BIOXYNE LIMITED

ABN 97 084 464 193

The Companies Announcements Office
The Australian Stock Exchange Limited
SYDNEY

Date: 31 August 2018

APPENDIX 4E

The results for announcement to the market are as follows:-

1. The reporting period is twelve months to 30 June 2018. The previous reporting period was twelve months to 30 June 2017.

2. Key information relating to the above reporting periods is as follows:-

	30 June 2018 $	30 June 2017 $	% change
Revenue from ordinary activities	2,260,003	2,054,801	+10%
Loss from ordinary activities after tax attributable to members	(1,311,840)	(765,752)	(71%)
Net loss attributable to members	(1,311,840)	(765,752)	(71%)
Proposed dividend	-	-	
Net tangible assets per issued security	0.01	0.01	0%

3 to 9. See attached financials.

10. *Acquisition or disposal of any entities occurring during the financial year.*

No entities were acquired or disposed of during the year.

11. *Any other significant information needed by an investor to make an informed assessment of the Group's financial performance and financial position.*

Included in this document.

12. The Company is not a foreign entity.

13. *Commentary on the results*

See commentary and the attached financials.

14. The financial statements are subject to completion of the audit.

COMMENTARY ON RESULTS FOR THE YEAR

REVENUE

The Group continued to derive revenues from the sale of the Group's patented probiotic *Lactobacillus fermentum VRI-003* (PCC®) in the international market in FY 2018. International sales for FY 2018 of $1,698,528 (2017: $1,778,059) were 4.4% down with part attributable to a stronger Australian dollar compared with the prior year.

The Group received a Direct Selling License in Malaysia in November 2017, however sales for the year to date were modest with the Group finalising the research and development on a number of its products. The development of other channels to market resulted in the distribution agreement with ASVA International Sdn Bhd, Malaysia for Thailand, Philippines, Myanmar, Cambodia and Mauritius.

With the product suite now finalised and with registration having been completed in a number of Asian countries the Group is looking forward to a significant increase in sales in the coming year.

The Group also includes the research and development tax offset rebate in income, which due to completion of the clinical trial in late 2017 decreased to $144,516 (2017: $224,480).

EXPENDITURE

Expenditure increased over the prior year from $1,688,622 (which excludes the Mariposa write-off of $325,000) to $2,516,950. The increase is attributable to the establishment of the personnel team and infrastructure in the Malaysia office as a base for growing operations in Asia, product and business development costs, and legal fees associated with the New Image Group litigation matter.

The Company and its Managing Director were notified of a claim by New Image Group Limited, a New Zealand Company, during the year. The claims are without foundation and will be vigorously defended. The Company has filed a statement of defence and the parties are currently finalising the discovery process. Kensington Swan, an Auckland based legal firm is advising and acting for the Bioxyne Group.

BALANCE SHEET

The net assets of the group grew to $4,321,505 as at 30 June 2018 (2017: $4,130,722), following $1,348,601 being received on the exercise of options and the result for the year.

CASHFLOW

The Group reported an operating cash outflow for the year of $1,855,355 (2017: outflow $424,048), reflecting operating results and a large investment in inventories at 30 June 2018 of $527,330 to fill upcoming orders.

Cash at the end of the year was approximately $3.3 million.

OUTLOOK

The 2018 year was one of laying the foundation and building the necessary infrastructure to grow our direct sales operation to other parts of Asia. The year ahead will be one of capitalising on our investment in 2018. New products were developed during the year and are ready for distribution to the Company's direct sales teams. New geographical markets have been opened up with orders in hand for delivery of products in the first half of the new financial year. The timing of order fulfillment is determined by product registration in the relevant jurisdiction.

Bioxyne Limited and controlled entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Notes	2018 $	2017 $
Revenue from continuing operations			
Sale of goods		1,991,776	1,786,677
Other income	3	268,227	268,124
Cost of goods sold		(1,054,894)	(806,931)
Expenses			
Research, development and clinical trial		(324,587)	(483,081)
Personnel costs		(373,523)	-
Business development		(296,615)	(90,985)
Marketing		(132,426)	(130,914)
Professional fees		(485,458)	(248,161)
Compliance costs		(132,431)	(135,550)
Legal fees		(197,461)	(15,737)
Non-executive director fees		(213,150)	(125,033)
General and administration		(256,870)	(358,890)
Impairment of investment		-	(325,000)
Share based payments		(104,428)	(100,271)
(Loss)/Profit before income tax		**(1,311,840)**	**(765,752)**
Income tax	4	-	-
Other comprehensive income for the year		-	-
Total comprehensive (loss)/profit for the year		**(1,311,840)**	**(765,752)**
(Loss)/Profit is attributable to:			
Members of Bioxyne Limited		**(1,311,840)**	**(765,752)**
Earnings per share			
From continuing operations		**Cents**	**Cents**
- Basic (loss)/earnings per share	23	(0.22)	(0.33)
- Diluted (loss)/earnings per share	23	(0.22)	(0.33)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Bioxyne Limited and controlled entities
Consolidated Statement of Financial Position
As at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,309,904	3,875,864
Current tax receivables	6	261,240	258,370
Trade and other receivables	7	534,793	278,440
Inventories	8	628,679	101,349
Total Current Assets		**4,734,616**	**4,514,023**
Non-Current Assets			
Intangible assets	9	155,058	223,396
Plant and equipment	10	160,758	2,920
Other financial assets	11	-	-
Total Non-Current Assets		**315,816**	**226,316**
Total Assets		**5,050,432**	**4,740,339**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	708,927	597,617
Provisions	13	20,000	12,000
Total Current Liabilities		**728,927**	**609,617**
Total Non-Current Liabilities		**-**	**-**
Total Liabilities		**728,927**	**609,617**
Net Assets		**4,321,505**	**4,130,722**
EQUITY			
Contributed equity	14	62,177,536	60,815,996
Reserves	15	149,855	10,618
Accumulated losses	15	(58,005,886)	(56,695,892)
Equity		**4,321,505**	**4,130,722**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Bioxyne Limited and controlled entities
Consolidated Statement of Changes in Equity
For the year ended 30 June 2018

	Notes	Contributed equity $	Accumulated losses $	Share based payment reserves $	Foreign currency translation reserve $	Total $
2018						
At 30 June 2017		60,815,996	(56,695,892)	10,618	-	4,130,722
Total comprehensive income for the year		-	(1,311,840)	-	-	(1,311,840)
Movement in foreign translation currency reserve		-	-	-	49,593	49,593
Shares issued during the year		1,348,602	-	-	-	1,348,602
Transfer to share based payments		-	-	104,428	-	104,428
Transfer from share based payments		12,938	1,846	(14,784)	-	-
At 30 June 2018		**62,177,536**	**(58,005,886)**	**100,262**	**49,593**	**4,321,505**
2017						
At 30 June 2016		57,478,121	(55,930,140)	3,274	-	1,551,255
Total comprehensive income for the year		-	(765,752)	-	-	(765,752)
Shares issued during the year		3,516,900	-	-	-	3,516,900
Cost of shares issued		(186,452)	-	-	-	(186,452)
Option expense recognised in the year		-	-	14,771	-	14,771
Transfer from share based payments		7,427	-	(7,427)	-	-
At 30 June 2017		**60,815,996**	**(56,695,892)**	**10,618**	**-**	**4,130,722**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Bioxyne Limited and controlled entities
Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Notes	2018 $	2017 $
Cash flows from operating activities			
Receipts of other income (inclusive of goods and services tax)		1,840,235	1,822,439
Payments to suppliers and employees (inclusive of goods and services tax)		(3,953,837)	(2,307,354)
		(2,113,602)	**(484,915)**
Research and development tax rebate		220,915	60,356
Interest received		37,332	511
Net cash outflow from operating activities	20	**(1,855,355)**	**(424,048)**
Cash flow from investing activities			
Purchase of plant and equipment		(171,402)	(3,920)
Cash acquired on acquisition of subsidiaries		-	38,596
Net cash (outflow)/inflow from investing activities		(171,402)	34,676
Cash flows from financing activities			
Proceeds from the issue of shares		1,348,602	3,089,400
Cost of raising capital		-	(184,662)
Net cash inflow from financing activities		**1,348,602**	**2,904,738**
Net (decrease)/increase in cash and cash equivalents		(678,155)	2,515,366
Cash and cash equivalents at the beginning of the financial year		3,875,864	1,353,604
Foreign exchange adjustment to cash balance		111,685	6,894
Cash and cash equivalents at end of the year	5	**3,309,904**	**3,875,864**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

These financial statements and notes represent those of Bioxyne Limited (the "Group") and its subsidiaries.

(a) Basis of preparation

Reporting Entity

Bioxyne Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, except for selected financial assets for which the fair value basis of accounting has been applied.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bioxyne Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Bioxyne Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

1 Summary of significant accounting policies (continued)

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) Foreign currency translation

(i) Functional and presentation currency

The functional and presentation currency of the Group is Australian dollars (A$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Items included in the financial statements of the Company's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(d) Revenue recognition

Sale of product

Revenue on wholesale sales is recognised on invoice which approximates the date of product delivery. Revenue on direct sales is recognised on invoice to the distributor at which time the cash is also received, i.e. a cash sale.

Interest income

Interest income is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rates which is the rate that exactly discounts the estimated future cash receipts over the expected future life of the financial asset.

1 Summary of significant accounting policies (continued)

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Research and Development Tax Incentive

Research and Development Tax Incentive claims are recognised as other income in the period to which the incentive claims relate.

(e) Government grants

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

Government grants relating to costs are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associated and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Bioxyne Limited and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2018

1 Summary of significant accounting policies (continued)

(g) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(h) Leases

Leases where the lessor retains substantially all of the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss on a straight-line basis over the period of the lease.

(i) Impairment of assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash generating unit to which the asset belongs.

1 Summary of significant accounting policies (continued)

(j) Cash and cash equivalent

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(k) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(l) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

1 Summary of significant accounting policies (continued)

(n) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

(o) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

(ii) Retirement benefit obligations

The Group does not maintain a company superannuation plan. The Group makes fixed percentage contributions for all Australian resident employees to complying third party superannuation funds. The Group's legal or constructive obligation is limited to these contributions.

Contributions to complying third party superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Share - based payments

The fair value of options granted under the Employee Share Option Plan “ESOP” is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable.

The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

1 Summary of significant accounting policies (continued)

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(p) Contributed equity

Costs directly attributable to the issue of new shares are shown as a deduction from the equity as a deduction proceeds net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net GST, except where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

(r) Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

1 Summary of significant accounting policies (continued)

Depreciation
The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

Depreciation is calculated on a diminishing-value basis over the estimated useful life of the assets as follows:

Plant and equipment – ranging from 2 to 20 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(s) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

(t) Trade and other receivables

Trade and other receivables are stated at their cost less an allowance for impairment of receivables.

1 Summary of significant accounting policies (continued)

(u) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(v) New and amended accounting standards adopted by the Company

At the date of authorisation of the financial statements there were no new applicable standards and interpretations which would have any impact on the current period, any prior period, or which is likely to affect future periods.

Bioxyne Limited and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2018

1 Summary of significant accounting policies (continued)

(w) New and amended accounting standards for application in future periods

The following Standards and Interpretations listed below were on issue but not yet effective:

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 'Financial Instruments' (December 2014) AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The entity has undertaken an assessment of the impact of AASB 9 and determined that the adoption of AASB 9 has not had a significant impact on the Group's financial instruments.	1 January 2018	30 June 2018
AASB 15 Revenue from Contracts with Customers AASB 15: • Replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: o establishes a new revenue recognition model o changes the basis for deciding whether revenue is to be recognised over time or at a point in time o provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) o expands and improves disclosures about revenue The entity has undertaken an assessment of the impact of AASB 15 and determined that it has not had any significant impact on the Group's revenue recognition.	1 January 2018	30 June 2018

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1 Summary of significant accounting policies (continued)

AASB 16 Leases AASB 16: • Replaces AASB 117 Leases and some lease-related Interpretations • requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases • provides new guidance on the application of the definition of lease and on sale and lease back accounting • largely retains the existing lessor accounting requirements in AASB 117 • requires new and different disclosures about leases When this Standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements.	1 January 2019	30 June 2020
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9. Refer to the section on AASB 9 above.	1 January 2018	30 June 2019
Clarifications to IFRS 15 Revenue from Contracts with Customers The amendments clarify the application of IFRS 15 in three (3) specific areas to reduce the extent of diversity in practice that might otherwise result from differing views on how to implement the requirements of the new standard. They will help companies: 1 Identify performance obligations (by clarifying how to apply the concept of 'distinct'); 2 Determine whether a company is a principal or an agent in a transaction (by clarifying how to apply the control principle); 3 Determine whether a licence transfers to a customer at a point in time or over time (by clarifying when a company's activities significantly affect the intellectual property to which the customer has rights). The amendments also create two (2) additional practical expedients available for use when implementing IFRS 15: 1 For contracts that have been modified before the beginning of the earliest period presented, the amendments allow companies to use hindsight when identifying the performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations. 2 Companies applying the full retrospective method are permitted to ignore contracts already complete at the beginning of the earliest period presented. The amendments were adopted for the year ending 30 June 2018, and there is no material impact on the financial statements.	1 January 2018	30 June 2018

2 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(i) Business combinations

As discussed in note 1(u), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

(ii) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(iii) Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1(s). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

(iv) Research and development expenditure

The Group has expensed research and development expenditure incurred during the year, where applicable, as the costs relate to the initial expenditure for research and development of biopharmaceutical products where generation of future economic benefits are not considered certain. It was considered appropriate to expense these research and development costs as they did not meet the criteria to be capitalised under AASB 138 Intangible assets.

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Critical accounting estimates and judgements (continued)

(v) Consideration received for divestment and subsequent measurement of Mariposa investment

On the 17th June 2015, the shares held in Mariposa Health Limited ('MHL') were exchanged for 213,138 shares in Mariposa Health Inc ('MHI'), a USA Delaware Corporation so that MHL became a subsidiary of MHI. This investment was carried at a cost of $325,000 and was impaired at 30 June 2017.

In additional to the above, part of the total consideration paid to BXN for the disposal of HIPL included a deferred consideration of $1million, payable on achievement of agreed milestones over the next 5 years from 24 February 2014. This has not been recognised in the financial statements. The deferred consideration will be recognised as and when it is received.

The deferred consideration also includes an obligation to pay royalties, which is agreed to be 6.5% of the gross revenue received by the company, MHL or related entities in respect to the sale of the sublicensing or Intellectual property rights, including any sale proceeds or Sub-Royalties. To the extent that products are manufactured based on the intellectual property, royalties are calculated as 2% of Gross revenue.

3 Other income

	2018 $	2017 $
Research and development tax Incentive	144,516	224,480
Interest received	38,049	509
Income from royalties	15,060	43,135
Unrealised foreign exchange gain	70,602	-
	268,227	**268,124**

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4 Income tax

(a) Income tax

	2018	2017
Deferred tax	$	$
	-	-

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

(Loss)/Profit from continuing operations before income tax expense	(1,311,840)	(765,752)
Tax (benefit)/expense at the Australian tax rate of 27.5% (2017 – 27.5%)	**(360,756)**	**(210,582)**
Difference in overseas tax rates	8,967	-
Tax effect of amounts which are deductible/not taxable in calculating taxable income	21,052	(12,558)
Tax effect of additional amounts deductible in prior year	(31,552)	-
Carried forward tax benefit not recognised	362,289	223,140
Total income tax expense	-	-

(c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	29,219,205	27,901,788
Potential tax benefit @ 27.5% (2017:27.5%)	**8,035,281**	**7,672,992**

5 Current assets - Cash and cash equivalents

Cash at bank and in hand	3,309,904	3,875,864
	3,309,904	**3,875,864**

6 Current assets – Current tax receivables

Research and development tax offset receivable	140,976	217,376
GST receivable	120,264	40,994
	261,240	**258,370**

7 Current assets – Trade and other receivables

Trade debtors	422,673	215,830
Accrued Income and other debtors	22,942	11,595
Prepayments	89,178	51,015
	534,793	**278,440**

8 Current assets – Inventories

	2018	2017
	$	**$**
Work in progress	573,068	42,105
Finished goods	55,611	59,244
	628,679	**101,349**

9 Non-current assets – Intangible assets

	2018	2017
	$	**$**
Product development costs	105,143	173,481
Goodwill	49,915	49,915
	155,058	**223,396**

Product development costs have a useful life of three years and these costs are be amortised over this period.

The goodwill acquired relates to the knowledge of key personnel of the product development and direct sales business recently acquired. Goodwill is not considered to be impaired as at 30 June 2018 and will be tested annually.

An analysis of the movement in these accounts is as follows:

	Product Development Costs	Goodwill
	$	$
Opening balance 1 July 2016	-	-
Acquired through acquisition	173,481	49,915
Opening balance 1 July 2017	173,481	49,915
Written off	(68,338)	-
Balance as at 30 June 2018	**105,143**	**49,915**

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Bioxyne Limited and controlled entities
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10 Property, plant and equipment

	Plant and equipment	Software	Leasehold improvements	Total
Cost				
Opening balance, 1 July 2016	-	-	-	-
Additions	3,920	-	-	3,920
Closing balance, 30 June 2017	3,920	-	-	3,920
Opening balance, 1 July 2017	3,920	-	-	3,920
Additions	78,477	37,734	55,191	171,402
Closing balance, 30 June 2018	82,397	37,734	55,191	175,322
Depreciation				
Opening balance, 1 July 2016	-			-
Depreciation	(1,000)	-	-	(1,000)
Closing balance, 30 June 2017	(1,000)	-	-	(1,000)
Opening balance, 1 July 2017	(1,000)	-	-	(1,000)
Depreciation	(9,152)	(268)	(4,144)	(13,564)
Closing balance, 30 June 2018	(10,152)	(268)	(4,144)	(14,564)
Written Down Value 30 June 2017	2,920	-	-	2,920
Written down value 30 June 2018	72,245	37,466	51,047	160,758

11 Other financial assets

Non-current

	2018 $	2017 $
Available-for-sale financial assets	325,000	325,000
Less impairment	(325,000)	(325,000)
	-	-

12 Current liabilities - Trade and other payables

Trade creditors	416,530	335,181
Accrued Expenses	288,907	262,436
Other payables	3,490	-
	708,927	**597,617**

Bioxyne Limited and controlled entities
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13 Current liabilities - Provisions

	2018 $	2017 $
Provision for annual leave, opening balance	12,000	-
Provided during the year	8,000	12,000
Provision for annual leave, closing balance	**20,000**	**12,000**

14 Contributed equity

(a) Share capital

	2018 Shares	2018 $	2017 Shares	2017 $
Ordinary Shares Fully Paid	640,145,398	62,177,356	507,565,250	60,815,996

(b) Movements in ordinary share capital

		Number of Shares	Issue price	$
Opening balance	1 July 2016			
Shares issued on acquisition of business and sign on fee	19 April 2017	22,500,000	0.019	427,500
Share placement	21 April 2017	28,106,525	0.019	534,024
Shares issued on exercise of options	5 May 2017	750,000	0.0234	24,977
Rights issue	30 May 2017	253,782,625	0.01	2,537,826
Cost of capital raising		-		(186,452)
Balance	**30 June 2017**	**507,565,250**		**60,815,996**
Opening balance				
Shares issued on exercise of options	10 July 2017	650,000	0.01	6,500
Shares issued on exercise of options	21 Sep 2017	4,447,787	0.01	44,478
Shares issued on exercise of options	11 Oct 2017	4,687,500	0.01	46,875
Shares issued on exercise of options	17 Oct 2017	921,000	0.01	9,210
Shares issued on exercise of options	26 Oct 2017	5,953,203	0.01	59,532
Shares issued on exercise of options	5 Dec 2017	80,607,371	0.01	806,074
Shares issued on exercise of options	11 Dec 2017	550,000	0.021	12,978
Shares issued on exercise of options	11 Dec 2017	1,250,000	0.0234	40,760
Shares issued on exercise of options	11 Dec 2017	24,960,599	0.01	249,606
Shares issued on exercise of options	15 Dec 2017	8,552,688	0.01	85,527
		640,145,398		62,177,536

Bioxyne Limited and controlled entities
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14 Contributed equity (continued)

(c) Ordinary shares

Each ordinary shareholder maintains, when present in person or by proxy or by attorney at any general meeting of the Company, the right to cast one vote for each ordinary share held.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

(d) Options

As at the date of the financial statements, the following options over unissued ordinary shares were on issue:

Details	No of options	Issue date	Date of expiry	Conversion price ($)
Director options	3,750,000	23/12/16 & 4/8/17	24/11/2019	0.0234
Employee options	1,000,000	2/2/17	24/11/2019	0.0234
Total	**4,750,000**			

Options	**2018 No.**	**2017 No.**
Balance at beginning of year	137,808,336	917,000
Granted during the year	-	137,641,336
Expired during the year	(478,188)	-
Exercised during the year	(132,580,148)	(750,000)
Balance at end of year	**4,750,000**	**137,808,336**

(e) Capital risk management

The Company's objectives when managing capital are to safeguard the ability of the Company to continue as a going concern.

Bioxyne Limited and controlled entities
Notes to the Financial Statements
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15 Reserves and accumulated losses

	2018	2017
(a) Reserves	**$**	**$**
Total reserves	**149,855**	**10,618**
Share based payments reserve		
Movements in share based payments reserve were as follows:		
Balance 1 July	10,618	3,274
Transfer to share based payments reserve	104,428	14,771
Options lapsed	(1,846)	-
Transfer from share option reserve on exercise of options	(12,938)	(7,427)
Balance 30 June	**100,262**	**10,618**
Movements in foreign currency translation reserve		
Balance 1 July	-	-
Movement in foreign currency translation reserve	**49,593**	**-**
Balance 30 June	**49,593**	**-**
Total reserves	**149,855**	**10,618**

(b) Accumulated losses

	2018	2017
	$	**$**
Movements in accumulated losses were as follows:		
Opening accumulated losses	(56,695,892)	(55,930,140)
Loss for the year	(1,311,840)	(765,752)
Transfer from share based payments reserve	1,846	-
Balance as at 30 June	**(58,005,886)**	**(56,695,892)**

(c) Nature and purpose of reserves

The share based payment reserve comprises the cumulative value of employee services received through the issue of shares options and performance rights. When the option is exercised or the performance rights vests, the related balance previously recognised in the share based payments reserve is transferred to share capital. When the share options expire or the performance rights lapse, the related balance previously recognised in the share option reserve is transferred to accumulated losses.

16 Interests in other entities

Name of Entity	Country of Incorporation	Ownership Interest 2018 %	Ownership Interest 2017 %	Principal Activities
Global Treasure New Zealand Limited	New Zealand	100	100	Product development
New Zealand Nutritional Research Institute Limited	New Zealand	100	100	Product research and development
Pan Global Treasure Malaysia Sdn Bhd	Malaysia	100	100	Sales
Bioxyne International Pty Ltd	Australia	100	100	Intermediate holding company
Bioxyne International (NZ) Limited	New Zealand	100	100	Sales

17 Remuneration of auditors

Audit services

	2018 $	2017 $
Audit of financial reports – RSM Australia Partners	46,750	45,000
Total remuneration for audit services	**46,750**	**45,000**

18 Commitments

Capital commitments

As at 30 June 2018, the Company has no capital commitments (2017: $nil).

19 Events occurring after the balance sheet date

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

a) The Company's operations in future financial years; or
b) The results of those operations in future financial years; or
c) The Company's state of affairs in future financial years.

20 Reconciliation of profit after income tax to net cash outflow from operating activities

	2018 $	2017 $
Loss for the year	(1,311,840)	(765,752)
Non-cash employee benefits expense - share based payments	104,428	100,271
Depreciation	13,564	1,000
Impairment of investment	-	325,000
Other non cash items	76,337	68,853
Unrealised foreign exchange loss/(gain)	(70,602)	2,470
Change in operating assets and liabilities		
Increase in trade and other receivables	(259,223)	(205,756)
(Increase) in inventory	(527,330)	(101,349)
Increase in trade and other payables	119,309	151,215
Net cash outflow from operating activities	**(1,855,355)**	**(424,048)**

21 Segment information

Bioxyne Limited (ASX:BXN) is an Australian health and wellness products company (incorporated in 2000) with a focus on clinically effective health and wellness products particularly in the gut and immune health areas.

Bioxyne is in the consumer dietary supplements and functional foods markets through its proprietary probiotic, *Lactobacillus fermentum* VRI-003 (PCC®), and through an acquisition in New Zealand, now trading as Bioxyne International, the Company is further developing a range of functional food and beauty products containing ingredients sourced exclusively from New Zealand, for our direct sales channel.

Bioxyne's probiotic business is supported by a manufacturing and distribution agreement with Chr. Hansen (Denmark) a global leader in the manufacturing of natural food additives and supplements products for the food, health, pharmaceutical and agriculture industries.

Bioxyne has a distribution agreement for PCC® with Nu-Skin Enterprises (USA) a successful worldwide multilevel marketing company.

The Company's principal operations are to research, develop, market and distribute over the counter dietary supplement products and beauty products.

21 Segment information (continued)

The following table presents revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 30 June 2018 and 30 June 2017.

2018	Wholesale sales		Direct sales		Unallocated	Total
	USA	Asia	Australia	Asia		
Sales	1,698,528	230,930	4,550	57,768	-	1,991,776
Cost of sales	(788,515)	(158,889)	(3,977)	(19,360)	(84,153)	(1,054,894)
Gross margin	910,013	72,041	573	38,408	(84,153)	936,882
Other income	-	-	-	-	268,227	268,227
Overhead expenses	-	-	-	-	(2,192,363)	(2,192,363)
Research and development	-	-	-	-	(324,587)	(324,587)
Profit/(loss) before tax	910,013	72,041	573	38,408	(2,332,876)	(1,311,840)
Taxation	-	-	-	-	-	-
Profit/(loss) after tax	910,013	72,041	573	38,408	(2,332,876)	(1,311,840)
Total assets	422,673	-	-	1,331,865	3,295,894	5,050,432
Total liabilities	189,953	-	-	21,410	517,564	728,927

2017	Wholesale sales		Direct sales		Unallocated	Total
	USA	Asia	Australia	Asia		
Sales	1,778,059	-	8,618	-	-	1,786,677
Cost of sales	(747,871)	-	(8,173)	-	(50,887)	(806,931)
Gross margin	1,030,188	-	445	-	(50,887)	979,746
Other income	-	-	-	-	268,124	268,124
Overhead expenses	-	-	-	-	(1,205,541)	(1,205,541)
Research and development	-	-	-	-	(483,081)	(483,081)
Impairment of investment	-	-	-	-	(325,000)	(325,000)
Profit/(loss) before tax	979,301	-	445	-	(1,745,498)	(765,752)
Taxation	-	-	-	-	-	-
Profit/(loss) after tax	979,301	-	445	-	(1,745,498)	(765,752
Total assets	199,085	-	-	1,553,006	2,988,248	4,740,339
Total liabilities	145,533	-	-	44,764	419,320	609,617

21 Segment information (continued)

Segment revenues and results

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2017: Nil).

The accounting policies of the reportable segments are consistent with the Group's accounting policies described in Note 1. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, investment income, gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

22 Financial risk management

(a) Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payables.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Group does not speculate in financial assets.

Credit risk
The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The receivable balances are monitored on an ongoing basis. The Group's exposure to bad debts is not significant.
There is considerable concentration of credit risk within the Company as it only has one major customer at this stage of its development.

With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises form default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised third parties, there is no requirement for collateral security.

The maximum exposure to credit risk at balance date is as follows:

	2018	2017
	$	$
Cash and cash equivalents (note 5)	3,309,904	3,875,864
Trade debtors (Note 7)	422,673	215,830
Research and development tax incentive receivable (Note 6)	140,976	217,376
Other current assets	232,384	103,604
	4,105,937	4,412,674

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22 Financial risk management (continued)

Liquidity risk
The Company's policy is to maintain a comfortable level of liquidity through the continual monitoring of cash reserves and the raising of additional capital as required.

(b) Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity as well as management's expectations of the settlement period of all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

Consolidated Group	**Within 1 year**		**1 to 5 years**		**Over 5 years**		**Total**	
	2018 $	2017 $	**2018 $**	2017 $	**2018 $**	2017 $	**2018 $**	2017 $
Financial liabilities - due for payment:								
Trade and other payables	**728,927**	609,617	-	-	-	-	**728,927**	609,617
Total contractual outflows	**728,927**	609,617	-	-	-	-	**728,927**	609,617
Cash and cash equivalents	**3,309,904**	3,875,864	-	-	-	-	**3,309,904**	3,875,864
Trade and other receivables	**706,855**	485,795	-	-	-	-	**706,855**	485,795
Total anticipated inflows	**4,016,759**	4,361,659	-	-	-	-	**4,016,759**	4,361,659
Net inflow on financial instruments	**3,287,832**	3,752,042	-	-	-	-	**3,287,832**	3,752,042

(c) Net fair values

The net fair value of assets and liabilities approximates their carrying value. No financial assets and liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and notes to the financial statements.

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(d) Sensitivity Analysis

The Company has performed a sensitivity analysis relating to its exposure to foreign currency risk at balance date. The effect on profit and equity as a result changes in the value of the Australian Dollar to the US Dollar and Euro receivables and payables, with all other variables remaining constant, is expected to be minimal.

The effect on profit and equity as a result changes in the value of the Australian Dollar to the US Dollar and Malaysian Ringgit, and the effect on movement in interest rates is as follows:

Consolidated	**Carrying Amount $**	**Interest Rate Risk -1% Profit $**	**Interest Rate Risk -1% Equity $**	**Interest Rate Risk +1% Profit $**	**Interest Rate Risk +1% Equity $**
2018					
Financial Assets					
Cash and cash equivalents	**3,309,904**	**(33,099)**	**(33,099)**	**33,099**	**33,099**
2017					
Financial Assets					
Cash and cash equivalents	3,875,864	(38,758)	(38,758)	38,758	38,758

Consolidated A$ 5% stronger / (weaker)	**Carrying amount in original currency $**	**Currency Risk 5% Profit A$**	**Currency Risk 5% Equity A$**	**Currency Risk -5% Profit A$**	**Currency Risk -5% Equity A$**
2018					
Financial Assets					
Cash in US $	**899,200**	(57,934)	(57,934)	57,934	57,934
Cash in MYR	**2,942,819**	(44,544)	(44,544)	44,544	44,544
		(102,478)	(102,478)	102,478	102,478
2017					
Financial Assets					
Cash in US $	**28,607**	(1,860)	(1,860)	1,860	1,860
Cash in MYR	**4,849,512**	(71,467)	(71,467)	71,467	71,467
		(73,327)	(73,327)	73,327	73,327

23 Earnings per share

	2018	2017
	Cents	**Cents**
Basic Loss/(Earnings) per share (cents per share)	(0.22)	(0.33)
Diluted Loss/(Earnings) per share (cents per share)*	(0.22)	(0.33)
Weighted average number of shares		
Basic earnings per share calculation	587,804,514	236,154,971
Diluted earnings per share calculation*	587,804,514	236,154,971
(Loss)/profit for the period used in earnings per share	**$**	**$**
From continuing operations	(1,311,840)	(765,752)

**2018/2017 – weighted average number of options outstanding not included in diluted EPS calculation as the options are anti-dilutive in nature*

24 Share based payments

(a) Fair value of share options granted in the year

Details	No of options	Issue date	Date of expiry	Conversion price ($)	Fair Value at grant date
Director options issued under employee share option plan	2,000,000	4/8/2017	24/11/2019	0.0234	18,070

	Director Options
Expected volatility	100%
Risk- free interest rate	1.72%
Expected life of option (years)	2.31
Exercise price (cents)	2.34
Grant date share price	1.8 cents

b) Options at year end

Details	No of options	Issue date	Date of expiry	Conversion price ($)
Director options issued under employee share option plan	2,750,000	23/12/2016	24/11/2019	0.0234
Options issued under employee share option plan	1,000,000	2/2/2017	24/11/2019	0.0234
Director options issued under employee share option plan	1,000,000	4/8/2017	24/11/2019	0.0234
Total outstanding and exercisable	**4,750,000**			

The weighted average remaining contractual life of options outstanding at the end of the year was 1.4 years (2017: 2.17 years). All outstanding options are vested and exercisable.

24 Share based payments (continued)

c) Movements in options during the year

	2018 No.	Weighted Average Exercise Price	2017 No.	Weighted Average Exercise Price
Options				
Balance at beginning of year	4,550,000	0.0231	917,000	0.021
Granted during the year	2,000,000	0.0234	4,750,000	0.0234
Expired during the year	-	-	(367,000)	0.021
Exercised during the year	(1,800,000)	0.0227	(750,000)	0.0234
Balance at end of year	**4,750,000**	**0.0234**	**4,550,000**	**0.0231**

(d) Performance rights

Shareholders at a General Meeting on 3 August 2017 approved the grant of 40,000,000 performance rights to the Chief Executive Officer (CEO). The performance rights were valued by 22 Corporate Advisory Pty Limited, at between 6.8 cents and 6.1 cents a share being the share price on grant date discounted for lack of marketability. Vesting occurs at the end of the Performance Period ended 30 June 2020, if the following performance conditions are met:

(i) The CEO remaining employed by the Company or one of its subsidiaries for the duration of the Performance Period; and

(ii) The CEO meeting the following performance hurdles during the Performance Period, in respect of the percentage of Rights allocated to each hurdle:

For the year ended 30 June 2018 – 8 million shares on the basis of:

a. Share price hurdle, if the Volume Weighted Average Price is 2.5 cents for 10 consecutive days in the year to 30 June 2018, the provision of (a)(ii) shall apply.
b. If Export Sales exceed A$1.5m then 6 million shares plus 4 shares for every A$ of export revenue up to $2million.
c. The maximum performance shares issued shall be 8 million shares

For the year ended 30 June 2019 – 12 million shares on the basis of:

2.1 Share price hurdle, if the Volume Weighted Average Price is 4.5 cents for 10 consecutive days in the twenty four months preceding 30 June 2019, the provision of (b)(ii) shall apply.
2.2 If Export Sales exceed A$3m then 9 million shares plus 3 shares for every A$1 of sales up to A$4million.
2.3 The maximum performance shares issued shall be 12 million shares
2.4 Where cumulative Export Sales for the two years ended 30 June 2019 is more than $6 million; any vesting shortfall of Performance Rights pursuant to clause 6.2 (a) (ii) and 6.2 (b) (ii) shall vest.
2.5 For the avoidance of doubt the maximum vesting of shortfall per 6.2 (b) (iii) and 6.2 (a) (ii) and 6.2 (b) (ii) shall be 20,000,000 Performance Rights.

Bioxyne Limited and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2018

24 Share based payments (continued)

For the year ended 30 June 2020 – 20 million shares on the basis of:

3.1 Share price hurdle, if the Volume Weighted Average Price is 6.5 cents for 10 consecutive days in the thirty six months ended 30 June 2020, the provision of (c)(ii) shall apply,

3.2 If export sales exceed A$6m then 15 million shares plus 2.5 shares for every A$1 of sales up to A$8million.

3.3 The maximum performance shares issued shall be 20 million

An expense of $75,000 was recognised for the period ended 30 June 2018 in relation to these performance rights.

On 17 October 2017 the Company issued 10,000,000 performance rights to the Bioxyne Performance Rights Plan Trust. The rights will be issued to employees and distributors based on milestones to be achieved.

No performance rights were issued to employees and distributors during the year ended 30 June 2018, and no expense has been recognised during the year for these performance rights.

25 Parent entity disclosures

(a) Financial position	**2018 $**	**2017 $**
Total Current Assets	**2,973,062**	**3,024,954**
Total Assets	**5,003,579**	**4,697,929**
Total Liabilities	**682,074**	**567,207**
EQUITY		
Contributed equity	62,177,536	60,815,996
Reserves	100,262	10,618
Accumulated losses	(57,956,293)	(56,695,892)
Equity	**4,321,505**	**4,130,722**

(b) Reserves

Option reserve	100,262	10,618

(c) Financial performance

(Loss)/profit for the year	(1,311,840)	(765,752)
Other comprehensive income	-	-
	(1,311,840)	(765,952)

(d) Commitments

	-	-

26 Related party transactions

(a) Key management personnel

Refer to the Remuneration Report contained in the Directors Report contained in the Directors Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2018.

The total remuneration paid to key management personnel of the company and the group during the year is as follows:

	2018	2017
	$	$
Short-term employee benefits	449,683	284,033
Post- employment benefits	7,719	15,770
Share based payments	98,822	91,024
	556,224	390,827

(b) Transactions with other related parties

During the year the following transactions were undertaken with related parties on an arms' length basis:

(i) $15,000 (2017 - $15,000) was paid to Diskdew Pty Ltd, a company of which Patrick Ford is a director of, for portion of director's fees and consulting services;

(ii) $34,806 was paid to NH Chua a director of the Company as rental for the Malaysian office;

(iii) $24,436 was paid to Jin Chua (a consultant to the Group and daughter of NH Chua a director of the Company) for consulting services.

(iv) The Group purchased $15,897 of raw material product from Miraka Limited, a company of which Mr Maxwell Parkin is a director.

27 Economic dependency

The Group currently has a major customer in the US, which accounts for majority of the Group's external sales.

28 Company details

Corporate Head Office and Principal Place of Business

Suite 506, Level 5
50 Clarence Street
Sydney NSW 2000