

Biexyne

ANNUAL REPORT 2018





Bioxyne Limited
2018 Financial Report

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Chairman's Letter

Dear fellow shareholder,

On behalf of the directors of Bioxyne Limited and its subsidiary companies (the "Group"), I am pleased to report on the activities of the Group for the year ended 30 June 2018.

The results for the year did not adequately reflect the efforts that our managing director and his team put into our direct sales business. The past year has seen further investment in infrastructure and in product development. We were disappointed with the pace of sales traction, however the regulatory environment in the markets in which we operate, and intend to operate, are demanding in terms of compliance.

The Group received a Direct Selling License (DSL) in Malaysia in October 2017 and in Indonesia in September 2018, through an acquisition recently announced. We are continuing to work on obtaining the required business and product licenses/registrations in a number of other Asian Countries.

To accelerate our entry into Thailand, Philippines, Myanmar, Cambodia and Mauritius, the Group entered into an exclusive distributor agreement in May 2018 with ASVA International, Sdn Bhd Malaysia, which has established sales channels in these countries. The Company has an option to acquire a 70% interest at a pre-defined multiple prior to July 2021.

The Group added BK18: New Zealand dairy based nutritional product, Allura and Mustang: Weight management products for women and men respectively, BEssence: an anti-ageing serum, and Mymana: a unique colostrum and honey based dairy formula product, during the year. Indications are that these products will be well received once product registrations are finalised.

Revenues from the sale of the Group's patented probiotic *Lactobacillus fermentum* VRI-003 (PCC®) to the USA remained firm at approximately \$1.7m and should benefit from the current weakening A\$.

The clinical trial examining the effects of PCC® on microbiome composition, gastrointestinal systems, quality of life, medication use and adverse events was completed during the year. Significant beneficial effects were observed in reductions of a range of gastric symptoms including gas and bloating and significantly less antibiotic use. The results supported previous clinical studies where PCC has demonstrated to be a powerful immunomodulator with effects on susceptibility to respiratory tract infections, eczema, and boosting the immune response to the flu vaccine.

The 2018 year was one of laying the foundation and building the necessary infrastructure to grow our direct sales business to other parts of Asia. The year ahead will be one of capitalising on our investment.

On behalf of the Board I thank shareholders for their ongoing support. We look forward with confidence to the year ahead.

Yours sincerely,



Anthony Ho
Non-executive Chairman
27 September 2018

Operations Review

Bioxyne is developing a range of quality, dairy based products, in New Zealand for its direct sales channel substantially focussed on Asia.

This development is being undertaken on the foundation of the PCC ingredient sales to NuSkin which remain consistent at approximately \$1.7 million per year.

The Company continues to market its probiotic products, Progastrim™ and proTract® through an affiliate sales channel of health and nutrition practitioners and online at www.bioxyne.com.

New products added to the portfolio this year include:

BK18 – Dairy Based Food Supplement

A family breakfast replacement and/or nutritional drink to boost the immune system and improve wellbeing.

A New Zealand dairy-based formula, combined with probiotics and vitamins. Dairy ingredients sourced from the world renowned dairy region of Waikato.



Allura – Weight Management for Women

A beauty drink with soy protein and apple fibre and marine collagen extract.

Encourages weight management while promoting a younger looking skin.



Our product development is underpinned by a strong clinical and scientific foundation. Products are marketed under the Bioxyne International brand – see www.bioxyneinternational.com.

Mustang



A revolutionary nutritional shake designed to support men's healthy weight management.

Mustang combines satiety factors that reduce feelings of hunger with prebiotic fibre to support a healthy gut environment with a wide range of vitamins and minerals, including deer velvet for improving men's vitality.





Mymana is a unique colostrum and honey based dairy formula product.

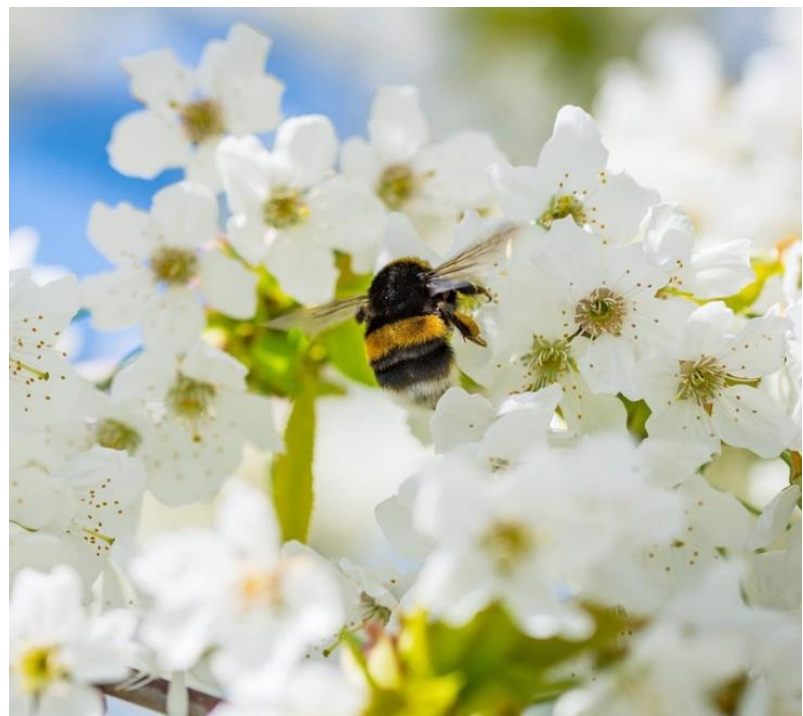
Daily consumption supports a healthy immune system with sustained energy and wellbeing for the entire family.



BEssence-New Zealand's best anti-ageing serum.

BEssence contains a combination of natural ingredients to reduce fine lines and wrinkles.

Ingredients include bee venom, and Swiss apple stem cells, which stimulates naturally occurring collagen and elastin, and reduces wrinkles making skin look younger.



The Group received a Direct Sales License in Malaysia in November 2017, and established an office and showroom in Kuala Lumpur, Malaysia to be the regional office to support Bioxyne International's business plans to expand and become a leading MLM company in Asia.

The Multi-Level Market (MLM) in Malaysia is estimated to be US\$4 Billion at retail value.



Bioxyne's Managing Director, Mr N H Chua, receiving the Direct Sales License for Malaysia from the Secretary-General of Domestic Trade Malaysia, Dato Jamil Bin Saleh

The Group is continuing to develop the business in other Asian countries, including obtaining Direct Sales Licences where appropriate. These countries include Vietnam (market estimated at US\$1 billion), Taiwan (market estimated at US\$3.3 billion) and Indonesia (market estimated at US\$1 billion).

To accelerate development in a number of other Asian countries the Group appointed ASVA International Sdn Bhd, Malaysia (ASVA), as its regional distributor for Thailand, Philippines, Myanmar, Cambodia and Mauritius (TPMCM).

As exclusive distributor, ASVA will manage and distribute the Bioxyne Group's products in TPMCM. ASVA will be supported by Bioxyne's direct sales system and platform. ASVA will focus on Bioxyne's products and will be excluded from selling competing products. In addition, the Company has 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. Consideration for the acquisition is based on an agreed multiple of EBITDA.

On 24 September 2018 the Group announced the acquisition of a 95% interest in P.T. Gamat Utama a direct selling company in Indonesia. This acquisition is a key geographical expansion for Bioxyne opening a significant new market for the Group's products and providing additional economies of scale for our New Zealand production and distribution facilities.

The Group's management was strengthened during the year with the appointment of Mr Peter Hughes-Hallett as a Non-Executive Director. 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.

I thank my Bioxyne team and suppliers for their support and we look forward to a productive and profitable year ahead.

NH Chua

27 September 2018



CORPORATE GOVERNANCE STATEMENT

Bioxyne, through its Board and executives, recognises the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with Bioxyne. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

ASX Corporate Governance Principles and Recommendations

The third edition of ASX Corporate Governance Council Principles and Recommendations (the “Principles”) sets out recommended corporate governance practices for entities listed on the ASX.

The Company has issued a Corporate Governance Statement which discloses the Company’s corporate governance practices and the extent to which the Company has followed the recommendations set out in the Principles. The Corporate Governance Statement was approved by the Board on 25 September 2018 and is available on the Company’s website: <http://www.bioxyne.com/site/investor-centre/corporate-governance>.



Directors' Report

Your directors present their report together with the financial statements on Bioxyne Limited (ASX: BXN) for the year ended 30 June 2018.

Directors

The following persons were directors of Bioxyne Limited during the financial year and up to the date of this report:

Anthony Ho	Non-Executive Chairman
N H Chua	Managing Director, Chief Executive Officer
Patrick Douglas Ford	Non-executive Director
Peter Hughes-Hallett	Non-executive Director (appointed 1 May 2018)
Maxwell Parkin	Executive Director
Peter French	Scientific Director (resigned 15 February 2018)

Information on Directors as at Report Date

Anthony Ho, B. Com., CA, FAICD, FCIS, FGIA (Non-Executive Chairman)

Mr Ho was appointed on 30 October 2012.

Mr Ho is an experienced company director and has extensive corporate and financial management experience, having held Finance Director/CFO roles with a number of ASX listed companies in the wholesale & distribution; and retail sectors. Mr. Ho also chairs audit committees in a number of ASX listed companies.

Mr Ho holds a Bachelor of Commerce degree from the University of New South Wales, is a Fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants of Australia and New Zealand and holds a post graduate diploma in Marketing studies from the University of Technology, Sydney.

Mr Ho is currently the non-executive chairman of Greenland Minerals & Energy Limited (ASX: GGG) and a non-executive director and chairman of the Audit and Risk Committee of Credit Intelligence Limited (ASX:CI1).

Mr Ho was previously a non-executive Director of Apollo Minerals Limited (ASX: AON) where he also chaired the audit committee, from July 2009 to March 2016, non-executive chairman of Esperance Minerals Ltd from September 2015 to March 2016, and non-executive director and chairman of the Audit Committee of Hastings Technology Metals Ltd from 2011 to November 2017.

N H Chua (Managing Director, Chief Executive Officer) BA Economics and Commerce

Mr Chua was appointed on 13 June 2017.

Mr Chua was Vice President of Asia Pacific for New Image Limited (previously listed on NZX), a position he held successfully for over 10 years. Mr Chua commenced his direct sales career in 1985 when he successfully launched First Image Sdn Bhd in Malaysia which later became a successful retailing company selling the Total Image brand of Health Care Products. In 1989, he set up a new network marketing company, Abric Image Sdn Bhd. This company was subsequently acquired by New Image Limited prior to it being listed on the NZX.

Mr Chua holds a Bachelor of Arts degree (majoring in economics and commerce) from the University of Toronto, Canada.

Mr Chua is fluent in Malay, Indonesian, Mandarin and several other dialects of Chinese.



Directors' Report (Continued)

Patrick Ford, B. Comm. (Non-Executive Director)

Mr Ford was appointed on 17 May 2005.

Mr Ford is the chairman of the Audit Committee.

Mr Ford is a Sydney based stockbroker and Director, Equities of Veritas Securities Limited. He has extensive experience in capital raising and advisory services to the Australian Biotechnology sector. He holds a Bachelor of Commerce degree from University of Canberra.

Mr Ford is currently Non-Executive Chairman of Bora Bora Resources Limited (ASX: BBR).

Peter Hughes-Hallett, B Bus Marketing and Marketing Management

Mr Hughes-Hallett was appointed 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. He was appointed Vice President Sales for Amway Japan in 2007.

Maxwell Parkin

Mr Parkin was appointed a Director on 13 June 2017.

Mr Parkin has over 35 years' experience of dairy management and consulting experience in New Zealand, Australia, China and South East Asia Pacific, the Americas, Africa and the Middle East.

Mr Parkin's former dairy industry roles included Group General Manager, Manufacturing, Fonterra; Director International Manufacturing, Fonterra and CEO of Southland Dairy Cooperative Company Limited. He also served on the Board of the NZ Dairy Research Institute.

Mr Parkin was a former non-executive director of the then listed New Image Limited, prior to that company being privatised, and is currently a director of Miraka Limited and Chairman of Combined Technologies Limited.

Company Secretary

Mr Guy Robertson (appointed 1 September 2016)

Guy Robertson, B. Com (Hons), CA

Mr Robertson was appointed as Company Secretary and Chief Financial Officer on 1 September 2016.

Mr Robertson has held a number of senior roles within the Jardine Matheson group of companies in Australia and Hong Kong including General Manager of Finance for Franklins Supermarkets in Australia, Chief Operating Officer and Chief Financial Officer for Colliers Jardine Asia Pacific based in Hong Kong and Chief Financial Officer and Managing Director for Jardine Lloyd Thompson.



Directors' Report (Continued)

Mr Robertson has significant experience as a Company Secretary and Director of ASX listed companies. He is currently a director of Hastings Technology Metals Ltd (ASX:HAS) and Metal Bank Limited (ASX:MBK).

Principal Activities and Strategy

The Group's core activity is the development, manufacture and distribution of nutritional supplements and beauty products through wholesale and direct sales channels. The Group has a global distribution agreement with Denmark's Chr Hansen to manufacture, market, supply and distribute its proprietary probiotic strain of *Lactobacillus Fermentum* PCC for over the counter dietary supplement products.

Dividends

No dividends were paid to members during the financial year (2017: \$Nil).

Review of Operations

Ongoing Activities

The Group continued to export probiotics into the USA in 2018. In addition, the Group commenced direct sales in Malaysia on obtaining a Direct Sales License (DSL) in October 2017.

To accelerate entry into Thailand, Cambodia, Myanmar, Mauritius and the Philippines, the Group entered into an exclusive distributor arrangement with ASVA International Sdn Bhd, Malaysia, and received a first order of US\$200,000 prior to year-end. The Group has an option to acquire 70% of the business in each of these countries prior to 1 July 2021.

The Group focused on obtaining the necessary business licences and product registrations in a number of countries during the year. In the interim the Group has and will supply product on a wholesale basis.

Operating Results

The net loss after tax for the year was \$1,311,840 (2017: loss \$765,752), with lower sales, a clinical trial, product repositioning costs and the transaction costs of the acquisition of the New Zealand and Malaysian businesses impacting on the result.

Higher revenues in 2018 of \$1,991,776 (2017: \$1,786,677) were attributable to new revenues to south-east Asia and marginally lower sales by its overseas distributor and a strengthening Australian dollar. The gross margin percentage on PCC® sales was maintained year on year.

Expenses for the year were \$2,516,950 (2017: \$2,013,622) with the increase 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. Legal fees relating to this matter amounted to \$187,832 during the year.

Shareholder equity increased to \$4,321,505 (2017: \$4,130,722) following capital raising through the exercise of options in the amount of \$1,348,602 and the result for the year.



Directors' Report (Continued)

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group other than as outlined in this report.

Matters Subsequent to Balance Date

On 25 September 2018 the Group acquired a 95% interest P.T. Gamat Utama an Indonesian direct selling company for approximately \$120,000 and a deferred consideration of a further \$44,000 in the event the business achieves sales on its existing products of \$450,000 in the year to 30 June 2019. Foreign company investment requirements will require the Group to recapitalise this company by up to a further \$900,000 in this financial year.

Other than as outlined above no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

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

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the Group and the expected results on operations have not been included in the financial statements because the directors believe it could potentially result in unreasonable prejudice to the Group.

Environmental regulation

The Group's operations are not subject to any significant environmental regulation under either Commonwealth or State legislation. The Board considers that adequate systems are in place to manage the Company's obligations and is not aware of any breach of environmental requirements as they relate to the Company.

Indemnification and Insurance of Officers

During the financial year the Company paid premiums in respect of a contract insuring Directors, Chief Financial Officers and Company Secretary of Bioxyne and Executive Officers against a liability incurred to the extent permitted by the Corporations Act, 2001. Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the insurance contract.

Indemnification and Insurance of Auditor

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.



Directors' Report (Continued)

Shares Under Option

Unissued shares of Bioxyne Limited under option at the date of this report are as follows:

Grant Date	Expiry Date	Exercise Price	Number Under Option
2 February 2017	24 November 2019	\$0.0234	1,000,000
23 December 2016	24 November 2019	\$0.0234	2,750,000
4 August 2017	24 November 2019	\$0.0234	1,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares Issued on the Exercise of Options

The following ordinary shares of Bioxyne Limited were issued during the year ended 30 June 2018 and up to the date of this report on the exercise of options granted:

Date Granted	Exercise Price	Number of shares issued
<i>During the year</i>		
11 December 2017	\$0.021	550,000
11 December 2017	\$0.0234	1,250,000
30 May 2017 ¹	\$0.01	126,780,148
4 August 2017	\$0.01	4,000,000

¹Granted on the basis of one option for every two rights shares issued.

No shares have been issued following exercise of options subsequent to year end.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Audit and non-audit services

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2018 \$	2017 \$
RSM Australia Partners		
Audit of financial reports	52,250	45,000
Other services	-	-
Total remuneration for audit and other services	52,250	45,000



Directors' Report (Continued)

Meetings of directors

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2018, and the numbers of meetings attended by each director were:

	A	B
Full Meetings of Directors		
Mr Anthony Ho	10	10
Mr N H Chua	10	10
Mr Patrick Ford	10	10
Mr Peter Hughes-Hallett	2	2
Mr Maxwell Parkin	7	10
Dr Peter French	5	6

A = Number of meetings attended

B = Number of meetings held during the time the director held office during the year

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

Remuneration report

This report outlines the remuneration arrangements in place for directors and executives of the Group.

Remuneration philosophy

The performance of the Group depends upon the quality of its directors and executives, and the ability of the Group to attract, motivate and retain highly skilled directors and executives.

Remuneration committee

The Remuneration Committee of Directors is responsible for determining and reviewing compensation arrangements for the directors, the chief operating officer and the executive team. The Remuneration

Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Salaries are reviewed periodically by the Committee but there is no specific link to Company performance as the Group has, until recently, been engaged mainly in research and development and linking remuneration to R&D outcomes would be inappropriate. In future, remuneration will be linked to the success in widening distribution of probiotic.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.



Directors' Report (Continued)

Performance evaluation of Board Members and Senior Executives

A formal evaluation for those executives, who have been with the Group for the year under review was undertaken.

The Chairman reviews the performance of the directors on an annual basis and in turn asks for feedback on his performance.

Non-executive director remuneration

Objective

The Board of Directors recognises that the success of the Group will depend on the quality of its directors and its senior management. For this reason, the Remuneration Committee reviews the remuneration arrangements for all senior employees to ensure that it attracts and keeps motivated, highly skilled and appropriately qualified directors and executives.

Structure

Bioxyne's Constitution and the ASX listing rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting of shareholders. An amount not exceeding the amount determined by shareholders in general meeting is then available to be split between the Directors as agreed between them. The latest determination was at the Annual General Meeting held on 28th November 2003 when shareholders approved an aggregate remuneration amount of up to \$250,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned between directors is reviewed annually. The Board takes into account the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The remuneration of non-executive directors for the period ending 30 June 2018 is detailed in Table 3 of this report.

Senior manager and executive director remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Remuneration Committee reviews market conditions and the circumstances of the Group to ensure that the remuneration offered is sufficient to attract executives of the highest calibre.

The Group has not tabled figures for earnings and shareholders' funds for the last five years as, being a company in the development phase, these historical figures have little relevance in determining current remuneration structure. Board Directors are remunerated in accordance with comparative small ASX listed companies.

Service Agreements

The Chief Executive Officer, Mr NH Chua, has a service agreement with a remuneration package of \$240,000 per annum, which can be terminated by either party with six months' notice. Mr Max Parkin, in addition to directors' fees of \$40,000, has a consulting contract with a fee of NZ\$50,000 per annum, which can be terminated by either party giving one months' notice.

Share Based Payments

Share based payments for key management personnel are set out in note 24.

Directors' Report (Continued)

Table 1 - Option holdings of key management personnel

30 June 2018

Directors	Opening balance	Exercised	Remuneration	Balance 30/06/2018	Exercisable
A Ho ¹	6,545,000	(5,045,000)	-	1,500,000	1,500,000
NH Chua	32,024,671	(32,024,671)	-	-	-
P Ford ¹	5,825,000	(4,575,000)	-	1,250,000	1,250,000
P Hughes-Hallett ¹	-	-	-	-	-
M Parkin	2,250,000	(2,250,000)	1,000,000	1,000,000	1,000,000
P French	-	(1,000,000)	1,000,000	-	-
Total	46,644,671	(42,894,671)	2,000,000	3,750,000	3,750,000

¹Non-executive Directors

30 June 2017

Directors	Opening balance	Other movements	Remuneration	Balance 30/06/2017	Exercisable
A Ho	-	5,045,000	1,500,000	6,545,000	6,545,000
NH Chua	-	32,024,671	-	32,024,671	32,024,671
P Ford	-	4,575,000	1,250,000	5,825,000	5,825,000
P French	-	-	-	-	-
M Parkin	-	2,250,000	-	2,250,000	2,250,000
G Cameron-Dow	-	-	-	-	-
Total	-	43,894,671	2,750,000	46,644,671	46,644,671

Table 2 - Shareholdings of key management personnel

30 June 2018

Directors	Opening balance	Purchased/Sold	Exercise of options	Net other change	Balance 30/06/2018
A Ho	20,180,000	-	5,045,000	-	25,225,000
NH Chua	76,549,342	-	17,524,671	-	94,074,013
P Ford	18,300,000	500,000	4,575,000	-	23,375,000
P Hughes-Hallett	-	-	-	-	-
M Parkin	9,000,000	-	2,250,000	-	11,250,000
P French	405,210	(220,000)	1,000,000	(1,185,210)	-
Total	124,434,552	280,000	30,394,671	(1,185,210)	153,924,013

30 June 2017

Directors	Opening balance	Purchased	Remuneration	Net other change	Balance 30/06/2017
A Ho	10,090,000	10,090,000	-	-	20,180,000
NH Chua	-	72,049,342	4,500,000	-	76,549,342
P Ford	9,150,000	9,150,000	-	-	18,300,000
P French	-	405,210	-	-	405,210
M Parkin	-	9,000,000	-	-	9,000,000
G Cameron Dow	183,000	-	-	(183,000)	-
Total	19,423,000	100,694,552	4,500,000	(183,000)	124,434,552

Directors' Report (Continued)

Table 3 – Directors and key management personnel remuneration for the year ended 30 June 2018

	Cash salary and fees	Post- employment benefits	Share based payments	Total
2018 Name	\$	\$	\$	\$
Directors				
A Ho	80,700	-	6,026	86,726
NH Chua	214,088	-	75,000	289,088
P Ford	50,000	3,800	5,022	58,822
P Hughes-Hallett	18,987	-	-	18,987
M Parkin	85,956	-	3,739	89,695
P French	49,571	3,919	9,035	62,525
Total	499,302	7,719	98,822	605,843

	Cash salary and fees	Post- employment benefits	Share based payments	Total
2017 Name	\$	\$	\$	\$
Directors				
A Ho	80,700	-	3,013	83,713
NH Chua	20,000	-	85,500	105,500
P Ford	55,000	3,800	2,511	61,311
P French	110,000	10,450	-	120,450
M Parkin	3,333	-	-	3,333
G Cameron-Dow	15,000	1,520	-	16,520
Total	284,033	15,770	91,024	390,827

For share based payments relating to key management personnel see Note 24.

This report is approved in accordance with a resolution of directors.



N H Chua
Managing Director
27 September 2018

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Bioxyne Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'W E Beauman'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read 'W E Beauman'.

W E Beauman
Partner

Sydney

Dated: 27 September 2018



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 before income tax		(1,311,840)	(765,752)
Income tax	4	-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(1,311,840)	(765,752)
Loss is attributable to:			
Members of Bioxyne Limited		(1,311,840)	(765,752)
Earnings per share			
<i>From continuing operations</i>		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	-	-	-	1,348,601
Cost of shares issued		-	-	-	-	-
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 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		112,195	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.



Notes to the Financial Statements

1 Summary of significant accounting policies

These financial statements and notes represent those of Bioxyne Limited (the "Group") and its subsidiaries. The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2018. The directors have the power to amend and reissue the financial statements.

(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.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

(b) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated only. Supplementary information about the parent entity is disclosed in Note 25.

(c) 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.



Notes to the Financial Statements (continued)

1 Summary of significant accounting policies (continued)

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.

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.

(d) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(e) 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 Group'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.



Notes to the Financial Statements (continued)

1 Summary of significant accounting policies (continued)

(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.

(f) 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.

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.

(g) 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.

(h) 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.



Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

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.

(i) 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.



Notes to the Financial Statements (continued)

1 Summary of significant accounting policies (continued)

(j) 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.

(k) 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.

(l) 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.

(m) 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.

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



Notes to the Financial Statements (continued)

1 Summary of significant accounting policies (continued)

(n) 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.

(o) 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.

(p) 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.

(q) 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.



Notes to the Financial Statements (continued)

1 Summary of significant accounting policies (continued)

(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.

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.

(r) 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.

(s) 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.



Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(t) 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.

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 3 to 7 years
- Software – 3 years
- Leasehold improvements – 5 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.

(u) 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.



Notes to the Financial Statements (continued)

1 Summary of significant accounting policies (continued)

(v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Bioxyne Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) 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.



Notes to the Financial Statements (continued)

1 Summary of significant accounting policies (continued)

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.

(x) 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.

(y) 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
<p>AASB 9 'Financial Instruments' (December 2014)</p> <p>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.</p> <p>The consolidated entity will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the consolidated entity.</p>	1 January 2018	30 June 2019
<p>AASB 15 Revenue from Contracts with Customers</p> <p>AASB 15:</p> <ul style="list-style-type: none"> • Replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: <ul style="list-style-type: none"> ○ establishes a new revenue recognition model ○ changes the basis for deciding whether revenue is to be recognised over time or at a point in time ○ provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) ○ expands and improves disclosures about revenue <p>The consolidated entity will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the consolidated entity, on the basis that the bulk of its revenue will come from cash sales, and non-cash sales which represent no more than ten to fifteen invoices spread evenly during the year have credit terms which require settlement between 30 and 60 days.</p>	1 January 2018	30 June 2019



<p><i>AASB 16 Leases</i></p> <p>AASB 16:</p> <ul style="list-style-type: none"> • 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 <p>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.</p>	<p>1 January 2019</p>	<p>30 June 2020</p>
<p><i>AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.</p> <p>Refer to the section on AASB 9 above.</p>	<p>1 January 2018</p>	<p>30 June 2019</p>

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Notes to the Financial Statements (continued)

1 Summary of significant accounting policies (continued)

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.



Notes to the Financial Statements (continued)

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 addition 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.

(vi) *Share based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments are granted. The accounting estimates and assumptions relating to equity-settled shares-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(vii) *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortization charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortization charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(viii) *Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.



Notes to the Financial Statements (continued)

	2018 \$	2017 \$
3 Other income		
Research and development tax Incentive	144,516	224,480
Interest received	38,051	509
Income from royalties	15,083	43,135
Unrealised foreign exchange gain	70,577	-
	268,227	268,124
4 Income tax		
(a) Income tax		
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 – 30%)	(360,756)	(229,725)
Difference in overseas tax rates	8,967	-
Tax effect of amounts which are deductible/not taxable in calculating taxable income	21,052	(13,700)
Tax effect of additional amounts deductible in the prior year	(31,552)	-
Carried forward tax benefit not recognised	362,289	243,425
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% (2017:30%)	8,035,281	8,370,536
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



Notes to the Financial Statements (continued)

7 Current assets – Trade and other receivables

	2018	2017
	\$	\$
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

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

9 Non-current assets – Intangible assets

Product development costs	105,144	173,481
Goodwill	49,915	49,915
	155,059	223,396

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

9 Non-current assets – Intangible assets (continued)

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.

	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	(68,337)	-
Balance as at 30 June 2018	105,144	49,915



Notes to the Financial Statements (continued)

10 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)
	-	-

Available-for-sale financial assets

Unlisted investments, at cost:		
- shares in other corporations	-	-
Total available-for-sale investments at cost	-	-

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



Notes to the Financial Statements (continued)

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	62,177,536	507,565,250	60,815,996

(b) Movements in ordinary share capital

		Number of Shares	Issue price	\$
Opening balance	1 July 2016	202,416,100		57,478,121
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



Notes to the Financial Statements (continued)

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 (\$)
		23/12/16 &		
Director options	3,750,000	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			

	2018 No.	2017 No.
Options		
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 consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The capital management policy remains unchanged from the 30 June 2017 Annual Report.



Notes to the Financial Statements (continued)

15 Reserves and accumulated losses

(a) Reserves

Total reserves

2018	2017
\$	\$
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

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 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



Notes to the Financial Statements (continued)

17 Remuneration of auditors

Audit services

	2018	2017
	\$	\$
Audit of financial reports – RSM Australia Partners	52,250	45,000
Total remuneration for audit services	52,250	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

On 25 September 2018 the Group acquired a 95% interest P.T. Gamat Utama, an Indonesian direct selling company for approximately \$120,000 and a deferred consideration of a further \$44,000 in the event the business achieves sales on its existing products of \$450,000 in the year to 30 June 2019. Foreign company investment regulations will require the Group to recapitalise this company by up to a further \$900,000 in this financial year.

Other than as outlined above no matter or circumstance has arisen since 30 June 2017 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
<i>Change in operating assets and liabilities</i>		
Increase in trade and other receivables	(259,223)	(205,756)
(Increase)/decrease in inventory	(527,330)	(101,349)
Increase in trade and other payables	119,311	151,215
Net cash outflow from operating activities	(1,855,355)	(424,048)



Notes to the Financial Statements (continued)

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.

The Group is organized into two operating segments based on differences in products provided: wholesale sales and direct sales. The operating segments are based on the internal reports that are reviewed and used by Management (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources. The CODM is NH Chua the Chief Executive Officer.

Management have determined that it is appropriate to report by sales channel – i.e. either wholesale or direct sales, and by geographical area i.e. USA, Australia and New Zealand, and Asia.

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	-	-	-	-	(2,192,362)	(2,192,362)
Research and development	-	-	-	-	(324,587)	(324,587)
Profit/(loss) before tax	910,013	72,041	573	38,408	(2,332,875)	(1,311,840)
Taxation	-	-	-	-	-	-
Profit/(loss) after tax	910,013	72,041	573	38,408	(2,332,875)	(1,311,840)
Total assets	422,673	-	-	1,331,865	3,295,894 ¹	5,050,432
Total liabilities	189,953	-	-	21,410	517,564	728,927

¹Substantially cash held in parent entity \$2,298,418



Notes to the Financial Statements (continued)

21 Segment information (continued)

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)
Profit/(loss) before tax	-	-	-	-	(325,000)	(325,000)
Taxation	1,030,188	-	445	-	(1,796,385)	(765,752)
Profit/(loss) after tax	-	-	-	-	-	-
	1,030,188	-	445	-	(1,796,385)	(765,752)
Total assets	199,085	-	-	1,553,006	2,988,248 ¹	4,740,339
Total liabilities	145,533	-	-	44,764	419,320	609,617

¹Substantially cash held in parent entity \$2,369,742

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources.

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.



Notes to the Financial Statements (continued)

22 Financial risk management (continued)

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 from 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

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.



Notes to the Financial Statements (continued)

22 Financial risk management (continued)

(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
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial liabilities - due for payment:</i>								
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/(outflow) 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.

(d) Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.



Notes to the Financial Statements (continued)

22 Financial risk management (continued)

(e) 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

2018 Financial Assets

Cash and cash equivalents

Carrying Amount \$	Interest Rate Risk		Interest Rate Risk	
	-1%		+1%	
	Profit \$	Equity \$	Profit \$	Equity \$
3,309,904	(33,099)	(33,099)	33,099	33,099
3,875,864	(38,758)	(38,758)	38,758	38,758

2017 Financial Assets

Cash and cash equivalents

Consolidated A\$ 5% stronger / (weaker)

2018 Financial Assets

Cash in US \$
Cash in MYR

Carrying amount in original currency \$	Currency Risk		Currency Risk	
	5%		-5%	
	Profit A\$	Equity A\$	Profit A\$	Equity A\$
899,200	(57,934)	(57,934)	57,934	57,934
2,942,819	(44,544)	(44,544)	44,544	44,544
	(102,478)	(102,478)	102,478	102,478
28,607	(1,860)	(1,860)	1,860	1,860
4,849,512	(71,467)	(71,467)	71,467	71,467
	(73,327)	(73,327)	73,327	73,327

2017 Financial Assets

Cash in US \$
Cash in MYR



Notes to the Financial Statements (continued)

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.



Notes to the Financial Statements (continued)

24 Share based payments (continued)

c) Movements in options during the year

	2018	Weighted Average Exercise Price	2017	Weighted Average Exercise Price
	No.		No.	
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.



Notes to the Financial Statements (continued)

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
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(c) Financial performance

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

(d) Commitments

	-	-
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Notes to the Financial Statements (continued)

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:

- \$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;
- \$34,806 was paid to NH Chua a director of the Company as rental for the Malaysian office;
- \$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.
- The Group purchased \$15,897 of raw material product from Miraka Limited, a company of which Mr Maxwell Parkin is a director.

27 Contingent liability

The Company and its Managing Director have been notified of a claim by New Image Group Limited, a New Zealand Company. The claims are without foundation and will be vigorously defended. The Company will file a statement of defence in due course. Kensington Swan, an Auckland based legal firm is advising and acting for the Bioxyme Group.

28 Economic dependency

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

29 Company details

Corporate Head Office and Principal Place of Business

Suite 506, Level 5
50 Clarence Street
Sydney NSW 2000



Bioxyne Limited
Directors Declaration
For the year ended 30 June 2018

Declaration by Directors

The directors of the Company declare that, in the opinion of the directors:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including
 - (i) giving a true and fair view of the financial position and performance of the consolidated entity; and
 - (ii) complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001;
- (b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and
- (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.
- (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Directors:

A handwritten signature in dark ink, appearing to be "N H Chua", written over a light blue rectangular background.

N H Chua
Managing Director
27 September 2018

INDEPENDENT AUDITOR'S REPORT To the Members of Bioxyne Limited

Opinion

We have audited the financial report of Bioxyne Limited. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 1(f) in the financial statements	
Revenue recognition is considered to be key audit matter as the company derives a significant amount of its revenue from one major customer located in the United States. Shipments of inventories are made direct to the customer from the company's contracted supplier. This increases the risk that revenue may be incorrectly recognised and whether the cost of sales is recognised for all inventories shipped.	Our audit procedures in relation to the recognition of revenue included: <ul style="list-style-type: none"> Assessing whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards; Reviewing shipping terms to assess the point in time the risks and rewards of ownership transfer to the customer; Reviewing sales transactions near the reporting date to ensure that revenue is recognised in the correct period;
Share Based Payments Refer to Notes 1(q)(iii) and 24 in the financial statements	
<p>The Group uses share based payments to remunerate employees. These were considered a key audit matter due to the complexity of the accounting treatment, and the level of estimation required in determining their value.</p> <p>Performance rights were granted to the Managing Director during FY 2018 which include both market and non-market-based vesting conditions. Judgement is required in determining the initial value of the performance rights, and in estimating the probability of meeting vesting conditions and the resulting number of shares issued for each performance hurdle.</p>	Our audit procedures in relation to management's assessment of the valuation of these performance rights included: <ul style="list-style-type: none"> We reviewed the terms and conditions attached to the performance rights; We assessed the valuation of performance rights as determined by the expert engaged by management; We reperformed the underlying calculations of the amount recognised as a share based payment expense; We used our own in-house corporate advisors to assess the methodology and key assumptions used by the expert as being reasonable.
Valuation of Inventory Refer to Notes 1(n) and 8 in the financial statements	
<p>The Group held inventories of \$629,679 as at 30 June 2018. As described in the Accounting Policies in note 1 to the financial statements, inventories are carried at the lower of cost and net realisable value.</p> <p>We considered the balance of inventory to be a key audit matter due to the material size of the balance and inventories being held by third parties to the company.</p>	Our audit procedures in relation to the existence and valuation of inventory included: <ul style="list-style-type: none"> Attending the physical inventory count at third party locations in New Zealand and performing test counts; We checked how inventory was identified as being owned by the company; We assessed the ageing of inventory items for potential obsolescence; We tested the inventory costing by checking a sample of purchases to supplier invoices and to the amounts recorded in the accounting records.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 16 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Bioxyne Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM Australia Partners



Wayne Beauman
Partner

Sydney

Dated 27 September 2018



Bioxyne Limited
Shareholder information
For the year ended 30 June 2018

ASX additional information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 15 September 2018.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of security are:

	Ordinary shares		
	Number of holders	Number of shares	% of Issued Capital
1 - 1,000	73	22,593	0.00
1,001 - 5,000	74	243,299	0.04
5,001 - 10,000	133	1,100,043	0.17
10,001 - 100,000	510	22,730,907	3.55
100,001 and over	277	616,048,556	96.24
	1,067	640,145,398	100.00

Unmarketable parcels:

	Minimum Parcel Size	Holders	Units
Minimum \$500 parcel	16,667 shares	377	2,456,460

(b) Substantial shareholders

The company has the following substantial shareholders, as defined by the Corporations Act 2001, as at the date of this report:

<i>Shareholder</i>	<i>Shares Held</i>	<i>% Held</i>
VIG Limited	85,188,117	13.31%
Nam Hoat Chua	108,574,013	16.97%

(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.



(d) Twenty largest shareholders



BIOXYNE LIMITED ORDINARY FULLY PAID
Top 20 Listing
Date - 16/09/2018 Time - 19.02.54

Rank	Holder Name	Designation	Securities	%	* As at: 15/06/18 * Securities
1	CUST NOM CO LTD		82,562,003	12.90%	82,562,003
2	CHUA NAM HOAT		57,074,013	8.92%	57,074,013
3	NG PENG-HYANG		51,500,000	8.05%	51,500,000
* 4	FORSYTH BARR CUSTS LTD	FORSYTH BARR LTD-N	35,012,154	5.47%	34,212,154
5	WAITARA TTEES LTD		25,000,000	3.91%	25,000,000
6	CHIA KEE-SIONG		23,050,000	3.60%	23,050,000
* 7	HO ANTHONY + CHUI		23,050,000	3.60%	22,250,000
* 8	HANNA MAKRAM + RITA	HANNA & CO PL SUPE	20,305,000	3.17%	20,305,000
9	HSU CHUN-CHIEH		20,000,000	3.12%	20,000,000
* 10	SOUTHAM INV 2003 PL	WARWICKSHIRE INV A	17,254,918	2.70%	17,254,918
* 11	P FORD SUPER PL	PATRICK FORD S/F A	13,500,000	2.11%	13,500,000
12	PARKIN JODY ANN		11,250,000	1.76%	11,250,000
13	WIGRAM TRADING PL		10,017,265	1.56%	10,822,265
14	PHARMASI PT SOHO I		9,678,085	1.51%	9,678,085
* 15	HO KEVIN + VIKKI	NATHAN HO ACCOUNT	9,550,000	1.49%	8,500,000
16	CHUA SONG MAO		9,000,000	1.41%	9,000,000
17	CHUA JIN FONG		9,000,000	1.41%	9,000,000
* 18	DISKDEW PL		8,875,000	1.39%	8,875,000
19	HAROLD CRIPPS HLDGS PL		6,000,000	0.94%	6,000,000
20	LUAN LOO FOONG		5,500,000	0.86%	5,500,000
		TOP 20 TOTAL	447,178,438	69.88%	445,333,438
	* Denotes merged holders.				
	Note: All holders are included in the report.				