



27 July 2018

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2018

Bioxyne Limited (ASX Code: BXN) (Bioxyne or the Company) is pleased to report on its activities for the quarter ended 30 June 2018.

Highlights

- **Regional distributor appointed for Thailand, Philippines, Myanmar, Cambodia & Mauritius**
- **Steps commence to open direct sales channels in other Asian countries**
- **Ex Amway executive appointed to Board**

Business Development

The Company is working on opening direct sales channels through the application for direct sales licences where appropriate, and discussions with potential partners to establish distribution networks for its products in a number of Asian countries.

During the quarter the Company appointed ASVA International Sdn Bhd, Malaysia (ASVA) as its regional distributor for Thailand, Philippines, Myanmar, Cambodia and Mauritius. The Company also entered into a Call Option Deed giving the Company the right to acquire a 70% interest in the business in each country before 1 July 2021 based on an agreed multiple of EBITDA.

Significant work was undertaken in the quarter ensuring that the product portfolio is appropriately registered in the receiving countries, and on production to enable supply. Inventory costs increased by A\$420,000 during the quarter as product was finalised for shipment.

Late in the quarter the Company signed an exclusive sub-distributor agreement with Inoco Resources Sdn Bhd, to sell the GRAYNS starch reducing rice cooker in China, Taiwan and Malaysia. This hi tech starch reducing technology product, suitable for diabetes sufferers, has high margin and value, and is a complementary product to health and wellbeing. The product will be sold through third party distributor channels where the Company does not yet have a direct selling license.



Revenue

The Company has now resolved production and product registration delays which pushed direct sales revenues for Q4 2018 into the next period. Revenue during the quarter was \$433,000 (2017: \$417,000), comprising largely of PCC® wholesale sales.

PCC® sales for the year ended 30 June 2018 were approximately 96% of the prior year.

For direct sales business in Australia and New Zealand see www.bioxyneinternational.com.

Malaysia presently have Allura, Mustang, BEssence and Grayns for direct sale through distributors (see www.bioxyne.com.my).

Sales of Progastrim® and proTract are also only available online at www.bioxyne.com.

Corporate

Mr Peter Hughes-Hallett was appointed a Non-Executive Director on 1 May 2018. Mr Hughes Hallett has extensive experience in the direct selling markets in Asia. He was Vice President Sales for Amway Japan from July 2007 to January 2013.

Mr Hughes-Hallett also held roles with Amway globally, with responsibilities in Australia and New Zealand. He commenced his direct selling career with Amway Australia in 1979 and was the National Sales Manager of Amway Australia between 1994 to 1997. He assumed the role of Country Manager of Amway New Zealand in 1997 before relocating to Tokyo to take on senior sales and marketing roles in Amway Japan in 2000. Mr Hughes-Hallett holds a Bachelor of Business: with Major in Marketing and Marketing Management from the University of New South Wales, Australia.

As outlined in the previous quarterly, the New Image Group litigation matter is continuing. Bioxyne's CEO, Mr N H Chua, and Bioxyne Limited have filed statements of defence and discovery documents are in the process of being exchanged and finalised. As indicated previously the claims made are without foundation and will be vigorously defended.

Cash at the end of the quarter was approximately \$3.3 million. Cash outflow for the quarter was approximately \$588,000 with \$420,000 attributable to a build-up in inventories.

For more information, please contact:

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Bioxyne Limited

ABN

97 084 464 193

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	713	1,840
1.2 Payments for		
(a) research and development	(47)	(246)
(b) product manufacturing and operating costs	(748)	(1,480)
(c) advertising and marketing	(27)	(236)
(d) leased assets		
(e) staff costs		
(f) administration and corporate costs	(484)	(1,998)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	37
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives R&D Tax offset		221
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(587)	(1,862)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(27)	(171)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other		
2.6 Net cash from / (used in) investing activities	(27)	(171)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options	-	1,349
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities		1,349

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,806	3,876
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(587)	(1,862)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(27)	(171)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		1,349

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	118	118
4.6	Cash and cash equivalents at end of quarter	3,310	3,310

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,889	1,889
5.2	Call deposits	1,905	1,917
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,310	3,806

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

127

Directors salaries and fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	200
9.3 Advertising and marketing	50
9.4 Leased assets	
9.5 Staff costs	
9.6 Administration and corporate costs	450
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	700

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of businesses		

