hwa	Non-Executive Lead Independent Director	18.06.2015	23.10.2015	<u>Present</u> Independent Non-Executive Director at Ho Bee Land Limited <u>Previous</u> Executive Director at Ying Li International Real Estate Limited

Director	Current appointment	Date of initial appointment	Date of last re-election	Directorships in other listed companies (present and in the preceding three years)
Low Weng Keong	Non-Executive Independent Director	18.06.2015	23.10.2015	Present 1. Independent Non-Executive Director at UOL Group Limited 2. Independent Non-Executive Director at Bracell Limited 3. Lead Independent Non-Executive Director at Riverstone Holdings Limited Previous 1. Unionmet (Singapore) Limited 2. Pan Pacific Hotels Group Limited
Claudia Teo Kwee Yee	Non-Executive Independent Director	18.06.2015	23.10.2015	–

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

BOARD PERFORMANCE

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

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

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

The evaluation of the Board's performance and individual Director's contribution is conducted by a questionnaire to be completed by each individual Director. The findings are then collated and analysed, and thereafter presented to the NC, which will, in consultation with the Chairman, take appropriate actions to address the findings of the performance assessment. The NC has assessed the current Board's and Board Committee's performance to-date, their roles and responsibilities and is of the view that the performance of the Board as a whole, the Board Committees and the Chairman of the Board and Board Committees were satisfactory. No external facilitator was used in the evaluation process.

Going forward, the NC will continue to review the formal assessment processes for evaluating the Board and each Board Committee's performance, and also review the contribution of individual Directors to the effectiveness of the Board and their relevant Board Committees. The Chairman acts on the results of the performance evaluation, and where appropriate, proposes new members to be appointed to the Board or seek the resignation of Directors in consultation with the NC. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his or her performance or his or her re-nomination as Director.

ACCESS TO INFORMATION

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

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

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

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

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

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

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

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

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

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

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

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

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

LEVEL AND MIX OF REMUNERATION

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

The Board recognises the need to pay competitive (but not excessive) fees to attract, motivate and retain Directors and Management of the required experience and expertise.

The remuneration of the Executive Director and senior management personnel for FY2016 comprised a fixed component in the form of a base salary (including applicable compulsory employer contribution to Central Provident Fund), a variable component and benefits. The RC has reviewed the Company's remuneration policy to include a variable bonus component and a long term incentive component comprising performance shares under the Plan (as defined herein) which will be linked to the individual performance of the Executive Director and senior management personnel and will be assessed based on their respective key performance indicators or conditions. The RC reviewed and set appropriate performance conditions for the CEO.

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

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

During FY2016, the RC appointed an external independent remuneration consultant, Mr. Johan Grundligh of Carrots Consulting Pte Ltd ("Remuneration Consultants"), to review the fee framework for non-executive Directors to ensure the fees are comparable and competitive to those companies in the same industry, of comparable size and having similar business models. The Remuneration Consultants are not related to the Company or any of its Directors. The RC has considered the recommendation from the Remuneration Consultants and various factors including the operating results of the Group and recommended that Directors' fees be revised based on the framework set out below. Accordingly, the RC has recommended that Directors' fees of S$328,000 shall be paid quarterly in arrears for the financial year ending 30 June 2017.

The general framework of Directors' Fees is as follows:

	Directors' Fees	
	Basic	Additional
Director	S$71,500	–
Lead Independent		S$6,000
Chairperson		
Audit Committee		S$12,000
Nominating Committee		S$6,000
Remuneration Committee		S$6,000

The Board is responsible for overseeing the iX Employee Share Option Scheme (the "Share Option Scheme") and the iX Performance Share Plan (the "Share Plan") (collectively, the "Schemes") and administering the Schemes in accordance with the guidelines set. For additional details on the Schemes, please refer to the section of the Directors' Statement entitled "Share Option Scheme and Share Plan" in pages 29 and 30 set out in this Annual Report.

DISCLOSURE ON REMUNERATION

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

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

The remuneration bands of the Directors and top one key management personnel (other than the Chairman and CEO) of the Group for FY2016 are as follows:

Remuneration Bands	Fees %	Base/Fixed Salary %	Bonus %	Other Benefits %	Total %
Directors					
S$750,001 to S$1,000,000 per annum					
Eddy Lee Yip Hang	0	37	27	36[(1)]	100
Below S$250,000 per annum					
Albert Ho Shing Tung	100	0	0	0	100
Ko Kheng Hwa	100	0	0	0	100
Low Weng Keong	100	0	0	0	100
Claudia Teo Kwee Yee	100	0	0	0	100
Key Management					
S$250,001 to S$500,000 per annum					
Phillip Choo Peng Leong [(2)]	0	63	10	27[(4)]	100
Below S$250,000 per annum					
Chew Sien Lup [(3)]	0	100	0	0	100

Notes:

1. The Other Benefits comprises personal income tax, housing and car benefits.

2. Resigned as Chief Financial Officer on 31 March 2016.

3. Appointed as Chief Financial Officer on 14 April 2016.

4. The Other Benefits comprises amortised value relating to the grant of 1,500,000 share options of the Company in FY2015, calculated using fair value measurement and recognised as expense of FY2016.

Remuneration of senior management

The Company does not believe to be in its interest to disclose the identity and remuneration of its other senior management, as having considered the highly competitive human resource environment of personnel with the requisite knowledge, expertise and experience in the Company's business activities. Such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.

During FY2016, no awards have been granted under the Company's Share Option Scheme and the Share Plan. The Chairman and CEO, Mr. Eddy Lee Yip Hang does not receive Director fees but is remunerated as part of Management. The remuneration of key management personnel comprises a basic salary and a variable annual bonus based on the performance of the Group and their individual performance. There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the key management personnel (who are not Directors or the CEO).

Ms. Tang Choy Leng Jane, a human resource and administrative executive of the Company, is the spouse of Mr. Eddy Lee Yip Hang, and was paid a fixed salary of more than S$50,000 and less than S$150,000 during FY2016. Save for Ms Tang, there were no other employees who are immediate family members of any Director or the CEO whose remuneration exceeded S$50,000 in FY2016.

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

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects as well as other price sensitive public reports to shareholders of the Company on a prompt basis. These principles guide the presentation of the Company's annual financial statements and quarterly financial statements announcements to shareholders, as well as other announcements as required under the Catalist Rules. Information are disseminated to shareholders through SGXNET and are also available on the Company's website at www.ixbiopharma.com.

The Management provides all members of the Board with regular quarterly management reports, which in the Board's opinion is currently sufficient to present a balanced and understandable assessment of the Company's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management and the Board, the Board, with the concurrence of the AC, are of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 30 June 2016. These controls are and will be continually assessed for improvement.

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

AUDIT COMMITTEE

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

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

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

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

The AC's duties include the following:

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

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

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

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

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

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

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

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

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

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

The AC met for four times and carried out the following during FY2016:

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

(b) reviewed, having regard to input from external and internal auditors, the adequacy and effectiveness of the Group's internal controls and risk management systems;

(c) reviewed interested person transactions;

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

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

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

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

INTERNAL AUDIT

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

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

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

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

SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

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

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

CONDUCT OF SHAREHOLDER MEETINGS

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

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

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

The Board noted that with the Companies (Amendment) Act 2014, with effect from 3 January 2016, a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act. At the forthcoming AGM, a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM.

The Company will put all resolutions to vote by poll at general meetings and the detailed results of the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNET.

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

ADDITIONAL INFORMATION

MATERIAL CONTRACTS

Pursuant to a proposed renounceable non-underwritten rights issue of up to 24,584,284 new ordinary shares ("Rights Issue") in the capital of the Company, the Company had entered into three irrevocable undertakings dated 25 May 2016, 23 May 2016 and 27 May 2016 given by Mr. Eddy Lee Yip Hang, Mr. Tan See Tee and Mr. Jaspal Singh Narulla ("Undertaking shareholders") respectively to the Company. The Undertaking Shareholders had fulfilled their respective obligations under these undertakings following the completion of the Rights Issue in July 2016.

Save as disclosed in the Directors' Statement and Financial Statements, the service agreements between the CEO and the Company, and above, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the CEO, any directors or controlling shareholders which are either still subsisting as at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

There were no interested person transactions which were more than S$100,000 entered into in FY2016. The Group does not have a general mandate for recurrent interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
–	–	–

APPOINTMENT OF AUDITORS

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

The AC assesses the independence of the external auditors annually. The aggregate amount of fees paid to the external auditors of the Group for FY2016 is disclosed under Note 6 of the Notes to the Financial Statements. There were no non-audit fees paid / payable to the Company's auditors during FY2016. The AC has further recommended that the Board proposes, and the Board has proposed, the re-appointment of PricewaterhouseCoopers LLP as the external auditors at the forthcoming AGM.

NON-SPONSOR FEES

With reference to Rule 1204 (21) of the Catalist Rules, CIMB Bank Berhad, Singapore Branch was paid non-sponsor fees of S$203,000 as financial advisor for the IPO in FY2016. In addition, non-sponsor fees of S$1,125,000 were paid/payable to CIMB Securities (Singapore) Pte Ltd, which is related to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch, in FY2016. The fees were paid to CIMB Securities (Singapore) Pte Ltd in relation to services provided as underwriting and placement agent to the IPO of S$964,000 and placement agent to the Private Placement of S$161,000.

DEALING IN SECURITIES

The Company has issued an internal code on dealings in the Company's securities to the Directors and other officers (including employees with access to material non-public price-sensitive information) of the Group. The Directors and other officers are prohibited from dealing in the Company's securities at least two weeks before and up to the announcement of the Group's quarterly results and one month before and up to the announcement of the Group's full year results. They are also advised not to deal in the Company's securities on short-term considerations and in circumstances where they have access to material non-public price-sensitive information. They are also advised to observe all applicable insider trading laws at all times even when dealing in securities within the permitted trading period. The Company has complied with Rule 1204(19) of the Catalist Rules.

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 2016, the IPO Proceeds has been utilised as follows:

	Amount allocated S$'000	**Amount utilised** S$'000	**Balance** S$'000
To fund the clinical trials for the development of our products, and for preparing and submitting an ANDA or NDA as the case may be, to the FDA for marketing approval and commercialisation of our products in the United States, and where it is commercially viable to do so, in other parts of the world upon receipt of the relevant regulatory approvals	26,200	(3,284)	22,916
General working capital purposes	1,413	(1,413)	–
Listing expenses	2,517	(2,517)	–
Total	**30,130**	**(7,214)**	**22,916**

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 "Private Placement"), the Company received net proceeds of S$4.85 million ("Placement Proceeds"). As at 30 June 2016, the Placement Proceeds have not been utilised.

(c) Rights Issue

Subsequent to the financial year, pursuant to the rights issue of 24,584,284 shares on 22 July 2016, the Company received net proceeds of S$4.94 million ("Rights Proceeds"). As at the date of this report, the Rights Proceeds have not been utilised.

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2016 and the balance sheet of the Company as at 30 June 2016.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 33 to 85 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

	Holdings registered in name of director or nominee		**Holdings in which director is deemed to have an interest**	
	At 30.06.2016	At 01.07.2015	**At 30.06.2016**	At 01.07.2015
iX Biopharma Ltd. (No. of ordinary shares)				
Eddy Lee Yip Hang	**175,400,020**	175,400,020	**14,500,030**	14,500,030
Albert Ho Shing Tung	**7,500,000**	7,500,000	**125,000**	125,000
Low Weng Keong	**659,800**	–	**–**	–
Ko Kheng Hwa	**461,100**	–	**–**	–

Directors' interests in shares or debentures (continued)

(b) The directors' interests in the ordinary shares of the Company as at 21 July 2016 were as follows:

	Holdings registered in name of director or nominee	Holdings in which director is deemed to have an interest
	At 21.07.2016	At 21.07.2016
Eddy Lee Yip Hang	**182,416,020**	**15,080,030**
Albert Ho Shing Tung	**7,799,999**	**130,000**
Low Weng Keong	**729,152**	**–**
Ko Kheng Hwa	**479,544**	**–**
Claudia Teo Kwee Yee	**–**	**–**

Share options

(a) Options issued under Consulting and Employment Agreements

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

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

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

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

Details of share options are disclosed in Note 24 to the financial statements.

(b) Share Option Scheme and Share Plan

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

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

Share options (continued)

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

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

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

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

Name of participant	Options or conditional awards granted during financial year under review (including terms)	Aggregate options or conditional awards granted since commencement of scheme to end of financial year under review	Aggregate options exercised or award released since commencement of scheme to end of financial year under review	Aggregate options or conditional awards outstanding as at end of financial year under review
(i) directors of the Company	–	–	–	–
(ii) controlling shareholders of the Company and their associates	–	–	–	–
(iii) participants, other than those in above, who receive 5% or more of the total number of options available under the scheme	–	–	–	–

(c) Share options outstanding

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

	No. of unissued ordinary shares under options at 30.06.2016	Exercise price	Exercise period
2015 Group F	5,000,000	$1.00 [#]	from the 36th month to the 39th month from the grant date

[#] The entire lot of share options granted to director of subsidiary of the Company for this group is exercisable at $1.00 only by the director.

Audit Committee

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

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

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

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2016 before their submission to the Board of Directors.

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

Independent Auditor

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

On behalf of the Board of Directors

Eddy Lee Yip Hang
Director

Albert Ho Shing Tung
Director

28 September 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IX BIOPHARMA LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of iX Biopharma Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 33 to 85, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2016, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 28 September 2016

Partner-in-charge: Low Eng Huat Peter

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 $'000	2015 $'000 (Restated)
Revenue	4	**5,797**	7,445
Cost of sales		**(4,090)**	(4,166)
Gross profit		**1,707**	3,279
Other income	5	**3,979**	616
Expenses			
- Research and development		**(5,610)**	(4,505)
- Sales and marketing		**(659)**	(362)
- General and administrative		**(6,106)**	(7,045)
- Others	8	**(1,047)**	(2,311)
- Finance expense	9	**(47)**	(47)
Total expenses		**(13,469)**	(14,270)
Loss before income tax	6	**(7,783)**	(10,375)
Income tax credit/(expense)	10	**80**	(186)
Total loss		**(7,703)**	(10,561)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - Gain/(loss) - net of tax	24(a)	**61**	(55)
Total comprehensive loss		**(7,642)**	(10,616)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic loss per share	11(a)	**(1.3)**	(2.1)
Diluted loss per share	11(b)	**(1.3)**	(2.1)

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

BALANCE SHEET - GROUP

AS AT 30 JUNE 2016

	Note	GROUP 2016 $'000	GROUP 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**31,327**	8,891
Trade and other receivables	13	**4,884**	1,738
Other current assets	14	**542**	306
		36,753	10,935
Non-current assets			
Deposits - operating lease		**23**	60
Intangible assets	15	**1,793**	2,236
Property, plant and equipment	16	**7,541**	2,169
		9,357	4,465
Total assets		**46,110**	15,400
LIABILITIES			
Current liabilities			
Trade and other payables	18	**3,063**	3,034
Current income tax liabilities	10	**–**	37
Borrowings	19	**207**	84
Contingent consideration payable	29	**–**	789
Provision	20	**151**	160
		3,421	4,104
Non-current liabilities			
Provision	20	**30**	14
Deferred government grant	21	**67**	104
Borrowings	19	**4,045**	397
Deferred income tax liabilities	22	**356**	537
		4,498	1,052
Total liabilities		**7,919**	5,156
NET ASSETS		**38,191**	10,244
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23(a)	**64,998**	29,019
Shares to be issued	23(b)	**465**	–
Other reserves	24	**490**	1,284
Accumulated losses		**(27,762)**	(20,059)
Total equity		**38,191**	10,244

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

BALANCE SHEET - COMPANY

AS AT 30 JUNE 2016

	Note	COMPANY 2016 $'000	COMPANY 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**30,735**	7,837
Trade and other receivables	13	**2,703**	1,315
Other current assets	14	**276**	171
		33,714	9,323
Non-current assets			
Deposits - operating lease		**23**	60
Property, plant and equipment	16	**119**	148
Investments in subsidiaries	17	**5,404**	3,819
		5,546	4,027
Total assets		**39,260**	13,350
LIABILITIES			
Current liabilities			
Trade and other payables	18	**959**	1,605
Contingent consideration payable	29	**–**	789
		959	2,394
Total liabilities		**959**	2,394
NET ASSETS		**38,301**	10,956
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23(a)	**64,998**	29,019
Shares to be issued	23(b)	**465**	–
Other reserves	24	**444**	1,299
Accumulated losses		**(27,606)**	(19,362)
Total equity		**38,301**	10,956

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		← Attributable to equity holders of the Company →					
	Note	**Share capital**	**Shares to be issued**	**Share based payment reserve**	**Currency translation reserve**	**Accumulated losses**	**Total equity**
		$'000	$'000	$'000	$'000	$'000	$'000
2016							
Beginning of financial year		29,019	–	1,299	(15)	(20,059)	10,244
Loss for the year		–	–	–	–	(7,703)	(7,703)
Other comprehensive income for the year	24(a)	–	–	–	61	–	61
Total comprehensive loss for the year		–	–	–	61	(7,703)	(7,642)
Share based payment scheme							
- Value of employees' services	24(b)	–	–	412	–	–	412
Share options exercised	23(a)	1,267	–	(1,267)	–	–	–
Shares issued pursuant to the initial public offering, net of transaction costs	23(a)	29,066	–	–	–	–	29,066
Shares issued pursuant to the private placement, net of transaction costs	23(a)	4,849	–	–	–	–	4,849
Issue of new shares for acquisition of subsidiaries	23(a)	797	–	–	–	–	797
Receipts for shares to be issued pursuant to the rights issue	23(b)	–	465	–	–	–	465
Total transactions with owners, recognised directly in equity		35,979	465	(855)	–	–	35,589
End of financial year		**64,998**	**465**	**444**	**46**	**(27,762)**	**38,191**
2015							
Beginning of financial year		21,438	134	678	40	(9,498)	12,792
Loss for the year		–	–	–	–	(10,561)	(10,561)
Other comprehensive loss for the year	24(a)	–	–	–	(55)	–	(55)
Total comprehensive loss for the year		–	–	–	(55)	(10,561)	(10,616)
Share based payment scheme							
- Value of employees' and consultants' services	24(b)	–	–	621	–	–	621
Issue of new shares	23(a)	5,761	(134)	–	–	–	5,627
Fair value of new shares issued to directors and employee as fully paid for nil consideration	23(a)	1,820	–	–	–	–	1,820
Total transactions with owners, recognised directly in equity		7,581	(134)	621	–	–	8,068
End of financial year		**29,019**	**–**	**1,299**	**(15)**	**(20,059)**	**10,244**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Total loss after tax		**(7,703)**	(10,561)
Adjustments for:			
- Deferred government grant income	5	**(34)**	(81)
- Depreciation and amortisation expense	6	**932**	892
- Income tax (credit)/expense	10	**(80)**	186
- Interest income on bank deposits	5	**(34)**	(57)
- Interest expense	9	**47**	47
- Provision expense	20	**12**	51
- Research and development tax incentive	5	**(3,872)**	(478)
- Share based payment expense		**412**	2,441
- Change in fair value of contingent consideration payable	8	**(23)**	(108)
- Unrealised currency exchange losses - net		**843**	620
		(9,500)	(7,048)
Changes in working capital, net of effects from acquisition of subsidiaries:			
- Trade and other receivables		**313**	(761)
- Other current assets		**(203)**	(335)
- Trade and other payables		**17**	1,495
Cash used in operations		**(9,373)**	(6,649)
Interest received		**32**	57
Income tax paid	10	**(480)**	–
Research and development tax incentive received	10	**695**	139
Net cash used in operating activities		**(9,126)**	(6,453)
Cash flows from investing activities			
Additions of subsidiaries, net of cash acquired	30(b)	**(738)**	–
Additions to property, plant and equipment	16	**(1,119)**	(265)
Additions to intangible assets	15(c)	**(42)**	(142)
Payment of contingent consideration payable	29(a)	**(766)**	(732)
Proceeds from government grant	21	**–**	129
Net cash used in investing activities		**(2,665)**	(1,010)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**35,155**	5,627
Proceeds from shares to be issued	23(b)	**465**	–
Transaction costs paid pursuant to the initial public offering and private placement	23(a)	**(1,240)**	–
Repayment of borrowings		**(103)**	(964)
Proceeds from borrowings		**636**	–
Interest paid		**(32)**	(20)
Increase in pledged fixed deposits	12	**(400)**	–
Net cash provided by financing activities		**34,481**	4,643
Net increase/(decrease) in cash and cash equivalents		**22,690**	(2,820)
Cash and cash equivalents			
Beginning of financial year		**8,891**	12,083
Effects of currency translation on cash and cash equivalents		**(654)**	(372)
End of financial year	12	**30,927**	8,891

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

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

1. General information

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

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

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

The principal activities of the subsidiaries are disclosed in Note 17.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention.

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

Interpretations and amendments to published standards effective in 2016

On 1 July 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2.2 Revenue recognition

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

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

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

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

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(b) Sale of goods

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

2.3 Deferred government grant

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

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

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

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) Disposals

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

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

(b) Transactions with non-controlling interests

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

2.5 Property, plant and equipment

(a) Measurement

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

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

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings	40 years
Computers	3 - 5 years
Office equipment	3 - 5 years
Plant and equipment	3 - 20 years
Furniture and fittings	3 - 5 years
Leasehold improvement	3 - 10 years
Motor vehicles	8 years

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

(c) Subsequent expenditure

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

(d) Disposal

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

2.6 Intangible assets

(a) Goodwill on acquisitions

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

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

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

2. Significant accounting policies (continued)

2.6 Intangible assets (continued)

(b) *Acquired technological know-how*

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

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

(c) *Computer software licences*

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

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

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

2.7 Impairment of non-financial assets

(a) *Goodwill*

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

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

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

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

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

2. Significant accounting policies (continued)

2.7 Impairment of non-financial assets (continued)

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

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

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

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

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

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

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

2.8 Investments in subsidiaries

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

2.9 Financial assets

Cash at bank
Trade and other receivables

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

"Trade and other receivables" (Note 13) and "cash and cash equivalents"(Note 12) on the balance sheet form part of loans and receivables. Loans and receivables are initially recognised at their fair values plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

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

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

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

Cash at bank
Trade and other receivables

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

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

2.10 Offsetting of financial instruments

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

2.11 Borrowings

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

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

2.12 Trade and other payables

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

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

2.13 Fair value estimation of financial assets and liabilities

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

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

2. Significant accounting policies (continued)

2.14 Leases

When the Group is the lessee

The Group leases office, motor vehicle and a residential apartment under operating leases.

Lessee - Operating leases

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

2.15 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

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

2.16 Provisions

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

2. Significant accounting policies (continued)

2.16 Provisions (continued)

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

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

2.17 Employee compensation

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

(c) Share-based compensation

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

2.18 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2. Significant accounting policies (continued)

2.18 Currency translation (continued)

(b) Transactions and balances (continued)

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

(c) Translation of Group entities' financial statements

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

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

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

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

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

2.19 Segment reporting

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

2.20 Share capital

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

2.21 Cash and cash equivalents

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

2.22 Dividends to Company's shareholders

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

2.23 Research and development expenses

Research and development costs are expensed as incurred. Development expenditure is capitalised when the criteria for recognising an asset are met, usually when the compound receives regulatory approval. The capitalised expenditure is recorded as intangible assets and depreciated in accordance with the Group's policy.

3. Critical accounting estimates and assumptions

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

(a) *Impairment of goodwill, depreciable intangible assets and property, plant and equipment*

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Depreciable intangible assets and property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amount for the cash generating units ("CGUs") have been calculated based on their value-in-use. Cash flow forecast used in value-in-use calculations require the use of estimates on critical assumptions such as revenue growth rate, discount rate and the terminal growth rate. The critical assumptions used for impairment testing are included in Note 15 and Note 16.

No impairment loss (2015: nil) is recognised during the financial year for goodwill, depreciable intangible assets and property, plant and equipment. If the estimated weighted cost of capital used in determining the pre-tax discount rate applied to the discounted cash flows of the CGUs had been 1% higher than management's estimates, no further impairment charge on goodwill, depreciable intangible assets and property, plant and equipment would be recognised for the CGUs.

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

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

(c) *Share options*

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the share options at the date on which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and model used are disclosed in Note 24(b).

4. Revenue

	Group	
	2016	2015
	$'000	$'000
Sale of goods	**30**	75
Rendering of services	**5,694**	7,370
Consultancy income	**73**	–
Total revenue	**5,797**	7,445

5. Other income

	Group	
	2016	2015
	$'000	$'000
Interest income - bank deposits	**34**	57
Deferred government grant (Note 21)	**34**	81
Research and development tax incentive (Note 10)	**3,872**	478
Others	**39**	–
Total other income	**3,979**	616

The research and development ("R&D") tax incentive is a programme administered jointly by the Australian Taxation Office and Innovation Australia to provide a 45% refundable tax offset for expenditure incurred in Australia by the subsidiaries. In June 2016, Innovation Australia approved the Group's application to include certain overseas expenditure incurred by the Group as eligible R&D expenditure for the purpose of this R&D tax incentive.

6. Loss before income tax

The following items have been included in arriving at loss for the year:

	Group	
	2016	2015
	$'000	$'000
		(Restated)
Raw materials and consumables used	**479**	573
Employee compensation expense (Note 7)	**7,682**	7,915
Share based payment expense (Note 24(b))	**–**	245
Depreciation of property, plant and equipment (Note 16)	**425**	386
Amortisation of technological know-how (Note 15(b))	**453**	488
Amortisation of software (Note 15(c))	**54**	18
Audit fees paid/payable to:		
- Auditor of the Company	**78**	85
- Other auditors	**81**	87
Non-audit fees paid/payable to:		
- Auditor of the Company	**–**	17
Clinical trials and related expenses	**3,585**	3,371
Professional and consultancy expenses	**1,092**	699
Rental expense and operating leases	**691**	605
Trademarks and patents related expense	**282**	371

7. Employee compensation expense

	Group	
	2016	2015
	$'000	$'000
Wages and salaries	**5,949**	4,532
Employer's contribution to defined contribution plans	**545**	434
Share based payment expense on share options granted (Note 24(b))	**412**	376
Share based payment expense on ordinary shares issued to directors and employee of the Company (Note 23(a))	**–**	1,820
Other staff benefits	**776**	753
Total employee compensation expense	**7,682**	7,915

8. Other expenses

	Group	
	2016	2015
	$'000	$'000
		(Restated)
Currency exchange losses – net	**890**	1,061
Fair value of contingent consideration payable	**(23)**	(108)
Initial public offering related expense	**180**	1,358
Total other expenses	**1,047**	2,311

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

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

9. Finance expense

	Group	
	2016	2015
	$'000	$'000
Interest on bank borrowings	**32**	20
Amortisation of interest free borrowing from a subsidiary - Arrow Property Trust (before acquisition on 26 May 2016)	**15**	27
Total finance expense	**47**	47

10. Income taxes

	Group	
	2016	2015
	$'000	$'000
Tax expense/(benefit) attributable to loss is made up of:		
Current income tax		
- Foreign	**–**	428
Deferred tax credit (Note 22)	**(166)**	(242)
Under provision in prior financial years	**86**	–
Income tax (credit)/expense	**(80)**	186

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

	Group	
	2016	2015
	$'000	$'000
Loss before income tax	**(7,783)**	(10,375)
Tax calculated at tax rate of 17% (2015: 17%)	**(1,323)**	(1,764)
Effects of:		
- different tax rates in other countries	**(282)**	(232)
- tax incentives	**(151)**	(190)
- expenses not deductible for tax purposes	**1,634**	878
- income not subject to tax	**(238)**	(123)
- under provision for income tax	**86**	–
- deferred tax benefits not recognised	**194**	1,617
Income tax (credit)/expense	**(80)**	186

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

10. Income taxes (continued)

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

	Group	
	2016	2015
	$'000	$'000
Beginning of financial year	**309**	459
Research and development tax incentive		
- R&D tax incentive income during the year (Note 5)	**2,483**	478
- R&D tax incentive income under provision in prior year (Note 5)	**1,389**	–
	3,872	478
Research and development tax incentive received	**(695)**	(139)
Tax expense during the year	**–**	(428)
Income tax paid	**480**	–
Income tax under provision in prior financial years	**(86)**	–
Currency translation differences	**(37)**	(61)
End of financial year	**3,843**	309
Comprise of:		
Research and development tax incentive receivable (Note 13)	**3,843**	346
Current income tax liabilities	**–**	(37)
	3,843	309

11. Loss per share

(a) Basic loss per share

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

	Group	
	2016	2015
	$'000	$'000
Net loss attributable to equity holders of the Company	**(7,703)**	(10,561)
Weighted average number of ordinary shares outstanding for basic loss per share	**595,407,965**	502,441,617
Basic loss per share (cents per share)	**(1.3)**	(2.1)

11. Loss per share (continued)

(b) Diluted loss per share

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

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

For the financial year ended 30 June 2016, the Company has 5,000,000 share options (2015: 14,700,000 share options) that could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted loss per share above because they are antidilutive for the financial year presented, having the effect of decreasing the loss per share.

12. Cash and cash equivalents

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**31,327**	8,891	**30,735**	7,837

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2016	2015
	$'000	$'000
Cash and bank balances (as above)	**31,327**	8,891
Less: Bank deposits pledged	**(400)**	–
Cash and cash equivalents per consolidated statement of cash flows	**30,927**	8,891

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

Acquisition of subsidiaries
Please refer to Note 30 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

13. Trade and other receivables

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**813**	1,290	**–**	–
- Related company	**–**	–	**984**	775
Accrued income - trade	**7**	36	**–**	–
GST receivable	**183**	65	**38**	18
Research and development tax incentive receivable (Note 10)	**3,843**	346	**–**	–
Other receivables				
- Non-related parties	**38**	1	**32**	–
- Related companies	**–**	–	**10,154**	5,531
	38	1	**10,186**	5,531
Less: Allowance for impairment	**–**	–	**(8,505)**	(5,009)
Other receivable - net	**38**	1	**1,681**	522
	4,884	1,738	**2,703**	1,315

The research and development ("R&D") tax incentive is a programme administered jointly by the Australian Taxation Office and Innovation Australia to provide a 45% refundable tax offset for expenditure incurred in Australia by the subsidiaries. In June 2016, Innovation Australia approved the Group's application to include certain overseas expenditure incurred by the Group as eligible R&D expenditure for the purpose of this R&D tax incentive.

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

Related companies are subsidiaries of the Company.

14. Other current assets

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Prepayments				
- Prepayments for initial public offering	**–**	84	**–**	84
- Prepayments for rights issue	**56**	–	**56**	–
- Others	**161**	171	**148**	36
Deposits	**325**	51	**72**	51
	542	306	**276**	171

For the financial year ended 30 June 2015, an amount of $84,000 was included in prepayments relating to expenses incurred for the Company's planned initial public offering of its ordinary shares on the Catalist Board of the Singapore Exchange Securities Trading Limited, and were directly attributable to the issue of new ordinary shares in the Company. Subsequent to completion of its listing on Catalist on 22 July 2015, this amount had been transferred to and deducted from the share capital raised from the issue of new ordinary shares, in equity (Note 23(a)).

14. Other current assets (continued)

For the financial year ended 30 June 2016, an amount of $56,000 is included in prepayments relating to directly attributable expenses incurred for the Company's planned rights issue. At the balance sheet date, the Company has not completed its rights issue. Subsequent to completion of its rights issue on 21 July 2016, this amount has been transferred to and deducted from the share capital raised from the issue of new ordinary shares, in equity (Note 31).

15. Intangible assets

	Group	
	2016	2015
	$'000	$'000
Composition:		
Goodwill arising on consolidation (Note 15(a))	**325**	335
Technological know-how (Note 15(b))	**1,277**	1,776
Computer software (Note 15(c))	**191**	125
	1,793	2,236

(a) Goodwill arising on consolidation

	Group	
	2016	2015
	$'000	$'000
Beginning of financial year	**335**	381
Currency translation differences	**(10)**	(46)
End of financial year	**325**	335

Impairment tests for goodwill

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

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

The recoverable amount of the Specialty Pharmaceutical business segment was determined based on value-in-use. Refer to Note 16 for details of the critical assumptions used for impairment testing.

15. Intangible assets (continued)

(b) Technological know-how

	Group	
	2016	2015
	$'000	$'000
Beginning of financial year	**1,776**	2,555
Less: Amortisation (Note 6)	**(453)**	(488)
Currency translation differences	**(46)**	(291)
End of financial year	**1,277**	1,776

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

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

(c) Computer software

	Group	
	2016	2015
	$'000	$'000
Cost		
Beginning of financial year	**142**	–
Additions	**42**	142
Reclassification (Note 16)	**109**	–
Currency translation differences	**(4)**	–
End of financial year	**289**	142
Accumulated amortisation		
Beginning of financial year	**17**	–
Amortisation (Note 6)	**54**	18
Reclassification (Note 16)	**27**	–
Currency translation differences	**–**	(1)
End of financial year	**98**	17
Net book value	**191**	125

16. Property, plant and equipment

	Freehold land	Building	Computers	Office equipment	Plant and equipment	Furniture and fittings	Leasehold improvement	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2016									
Cost									
Beginning of financial year	–	–	68	217	2,254	51	62	–	2,652
Acquisitions of subsidiaries (Note 30)	2,834	1,929	–	–	22	5	–	–	4,790
Additions	–	–	42	22	878	12	86	79	1,119
Reclassification (Note 15)	–	–	69	(182)	(10)	14	–	–	(109)
Currency translation differences	14	10	–	(7)	(63)	–	–	–	(46)
End of financial year	2,848	1,939	179	50	3,081	82	148	79	8,406
Accumulated depreciation									
Beginning of financial year	–	–	24	85	362	7	5	–	483
Depreciation charge (Note 6)	–	5	35	13	326	13	27	6	425
Reclassification (Note 15)	–	–	49	(78)	(4)	6	–	–	(27)
Currency translation differences	–	–	–	(3)	(13)	–	–	–	(16)
End of financial year	–	5	108	17	671	26	32	6	865
Net book value									
End of financial year	**2,848**	**1,934**	**71**	**33**	**2,410**	**56**	**116**	**73**	**7,541**

16. Property, plant and equipment (continued)

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

	Computers	Office equipment	Furniture and fittings	Leasehold improvement	Total
	$'000	$'000	$'000	$'000	$'000
Company					
2016					
Cost					
Beginning of financial year	46	20	46	62	174
Additions	10	1	9	1	21
End of financial year	56	21	55	63	195
Accumulated depreciation					
Beginning of financial year	13	2	6	5	26
Depreciation charge	11	7	11	21	50
End of financial year	24	9	17	26	76
Net book value					
End of financial year	**32**	**12**	**38**	**37**	**119**

16. Property, plant and equipment (continued)

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

During the financial year ended 30 June 2016, bank borrowings are secured on land and building, certain plant and equipment and a motor vehicle of the Group with carrying value of $5,559,000 (2015: $235,000) (Note 19).

Impairment tests

As the Group is still undergoing clinical trials for its products and has not commenced large scale manufacturing and sale of these products, it has incurred operating losses since its commencement of research and development activities. As such, management has conducted an impairment testing for goodwill, depreciable intangible assets and property, plant and equipment.

Specialty Pharmaceutical business segment and Chemical Analysis business segment are identified to be the CGUs of the Group. The recoverable amount for the CGUs were determined based on their value-in-use. Cash flow projection used in value-in-use calculation was based on expected revenue growth rate for Chemical Analysis business segment. In respect of Specialty Pharmaceutical business segment, the cash flow projection was based on expected revenue growth.

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

- Discount rate of 16% and 15% for Specialty Pharmaceutical business segment and Chemical Analysis business segment respectively

- Terminal value growth rate of 2% for both the CGUs

- Annual growth rate between 173% to 37% from 2017 to 2021 and 2% thereafter for Specialty Pharmaceutical business segment

- Annual growth rate between 18% to 2% from 2017 to 2019 for Chemical Analysis business segment

16. Property, plant and equipment (continued)

Impairment tests (continued)

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

The impairment review carried out as at 30 June 2016 has revealed that the recoverable amounts of the CGUs are higher than their carrying amount. No impairment loss is recognised during the financial year.

17. Investments in subsidiaries

	Company	
	2016	2015
	$'000	$'000
Equity investments at cost		
Beginning of financial year	**3,820**	3,820
Additions (Note 30(a))	**1,585**	–
End of financial year	**5,405**	3,820
Accumulated allowance for impairment		
Beginning and end of financial year	**1**	1
Carrying value		
End of financial year	**5,404**	3,819

The Group had the following subsidiaries as at 30 June 2016 and 2015:

Name of companies	**Principal activities**	**Country of business/ incorporation**	**Equity holding**	
			2016	2015
			%	%
iX Biopharma Pty Ltd [(a)]	Research and experimental development	Australia	**100**	100
Syrinx Pharmaceuticals Pty Ltd ("Syrinx") [(a)]	Manufacturing and sale of pharmaceutical products	Australia	**100**	100
Chemical Analysis Trust ("CAT") [(a)]	Provision and sale of laboratory services	Australia	**100**	100
Chemical Analysis Pty Ltd ("CAPL") [(a)]	Trustee of Chemical Analysis Trust	Australia	**100**	100
Arrow Property Trust ("APT") [(a)]	Owner of an industrial property that is leased exclusively to Syrinx and CAT	Australia	**100**	–
Kaizen Manufacturing Pty Ltd ("KMPL") [(a)]	Trustee of Arrow Property Trust	Australia	**100**	–

[(a)] Not required to be audited under the laws of the country of incorporation.

18. Trade and other payables

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Current				
Trade payables:				
- Non-related parties	**1,150**	600	**143**	136
- Related company	**–**	–	**37**	6
- Related party	**6**	7	**–**	–
Deferred revenue	**29**	11	**–**	–
Advance deposits received from customers	**98**	83	**–**	–
Accrued operating expenses	**1,433**	1,721	**618**	1,056
Amount due to directors of the Company	**161**	90	**161**	90
GST payable	**132**	184	**–**	–
Other payables	**54**	338	**–**	317
	3,063	3,034	**959**	1,605

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

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

Related company is subsidiary of the Company.

19. Borrowings

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Current				
Bank borrowings	**207**	84	**–**	–
	207	84	**–**	–
Non-current				
Bank borrowings	**4,045**	129	**–**	–
Borrowing from a subsidiary - APT (before acquisition on 26 May 2016)	**–**	268	**–**	–
	4,045	397	**–**	–
Total borrowings	**4,252**	481	**–**	–

19. Borrowings (continued)

Bank borrowings of the Group are secured over land and building, certain plant and equipment and a motor vehicle (Note 16).

The borrowings secured over plant and equipment of $700,000 (2015: $213,000) have interest rates of 6.6% and 4.9% per annum and are payable in fixed monthly instalments up to 30 November 2017 and 30 May 2021 respectively.

The borrowing secured over motor vehicle of $41,000 (2015: $nil) has interest rate of 5.3% per annum and is payable in fixed monthly instalments up to 7 October 2018.

Non-current borrowing of $3,511,000 (2015: $nil) is secured over land and building, and has a floating interest rate and is payable on 30 June 2021.

During the financial year ended 30 June 2015, a non-current borrowing from APT was unsecured, interest-free and payable in fixed monthly instalments beginning on 28 February 2019 up to 31 January 2024. The borrowing was eliminated on consolidation upon acquisition of APT as a subsidiary on 26 May 2016.

(a) Fair value of non-current borrowings

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Bank borrowings	**4,045**	129	**–**	–
Borrowing from a subsidiary - APT (before acquisition on 26 May 2016)	**–**	268	**–**	–
	4,045	397	**–**	–

The fair values of current borrowings approximate their carrying values.

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

	Group		Company	
	2016	2015	**2016**	2015
	%	%	**%**	%
Bank borrowings	**4.89 to 6.60**	6.58	**–**	–
Borrowing from a subsidiary - APT (before acquisition on 26 May 2016)	**–**	7.47	**–**	–

The fair values are within Level 2 of the fair values hierarchy. The fair values measurement hierarchy are defined in Note 26(g).

19. Borrowings (continued)

(b) Undrawn borrowing facilities

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Expiring beyond one year	**1,182**	973	**–**	–

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

20. Provisions

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Current				
Provision for employees' long service leave	**151**	160	**–**	–
Non-current				
Provision for employees' long service leave	**30**	14	**–**	–
Total provisions	**181**	174	**–**	–

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

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Provisions for employees' long service leave				
Beginning of financial year	**174**	143	**–**	–
Provision made	**12**	51	**–**	–
Currency translation differences	**(5)**	(20)	**–**	–
End of financial year	**181**	174	**–**	–

21. Deferred government grant

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**104**	59	**–**	–
Additions during the year	**–**	129	**–**	–
Less: Amortisation (Note 5)	**(34)**	(81)	**–**	–
Currency translation differences	**(3)**	(3)	**–**	–
End of financial year	**67**	104	**–**	–

Deferred government grant relates to grant received from the State of Victoria under Pharmaceutical Sterile Manufacturing Facility Agreement for the establishment of bio-pharmaceutical till and finish facility, with cold chain management and freeze drying capabilities. The grant was received for expenditure incurred to acquire certain plant and equipment and certain repairs and modification made in accordance with the terms and conditions of the grant agreement. The grants received for assets acquired are recognised over the estimated useful live of the assets. The remaining estimated useful live of these assets are 1 to 3 years.

22. Deferred income taxes

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

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Deferred income tax liabilities				
- To be settled within one year	**108**	146	**–**	–
- To be settled after one year	**248**	391	**–**	–
	356	537	**–**	–

Movement in deferred income tax account is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**537**	875	**–**	–
Tax credit during the year (Note 10)	**(166)**	(242)	**–**	–
Currency translation differences	**(15)**	(96)	**–**	–
End of financial year	**356**	537	**–**	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $11,925,000 (2015: $9,236,000) and unabsorbed capital allowances of $295,000 (2015: $254,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

22. Deferred income taxes (continued)

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

Group

Deferred income tax liabilities

	Fair value gains – technological know-how	Accelerated tax depreciation	Total
	$'000	$'000	$'000
2016			
Beginning of financial year	533	207	740
Tax credit during the year	(136)	(28)	(164)
Currency translation differences	(14)	(7)	(21)
End of financial year	**383**	**172**	**555**
2015			
Beginning of financial year	766	264	1,030
Tax credit during the year	(146)	(26)	(172)
Currency translation differences	(87)	(31)	(118)
End of financial year	533	207	740

Deferred income tax assets

	Provisions	Total
	$'000	$'000
2016		
Beginning of financial year	(203)	(203)
Tax credit during the year	(2)	(2)
Currency translation differences	6	6
End of financial year	**(199)**	**(199)**
2015		
Beginning of financial year	(155)	(155)
Tax credit during the year	(70)	(70)
Currency translation differences	22	22
End of financial year	(203)	(203)

23. Share capital

(a) Share capital

	No. of ordinary shares	Amount
		$'000
Group and Company		
2016		
Beginning of financial year	524,694,220	29,019
Shares issued	79,858,000	35,155
Less: Transaction costs pursuant to shares issued	–	(1,240)
Shares issued pursuant to acquisition of subsidiaries	454,887	797
Share options exercised (Note 24(b))	9,600,000	1,267
End of financial year	**614,607,107**	**64,998**
2015		
Beginning of financial year	47,914,422	21,438
Shares issued	3,455,000	5,761
Fair value of new shares issued to directors and employee as fully paid for nil consideration (Note 7)	1,100,000	1,820
Total before sub-division	52,469,422	29,019
Sub-division of shares	472,224,798	–
End of financial year	524,694,220	29,019

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

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

On 21 April 2016, the Company completed a private placement of 14,358,000 ordinary shares for a total consideration of $5,025,300.

During the financial year ended 30 June 2015, the Company issued 3,455,000 ordinary shares before sub-division, for a total consideration of $5,761,000.

The issuance of these ordinary shares are for the purpose of funding the expansion of the Group's operations and to finance the Group's working capital.

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

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

23. Share capital (continued)

(a) Share capital (continued)

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

Pursuant to options granted in prior year, the Company issued 9,600,000 ordinary shares to its consultants and employees through exercise of the share acquisition rights during the financial year ended 30 June 2016. Refer to note 24(b) for details of the share options exercised.

During the financial year ended 30 June 2016, the Company issued 454,887 ordinary shares as partial purchase consideration for the acquisition of the subsidiaries. Refer to Note 30(a) for details.

(b) Shares to be issued

Shares to be issued are monies received from investors as consideration paid for ordinary shares in the Company pursuant to its undertaking to subscribe for its entitlement under the rights issue in July 2016. The balance at the balance sheet date relate to monies received from investors for shares that have not been issued to them as at the financial year end but will be issued in the following financial year.

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

	2016	2015
	$'000	$'000
Group and Company		
Shares to be issued	**465**	–

Subsequent to the completion of the rights issued on 21 July 2016, this amount has been transferred to share capital from the issue of new ordinary shares, in equity (Note 31).

24. Other reserves

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Currency translation reserve (Note 24(a))	**46**	(15)	**–**	–
Share based payment reserve (Note 24(b))	**444**	1,299	**444**	1,299
	490	1,284	**444**	1,299

24. Other reserves (continued)

(a) Currency translation reserve

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**(15)**	40	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries	**61**	(55)	**–**	–
End of financial year	**46**	(15)	**–**	–

(b) Share based payment reserve

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

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

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

Group	Conditions	Exercise price	Exercise period
Group A	Exercisable after 12 months from grant date.	$1.00 (#)	from the 13th month to the 30th month from the grant date
Group B	Exercisable after 24 months from grant date.	$1.00 (#)	from the 25th month to the 30th month from the grant date
Group C	Achievement of key performance indicator for successful completion and acceptance of Phase 1/2 studies of the Group's products, as set out in the consulting agreements.	$nil (*)	from the date the related key performance indicator is determined to have been achieved to the 30th month from the grant date
Group D	Achievement of key performance indicator for successful completion and acceptance of study results by relevant industry publications as set out in the consulting agreements.	$nil (*)	from the date the related key performance indicator is determined to have been achieved to the 30th month from the grant date

24. Other reserves (continued)

(b) Share based payment reserve (continued)

Group	Conditions	Exercise price	Exercise period
Group E	Exercisable at the earlier of 12 months from grant date, 6 months from the date of listing of the Company, or upon occurrence of a trade sale pursuant to conditions in the employment contract.	$nil(*)	At earlier of 1 December 2015, or expiry of six calendar months from the date of listing or upon occurrence of a trade sale pursuant to conditions in the employment contract
Group F	Exercisable after 36 months from grant date.	$1.00 (#)	From the 36th month to the 39th month from the grant date

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

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

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

	No. of ordinary shares under options							
	Beginning of financial year	Granted during financial year	Expired during financial year	Forfeited during financial year	Exercised during financial year	Total before sub-division	Sub-division of ordinary shares under options on 17 June 2015 (#)	End of financial year
2016								
Group A	2,000,000	–	–	–	(2,000,000)	–	–	–
Group B	6,000,000	–	–	–	(6,000,000)	–	–	–
Group C	200,000	–	(100,000)	–	(100,000)	–	–	–
Group D	–	–	–	–	–	–	–	–
Group E	1,500,000	–	–	–	(1,500,000)	–	–	–
Group F	5,000,000	–	–	–	–	5,000,000	–	5,000,000
	14,700,000	**–**	**(100,000)**	**–**	**(9,600,000)**	**5,000,000**	**–**	**5,000,000**
2015								
Group A	200,000	–	–	–	–	200,000	1,800,000	2,000,000
Group B	600,000	–	–	–	–	600,000	5,400,000	6,000,000
Group C	200,000	–	–	(180,000)	–	20,000	180,000	200,000
Group D	70,000	–	–	(70,000)	–	–	–	–
Group E	–	150,000	–	–	–	150,000	1,350,000	1,500,000
Group F	–	500,000	–	–	–	500,000	4,500,000	5,000,000
	1,070,000	650,000	–	(250,000)	–	1,470,000	13,230,000	14,700,000

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

24. Other reserves (continued)

(b) Share based payment reserve (continued)

The unexercised share options granted to various consultants, an employee and directors of subsidiaries of the Company for services rendered to the Group amounted to 5,000,000 (2015: 14,700,000).

The table below sets out the vested and non-vested share options as at the financial year ended 30 June 2016 and 30 June 2015.

	2016	2015
Vested and exercisable options	**–**	4,200,000
Non-vested options	**5,000,000**	10,500,000
	5,000,000	14,700,000

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

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

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

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

The movement for share based payment reserve is as follows:

	2016	2015
	$'000	$'000
Beginning of financial year	**1,299**	678
Share based payment scheme		
- Value of employees' services (Note 7)	**412**	376
- Value of consultants' services (Note 6)	**–**	245
	412	621
Share option exercised (Note 23(a))	**(1,267)**	–
End of financial year	**444**	1,299

25. Commitments

Capital commitments

Capital expenditures for property, plant and equipment contracted for at the balance sheet date but not recognised in the financial statements amount to $nil (2015: $590,000).

Operating lease commitments - where the Group is a lessee

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

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

	2016	2015
	$'000	$'000
Not later than one year	**292**	345
Between one and five years	**84**	296
	376	641

26. Financial risk management

Financial risk factors

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

Risk management framework

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

(a) Market risk

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

(i) Currency risk

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

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

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

26. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	USD $'000	AUD $'000	Total $'000
Group			
At 30 June 2016			
Financial assets			
Cash and cash equivalents	19,245	891	20,136
Trade and other receivables	–	5,860	5,860
	19,245	6,751	25,996
Financial liabilities			
Trade and other payables	(63)	(13,930)	(13,993)
Borrowings	–	(4,252)	(4,252)
	(63)	(18,182)	(18,245)
Net financial assets/(liabilities)	19,182	(11,431)	7,751
Add: Net non-financial assets of foreign subsidiaries	–	11,125	11,125
Net assets	19,182	(306)	18,876
Currency profile including non-financial assets and liabilities	**19,182**	**(306)**	**18,876**
Currency exposure of net financial assets net of those denominated in the respective entities' functional currencies	**19,182**	**2,802**	**21,984**
At 30 June 2015			
Financial assets			
Cash and cash equivalents	3,042	2,393	5,435
Trade and other receivables	–	5,054	5,054
	3,042	7,447	10,489
Financial liabilities			
Trade and other payables	(149)	(7,530)	(7,679)
Borrowings	–	(481)	(481)
Contingent consideration payable	–	(789)	(789)
	(149)	(8,800)	(8,949)
Net financial assets/ (liabilities)	2,893	(1,353)	1,540
Add: Net non-financial assets of foreign subsidiaries	–	2,047	2,047
Net assets	2,893	694	3,587
Currency profile including non-financial assets and liabilities	**2,893**	**694**	**3,587**
Currency exposure of net financial assets net of those denominated in the respective entities' functional currencies	**2,893**	**1,694**	**4,587**

26. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	USD $'000	AUD $'000	Total $'000
Company			
At 30 June 2016			
Financial assets			
Cash and cash equivalents	19,245	300	19,545
Trade and other receivables	–	2,632	2,632
	19,245	2,932	22,177
Financial liabilities			
Trade and other payables	(11)	(130)	(141)
	(11)	(130)	(141)
Net financial assets/ Currency exposures	**19,234**	**2,802**	**22,036**
At 30 June 2015			
Financial assets			
Cash and cash equivalents	3,042	1,340	4,382
Trade and other receivables	–	1,297	1,297
	3,042	2,637	5,679
Financial liabilities			
Trade and other payables	–	(154)	(154)
Contingent consideration payable	–	(789)	(789)
	–	(943)	(943)
Net financial assets/ Currency exposures	**3,042**	**1,694**	**4,736**

26. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the AUD and USD change against the SGD by 3% (2015: 10%) and 3% (2015: 8%) respectively, with all other variables including tax rate being held constant, the effects arising from the net financial asset positions will be as follows:

	2016 Loss after tax $'000	2015 Loss after tax $'000
Group		
AUD against SGD		
- Strengthened	**(70)**	(127)
- Weakened	**70**	127
USD against SGD		
- Strengthened	**(478)**	(192)
- Weakened	**478**	192
Company		
AUD against SGD		
- Strengthened	**(70)**	(127)
- Weakened	**70**	127
USD against SGD		
- Strengthened	**(479)**	(202)
- Weakened	**479**	202

(b) Credit risk

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

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

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

26. Financial risk management (continued)

(b) Credit risk (continued)

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

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

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
By geographical areas				
Australia	**820**	1,326	**984**	775
By types of customers				
Non-related parties	**820**	1,326	**–**	–
Related parties	**–**	–	**984**	775

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

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

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

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

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

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Past due < 3 months	**289**	320	**–**	–
Past due 3 to 6 months	**–**	1	**–**	–
Past due over 6 months	**–**	8	**–**	–
	289	329	**–**	–

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

26. Financial risk management (continued)

(c) Liquidity risk

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

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

The Group's liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk are primarily cash at bank as disclosed in Note 12.

Management monitors the liquidity reserve (comprising undrawn borrowing facilities (Note 19(b)) and cash and cash equivalents (Note 12) of the Group on the basis of expected cash flows. This is generally carried out at the local level in the operating companies of the Group in accordance with the practice and limits set by the Group.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$'000	$'000	$'000	$'000
Group				
30 June 2016				
Trade and other payables	**2,265**	**–**	**–**	**–**
Borrowings	**425**	**370**	**4,462**	**–**
30 June 2015				
Trade and other payables	2,450	–	–	–
Borrowings	96	96	165	317
Contingent consideration payable	789	–	–	–
Company				
30 June 2016				
Trade and other payables	**687**	**–**	**–**	**–**
30 June 2015				
Trade and other payables	1,420	–	–	–
Contingent consideration payable	789	–	–	–

(d) Capital risk

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

26. Financial risk management (continued)

(d) Capital risk (continued)

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

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Net (cash)/debt	**(24,012)**	(4,587)	**(29,776)**	(5,443)
Total equity	**38,191**	10,244	**38,301**	10,956
Total capital	**14,179**	5,657	**8,525**	5,513
Gearing ratio	**N.A[(1)]**	N.A[(1)]	**N.A[(1)]**	N.A[(1)]

(1) The Group and the Company's cash position exceeds the total of trade and other payables, borrowings and contingent consideration payable. The Group and the Company are in a net cash position for the financial years ended 30 June 2016 and 2015.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 12, Note 13, Note 18, Note 19 and Note 29 to the financial statements.

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Loans and receivables	**32,181**	10,218	**33,400**	9,134
Financial liabilities at amortised cost	**6,527**	3,721	**687**	2,210

(f) Offsetting financial assets and financial liabilities

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

(g) Fair value measurements

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

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

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

26. Financial risk management (continued)

(g) Fair value measurements (continued)

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

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
2016				
Contingent consideration payable	–	–	–	–
2015				
Contingent consideration payable	–	–	789	789

There were no transfers of the financial liability between each level during the financial years ended 30 June 2016 and 30 June 2015.

The fair value of the contingent consideration payable was measured based on the estimated revenue and profit before tax of Chemical Analysis Trust, which involves significant unobservable inputs (Note 29(a)).

Key assumptions used in financial year ended 30 June 2015 for the valuation of the contingent consideration payable were:

- Revenue growth rate of 24.9%
- Profit before tax margin of 30.6%

This is a Level 3 fair value measurement.

For movements in the contingent consideration payable during the financial year, refer to Note 29(a).

27. Related party transactions

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

	Group	
	2016	2015
	$'000	$'000
Rental paid to a subsidiary - APT (before acquisition on 26 May 2016)	**445**	539
Professional fees paid to related parties	**234**	257

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

27. Related party transactions (continued)

Outstanding balances as at 30 June 2016, arising from amount due to directors of the Company and its subsidiaries, are set out in Notes 18.

(i) Key management personnel compensation

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

	Group	
	2016	2015
	$'000	$'000
Directors' remuneration	**930**	546
Wages and salaries	**1,302**	617
Employer's contribution to defined contribution plans, including Central Provident Fund	**119**	55
Other staff benefits	**454**	376
Share based payment expense on share options granted	**412**	376
Share based payment expense on ordinary shares issued to Directors of the Company	**–**	1,820
	3,217	3,790

28. Segment information

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

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

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

Other non-reportable operating segment comprises principally corporate and related functions.

The segment information for the reportable segments is as follows:

Group	Specialty Pharmaceutical		Chemical Analysis		Total	
	2016	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue						
Total segment sales	**103**	111	**5,694**	7,364	**5,797**	7,475
Inter-segment sales	**–**	–	**–**	(30)	**–**	(30)
Sales to external parties	**103**	111	**5,694**	7,334	**5,797**	7,445
Adjusted EBITDA	**(6,165)**	(5,259)	**676**	2,478	**(5,489)**	(2,781)

28. Segment information (continued)

(a) Reconciliations

(i) Segment profits

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

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

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

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

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

	2016	2015
	$'000	$'000
Adjusted EBITDA is reconciled to loss before income tax as follows:		
Specialty Pharmaceutical	**(6,165)**	(5,259)
Chemical Analysis	**676**	2,478
Other non-reportable segment	**(5,041)**	(5,832)
	(10,530)	(8,613)
Research and development tax incentive	**3,872**	478
Depreciation	**(425)**	(386)
Amortisation	**(507)**	(506)
Finance expense	**(47)**	(47)
Interest income	**34**	57
Initial public offering related expense	**(180)**	(1,358)
Loss before income tax	**(7,783)**	(10,375)

(b) Geographical information

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

- Singapore - the Company is headquartered and has operations in Singapore. The operations in this area are principally the researching and experimental development on biotechnology life and medical science; and
- Australia - the operations in this area are principally sales, manufacturing of pharmaceutical products, and provision of laboratory services.

28. Segment information (continued)

(b) Geographical information (continued)

	Sales[1]	
	2016	2015
	$'000	$'000
Singapore	**–**	–
Australia	**5,797**	7,445
	5,797	7,445

	Non –current assets[2]	
	2016	2015
	$'000	$'000
Singapore	**142**	208
Australia	**9,215**	4,257
	9,357	4,465

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

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

There were no significant revenues derived from a single external customer for the financial years ended 30 June 2016 and 30 June 2015.

29. Business combinations

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

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

This is a Level 3 fair value measurement.

29. Business combinations (continued)

(a) Contingent consideration payable

	2016	2015
	$'000	$'000
Contingent consideration payable		
Beginning of financial year	**789**	1,629
Change in fair value during the year	**(23)**	(108)
Payment made	**(766)**	(732)
End of financial year	**–**	789

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

The Group was required to pay the former shareholders of Syrinx and CAPL an additional consideration, payable in cash, only if CAT achieves specific revenue growth and pre-tax profit margin, as defined in the sales and purchase agreement, for the calendar years 1 January 2015 to 31 December 2015 and 1 January 2016 to 31 December 2016 respectively, and collectively referred to as "Earn Out". The payment of each Earn Out was due 3 months after the end of each aforementioned calendar year. All Earn Out were settled in full during the financial years ended 30 June 2016 and 30 June 2015.

(b) Goodwill

The goodwill of $381,000 arising from the acquisition is attributable to the synergies expected to arise from combining the drug technology of the Group with the production capabilities and operations in Syrinx. The business of Syrinx is included in the Specialty Pharmaceutical business segment of the Group (Note 15(a)).

30. Acquisition of subsidiaries

On 26 May 2016, the Group acquired the entire issued and paid-up equity units of APT and equity shares in KMPL. The contracted purchase consideration of AUD 1,100,000 was satisfied in full through (a) the issuance of 454,887 ordinary shares and (b) payment of AUD 495,000 in cash.

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

		$'000
(a)	**Purchase consideration**	
	Cash paid	508
	Shares issued	797
	Total purchase consideration	1,305
	Stamp duty paid	280
		1,585

Transaction costs of $280,000 are capitalised as a component of the cost of acquisition as they are directly attributable to the acquisition transaction.

30. Acquisition of subsidiaries (continued)

		$'000
(b)	**Effect on cash flows of the Group**	
	Cash paid	508
	Add: Stamp duty paid	280
	Less: Cash and cash equivalents of subsidiaries acquired	(50)
	Cash outflow on acquisition	**738**

		At fair value $'000
(c)	**Identifiable assets acquired and liabilities assumed**	
	Cash and cash equivalents	50
	Loan to a subsidiary	275
	Property, plant and equipment (Note 16)	4,510
	Total assets	4,835
	Trade and other payables	37
	Borrowings	3,493
	Total liabilities	3,530
	Total identifiable net assets	**1,305**
	Add: Stamp duty paid (Note 16)	280
	Consideration transferred on acquisition	**1,585**

31. Events occurring after the balance sheet date

The Company completed the rights issue of 24,584,284 ordinary shares for a total consideration of $5,162,700 on 21 July 2016.

The total number of shares after rights issue is 639,191,391.

32. Comparative figures

The presentation of analysis of expenses in the statement of comprehensive income have 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. There is no impact to the balance sheet and net loss after tax.

32. Comparative figures (continued)

	As previously reported 30 June 2015	Reclassification	As restated 30 June 2015
	$'000	$'000	$'000
Statement of comprehensive income			
Raw materials and consumables used	(573)	573	–
Research and development	(3,746)	(759)	(4,505)
Employee compensation	(7,915)	7,915	–
Currency exchange (losses)/gains - net	(1,061)	1,061	–
Depreciation and amortisation	(892)	892	–
Finance	(47)	–	(47)
Others	(4,202)	1,891	(2,311)
Cost of sales	–	(4,166)	(4,166)
Sales and marketing	–	(362)	(362)
General and administrative	–	(7,045)	(7,045)
Total expenses	(18,436)	–	(18,436)

33. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2016 and which the Group has not early adopted:

- FRS 16 *Property plant and equipment and* FRS 38 *Intangible assets* (effective for annual periods beginning on or after 1 January 2016)

  This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 1 *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

  The amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

33. New or revised accounting standards and interpretations (continued)

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2017*)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The Group is currently assessing the impact of this amendment on the financial statements of the Group.

  * *(The effective date of IFRS 15 Revenue from contracts with customers has been deferred from 1 January 2017 to 1 January 2018. No such deferral has been made for FRS 115 Revenue from contracts with customers as at 31 October 2015).*

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

34. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of iX Biopharma Ltd. on 28 September 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 16 SEPTEMBER 2016

Issued and Fully Paid-Up Capital	:	S$68,039,487
Number of Shares in Issue	:	639,191,391
Class of Share	:	Ordinary Shares
Treasury Shares	:	Nil
Voting Rights	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 16 SEPTEMBER 2016

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	–	0.00	–	0.00
100 - 1,000	39	6.76	27,208	0.00
1,001 - 10,000	190	32.93	932,100	0.15
10,001 - 1,000,000	300	51.99	43,188,191	6.76
1,000,001 and above	48	8.32	595,043,892	93.09
Total	**577**	**100.00**	**639,191,391**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	No. of Shares	% of Shares
1	EDDY LEE YIP HANG	182,416,020	28.54
2	CIMB SECURITIES (SINGAPORE) PTE LTD	114,670,072	17.94
3	JASPAL SINGH NARULLA	41,184,000	6.44
4	ANSON PROPERTIES PTE LTD	36,781,336	5.75
5	RAFFLES NOMINEES (PTE) LTD	23,351,280	3.65
6	TANG CHOY LENG JANE MRS JANE LEE CHOY LENG	15,080,030	2.36
7	YEOH WEE LIAT	14,862,036	2.33
8	CITIBANK NOMINEES SINGAPORE PTE LTD	12,611,108	1.97
9	WETWATERS 8 (S) PTE LTD	11,700,000	1.83
10	HARDEEP KAUR D/O HARDIAL SINGH	9,769,000	1.53
11	HSBC (SINGAPORE) NOMINEES PTE LTD	8,738,016	1.37
12	MOHAN BHAGCHAND MULANI	8,320,000	1.30
13	ALBERT HO SHING TUNG	7,799,999	1.22
14	ANG BOON TECK SUNNY	7,597,439	1.19
15	DBS NOMINEES PTE LTD	7,324,700	1.15
16	OCBC SECURITIES PRIVATE LIMITED	5,574,000	0.87
17	JOHN HOWARD AKEHURST & RACHEL MARY AKEHURST	5,512,000	0.86
18	BALDEV SINGH S/O GULZAR SINGH	4,943,000	0.77
19	SEAH BOON LOCK	4,772,000	0.75
20	RAMCHANDRA HEGDE OR MYNA RAMCHANDRA HEGDE	4,670,400	0.73
	Total	**527,676,436**	**82.55**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%
Eddy Lee Yip Hang	182,416,020	28.54	15,080,030[1]	2.36
Anson Properties Pte. Ltd.	67,981,488[2]	10.64	–	–
Jaspal Singh Narulla	41,184,000	6.44	16,380,000[3]	2.56

Notes:

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

2. Anson Properties Pte. Ltd. ("APPL") is 100.00% owned by HRT Corporation Pte. Ltd. ("HRT Corporation"). Ms Kuah Khun Eng owns 9,999 shares in HRT Corporation and Ms Kuah Khun Far, who is sister of Ms Kuah Khun Eng, owns 1 share in HRT Corporation. Accordingly, Ms Kuah Khun Eng and HRT Corporation are deemed to be interested in the shares of the Company held by APPL. APPL's direct interest of 31,200,152 shares are held in the name of CIMB Securities (Singapore) Pte Ltd.

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

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 16 September 2016, approximately 48.03% of the shareholdings of the Company is held in the hands of the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of iX Biopharma Ltd. (the "**Company**") will be held at NUSS Kent Ridge Guild House, Inner Chamber, at 9 Kent Ridge Drive, Singapore 119241 on Tuesday, 25 October 2016 at 10.00 a.m. for the purpose of transacting the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2016 together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring by rotation pursuant to Article 93 of the Company's Constitution:

   (a) Mr Eddy Lee Yip Hang *(See Explanatory Note 1)* **(Resolution 2)**
   (b) Mr Ko Kheng Hwa *(See Explanatory Note 2)* **(Resolution 3)**
   (c) Ms Claudia Teo Kwee Yee *(See Explanatory Note 3)* **(Resolution 4)**

3. To approve the Directors' fees of S$328,000 for the financial year ending 30 June 2017, to be paid quarterly in arrears (2016: S$282,000). **(Resolution 5)**

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

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

SPECIAL BUSINESS

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

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

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

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

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

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

   (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the Company's total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the Company's total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

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

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

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

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

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

(See Explanatory Note 4) **(Resolution 7)**

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

That pursuant to Section 161 of the Companies Act, Chapter 50 and the provisions of the iX Employee Share Option Scheme (the "**Share Option Scheme**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Share Option Scheme, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the Share Option Scheme and the iX Performance Share Plan collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.
(See Explanatory Note 5) **(Resolution 8)**

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

That pursuant to Section 161 of the Companies Act, Chapter 50 and the provisions of the iX Performance Share Plan (the "**Share Plan**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Share Plan, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the Share Option Scheme and the Share Plan collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.
(See Explanatory Note 6) **(Resolution 9)**

9. **The Proposed Participation by Mr Eddy Lee Yip Hang, a Controlling Shareholder of the Company, in the iX Performance Share Plan**

That approval be and is hereby given for the participation by Mr Eddy Lee Yip Hang, a Controlling Shareholder of the Company, in the iX Performance Share Plan.
(See Explanatory Note 7) **(Resolution 10)**

10. The Proposed Grant of an Award to Mr Eddy Lee Yip Hang, a Controlling Shareholder of the Company, under the iX Performance Share Plan

(a) That subject to and contingent upon the passing of Resolution 10 above, approval be and is hereby given for the grant of an Award to Mr Eddy Lee Yip Hang, a Controlling Shareholder of the Company, in accordance with the Rules of the iX Performance Share Plan and on the following terms :

Date of grant of the Award to Mr Eddy Lee Yip Hang	30 September 2016
Consideration payable for the grant of the Award to Mr Eddy Lee Yip Hang	None
Number of Shares under the Award granted to Mr Eddy Lee Yip Hang	Up to 2,239,000 Shares
Market price (last done price) of Shares on the date of grant of the Award to Mr Eddy Lee Yip Hang	S$0.315 per share
Vesting period of the Award to Mr Eddy Lee Yip Hang	Date falling 12 months from the Award Date

(b) That the Directors be and are hereby authorised to issue and allot new Shares and/or transfer existing Shares to Mr Eddy Lee Yip Hang pursuant to the abovementioned Award, in accordance with the Rules of the iX Performance Share Plan and on the terms of the Award as set out above; and

(c) The Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things, and to approve and execute all such documents as they or he may consider necessary, desirable, expedient or appropriate to give effect to this resolution, with such modifications thereto (if any) as they or he may think fit in the interests of the Company.

(See Explanatory Note 8) **(Resolution 11)**

By Order of the Board

Lee Wei Hsiung / Wang Shin Lin, Adeline
Company Secretaries

6 October 2016
Singapore

Explanatory Notes:

1. Mr Eddy Lee Yip Hang will, upon re-election as a Director of the Company, remain as Chairman and CEO of the Company and a member of the Nominating Committee.

2. Mr Ko Kheng Hwa will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. Mr Ko Kheng Hwa is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its 10% shareholders.

3. Ms Claudia Teo Kwee Yee will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Ms Claudia Teo Kwee Yee is considered independent for the purposes of Rule 704(7) of the Catalist Rules and does not have any relationships, including immediate family relationships with the Directors of the Company, the Company or its 10% shareholders.

4. Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or the date such authority is revoked by the Company in a general meeting, whichever is the earliest, to allot and issue Shares and convertible securities in the Company. The aggregate number of shares (including any Shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed 100% of the Company's total number of issued Shares excluding treasury shares, of which up to 50% of the total number of issued Shares excluding treasury shares, in the capital of the Company may be issued other than on a pro-rata basis to existing shareholders.

5. Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next Annual General Meeting, to allot and issue Shares in the Company, collectively of up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company from time to time pursuant to the exercise of Options under the Share Option Scheme.

6. Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next Annual General Meeting, to allot and issue Shares in the Company, collectively of up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company from time to time pursuant to the grant of share awards under the Share Plan.

7. On 30 September 2016, the Company announced the grant of Awards of an aggregate of up to 3,504,333 Shares to various employees of the Group, including up to 2,239,000 Shares to Mr Eddy Lee Yip Hang, subject to the Rules of the iX Performance Share Plan.

   The proposed participation by Mr Eddy Lee Yip Hang in the iX Performance Share Plan prior to the first grant of an Award to him has to be specifically approved by independent Shareholders at general meeting by a separate resolution.

   Ordinary Resolution 10 proposed in item 9 above, if passed, will allow Mr Eddy Lee Yip Hang to participate in the iX Performance Share Plan.

   Please refer to the Company's Letter to Shareholders dated 6 October 2016 (the "**Letter**") for more details.

8. The proposed grant of an Award of Shares may only be effected with the specific approval of Independent Shareholders at general meeting by a separate resolution.

   Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the Directors of the Company to grant an Award of up to 2,239,000 Shares to Mr Eddy Lee Yip Hang.

   Please refer to the Letter for more details.

Notes:

1. (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend and vote at the AGM. Where such member appoint two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. A proxy need not to be a member of the Company.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

3. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than 48 hours before the time set for the AGM.

Personal data privacy:

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

IX BIOPHARMA LTD.

Company Registration No. 200405621W
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 2(b) for the definition of "Relevant Intermediary").

I/We, ______________________________ (Name) ______________ (NRIC/Passport No.)

of ____ (Address)
being a member/members of iX Biopharma Ltd. (the "Company") hereby appoint:-

Name	NRIC/Passport No.	Proportion Of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion Of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at NUSS Kent Ridge Guild House, Inner Chamber, at 9 Kent Ridge Drive, Singapore 119241 on Tuesday, 25 October 2016 at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM.

No.	Resolutions Relating to:	No. of Votes For**	No. of Votes Against**
1.	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2016 together with the Auditor's Report thereon.		
2.	Re-election of Mr Eddy Lee Yip Hang as Director.		
3.	Re-election of Mr Ko Kheng Hwa as Director.		
4.	Re-election of Ms Claudia Teo Kwee Yee as Director.		
5.	Approval for payment of Directors' fees of S$328,000 for the financial year ending 30 June 2017, to be paid quarterly in arrears.		
6.	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration.		
7.	Authority to allot and issue shares.		
8.	Authority to allot and issue shares under the iX Employee Share Option Scheme.		
9.	Authority to allot and issue shares under the iX Performance Share Plan.		
10.	The Proposed Participation by Mr Eddy Lee Yip Hang, a Controlling Shareholder of the Company, in the iX Performance Share Plan.		
11.	The Proposed Grant of an Award to Mr Eddy Lee Yip Hang, a Controlling Shareholder of the Company, under the iX Performance Share Plan.		

Note:
* Please delete accordingly
** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of _______________ 2016.

Total number of Shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of Member(s) / Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where such member appoint two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. A proxy need not to be a member of the Company.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its seal or under the hand of an officer or attorney duly authorised.

Fold along this line (1)

Affix postage stamp here

The Share Registrar
IX BIOPHARMA LTD.
80 Robinson Road
#11-02
Singapore 068898

Fold along this line (2)

4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than 48 hours before the time set for the Annual General Meeting.

5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PROTECTION ACT CONSENT

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 October 2016.

CORPORATE INFORMATION

Board of Directors

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

Audit Committee

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

Nominating Committee

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

Remuneration Committee

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

Joint Company Secretaries

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

Registered Office

350 Orchard Road
#16-10 Shaw House
Singapore 238868
Tel: +65 6235 2270
Fax: +65 6235 2170
Email: info@ixbiopharma.com

Share Registrar

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

Company Sponsor

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

Independent Auditor

PricewaterhouseCoopers LLP
8 Cross Street #17-00 PwC Building
Singapore 048424
Partner-in-charge: Low Eng Huat, Peter
(a practising member of the Institute of Singapore Chartered Accountants)
Year of Appointment: Financial Year ended 30 June 2015

Principal Banker

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