BIOXYNE LIMITED

ABN 97 084 464 193

Annual Report
for the Year Ended 30 June 2019

Bioxyne Limited
2019 Financial Report

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ABN: 97 084 464 193

Chairman's Letter

Dear fellow shareholders,

On behalf of the Directors of Bioxyne Limited and its subsidiary companies (the "Group") I am pleased to report on the activities for the year ended 30 June 2019.

The Group's core revenue continued to be from the sale of the Group's patented probiotic *Lactobacillus fermentum VRI-003* (PCC®) in the international market in FY 2019. International sales for FY 2019 of $1,839,088 (2018: $1,698,528) were 8.3% up on the prior year with part attributable to a weaker Australian dollar.

PCC® has demonstrated its efficacy in a number of clinical trials. The Group is currently working on increasing our revenue from the licensing of this product and incorporating PCC® into the Bioxyne nutritional supplement range where it is able to contribute health benefits.

During the year the Group acquired a 95% interest in P.T.Gamata Utama an Indonesian direct selling company headquartered in Jakarta. Indonesia has a population of 267 million and a growing middle class, with a direct selling market valued at in excess of US$1 billion and growing. Our presence has recently been enhanced with the opening of an office in Makassar, Sulawesi, a region showing good potential for the Group's dairy formula nutritional product range. Significant effort was made during the year in product and sales training however delay in product registrations limited the contribution from this entity in this financial year.

Direct sales in Malaysia were impacted by the 2018 federal general election in Malaysia that saw a change of government. Consumers were cautious of the change of government and the softening of private consumption in non-essential expenditure. The Group is continuing to develop channels to market to enable it to capitalise once sentiment changes.

The regulatory requirements for direct sales of our range of products to China and other parts of Asia, especially China, Vietnam and Taiwan have constrained our selling efforts and we are continuing to work with and negotiate with established local partners to distribute our product range.

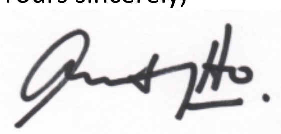
China continues to be a key focus and the Group is continuing to work on developing a distribution arrangement and further products which it expects will be implemented in 1H 2020.

During the year the Group settled the New Image litigation matter, without admission of liability by either party. This was a major distraction and a significant cost to the 2019 result. With the matter behind us we are now able to operate freely in all markets.

We appreciate that shareholders may be disappointed with our slow progress in Asia, however we are committed to obtaining the required regulatory approvals and product registrations to enable us to bring our exciting range of health products to these markets. In addition, we continue to look for potential acquisitions which will accelerate our growth and add value to shareholders.

I take this opportunity to thank NH Chua our Managing Director and his team for their hard work and commitment, and our shareholders for their ongoing support. We look forward to good progress in 2020.

Yours sincerely,



Anthony Ho
Non-executive Chairman
30 September 2019

Bioxyne

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 30 September 2019 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 2019.

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
Maxwell Parkin	Executive Director (Resigned 17 January 2019)

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), non-executive chairman of Credit Intelligence Limited (ASX: CI1), non-executive chairman of Truscreen Limited (NZX: TRU) and non-executive chairman of Cannasouth Limited (NZX: CBD).

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 Batchelor 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. 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.

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.

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.

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.

Directors' Report (Continued)

Dividends

No dividends were paid to members during the financial year (2018: $Nil).

Review of Operations

Ongoing Activities

The Group continued to export probiotics into the USA in 2019. In addition the group focused on building its direct sales business in Asia with the acquisition of a direct selling company, P.T. Gamata Utama in September 2018.

The direct sales business has been restricted by the delay in getting the Bioxyne product range registered, a process which is ongoing. In those countries where the Group does not yet have a direct sales license it will market its products through wholesale channels where appropriate.

Operating Results

The net loss after tax for the year was $1,265,882 (2018: loss $1,311,840). The current year result was adversely impact by legal fees and settlement in relation to the New Image matter in the amount of $712,771.

Higher revenues in 2019 of $2,132,603 (2018: $1,991,776) were attributable to wholesale sales to Asia. The Group has not yet been able to achieve sales traction in those markets where it holds direct selling licences given the ongoing delays in product registration.

Expenses for the year were $2,615,340 (2018: $2,516,950) with the current year including legal fees and settlement costs in the amount of $712,771. Research and development costs during the year however declined as the projects from 2018 were closed out in the current year.

Shareholder equity decreased to $3,142,096 (2018: $4,321,505) reflecting the result for the year.

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

No matter or circumstance has arisen since 30 June 2019 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.

Directors' Report (Continued)

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.

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
21 December 2018	24 November 2019	$0.045	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

No options were exercised during the year on the exercise of options.

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.

Directors' Report (Continued)

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:

	2019	2018
	$	$
RSM Australia Partners		
Audit of financial reports	56,590	52,250
Other services	-	-
Total remuneration for audit and other services	56,590	52,250

Meetings of directors

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2019, and the numbers of meetings attended by each director were:

	A	B
Full Meetings of Directors		
Mr Anthony Ho	9	9
Mr N H Chua	9	9
Mr Patrick Ford	9	9
Mr Peter Hughes-Hallett	9	9
Mr Maxwell Parkin	4	5

A = Number of meetings attended
B = Number of meetings held during the time the director held office during the year
In addition there were four circular resolutions of the Board.

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 13.

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.

Directors' Report (Continued)

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.

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

<u>Objective</u>
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.

<u>Structure</u>
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 2019 is detailed in Table 3 of this report.

Senior manager and executive director remuneration
<u>Objective</u>
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.

Directors' Report (Continued)

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.

Share Based Payments
Share based payments for key management personnel are set out in note 27.

Table 1 - Option holdings of key management personnel

30 June 2019

Directors	Opening balance	Lapsed	Remuneration	Balance 30/06/2019	Exercisable
A Ho[1]	1,500,000	-	-	1,500,000	1,500,000
NH Chua	-	-	-	-	-
P Ford[1]	1,250,000	-	-	1,250,000	1,250,000
P Hughes-Hallett[1]	-	-	1,000,000	1,000,000	1,000,000
M Parkin[2]	1,000,000	(1,000,000)	-	-	-
Total	**3,750,000**	**(1,000,000)**	**1,000,000**	**3,750,000**	**3,750,000**

[1]Non-executive Directors
[2]Director resigned during the year

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**

[1]Non-executive Directors

Directors' Report (Continued)

Table 2 – Performance rights holdings of key management personnel

30 June 2019

Directors	Opening balance	Remuneration	Lapsed	Balance 30/06/2019
A Ho[1]	-	1,500,000	-	1,500,000
NH Chua	40,000,000	3,000,000	-	43,000,000
P Ford[1]	-	1,000,000	-	1,000,000
P Hughes-Hallett[1]	-	1,000,000	-	1,000,000
M Parkin[2]	-	1,000,000	(1,000,000)	-
Total	**40,000,000**	**7,500,000**	**(1,000,000)**	**46,500,000**

[1]Non-executive Directors
[2]Director resigned during the year

For the year ended 30 June 2018 there were 40,000,000 performance rights on issue to the Managing Director N H Chua.

For the performance hurdles relating to performance rights see note 27 (d).

Table 3 - Shareholdings of key management personnel

30 June 2019

Directors	Opening balance	Purchased/sold	Exercise of options	Net other change	Balance 30/06/2019
A Ho	25,225,000	2,053,567	-	-	27,278,567
NH Chua	57,574,013	-	-	-	57,574,013
P Ford	23,375,000	-	-	-	23,275,000
P Hughes-Hallett	-	-	-	-	-
M Parkin	11,250,000	-	-	(11,250,000)[1]	-
Total	**117,424,013**	**2,053,567**	**-**	**(11,250,000)**	**108,127,580**

[1]Balance on resignation of Director

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	39,549,342	500,000	17,524,671	-	57,574,013
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	**87,434,552**	**780,000**	**30,394,671**	**(1,185,210)**	**117,424,013**

Table 4 – Directors and key management personnel remuneration

30 June 2019 Name	Cash salary and fees $	Post-employment benefits $	Share based payments $	Total $
Directors				
A Ho	65,700	-	10,877	76,577
NH Chua	198,067	24,891	84,701	307,659
P Ford	40,000	3,800	8,256	52,056
P Hughes-Hallett	76,551	-	8,134	84,685
M Parkin	50,668	-	-	50,668
Total	**430,986**	**28,691**	**111,968**	**571,645**

30 June 2018 Name	Cash salary and fees $	Post-employment benefits $	Share based payments $	Total $
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**

For share based payments relating to key management personnel see Note 27.

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

N H Chua
Managing Director
30 September 2019

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 2019, 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.

RSM

RSM AUSTRALIA PARTNERS

GNS

Gary N Sherwood
Partner

Sydney NSW
Dated: 30 September 2019

THE POWER OF BEING UNDERSTOOD
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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Certified System Quality ISO 9001

Bioxyne Limited and controlled entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Notes	2019 $	2018 $
Revenue from continuing operations			
Sale of goods	3	2,132,603	1,991,776
Other income	4	206,921	268,227
Cost of goods sold		(990,066)	(1,054,894)
Expenses			
Research and development		(85,869)	(324,587)
Personnel costs		(445,287)	(373,523)
Business development		(410,924)	(296,615)
Marketing		(74,784)	(132,426)
Professional fees		(278,873)	(485,458)
Compliance costs		(91,900)	(132,431)
Legal fees		(712,771)	(197,461)
Non-executive director fees		(236,714)	(213,150)
General and administration		(258,718)	(256,870)
Share based payments		(19,500)	(104,428)
Loss before income tax		**(1,265,882)**	**(1,311,840)**
Income tax	5	-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		**(1,265,882)**	**(1,311,840)**
Loss is attributable to:			
Members of Bioxyne Limited		**(1,265,882)**	**(1,311,840)**
Earnings per share			
From continuing operations		**Cents**	**Cents**
- Basic (loss)/earnings per share	26	(0.20)	(0.22)
- Diluted (loss)/earnings per share	26	(0.20)	(0.22)

The above Consolidated 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 2019

	Notes	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,767,909	3,309,904
Trade receivables	7	759,128	422,673
Current tax receivables	8	19,424	261,240
Other current assets	9	259,379	112,120
Inventories	10	713,618	628,679
Total Current Assets		**3,519,458**	**4,734,616**
Non-Current Assets			
Intangible assets	11	243,231	155,058
Plant and equipment	12	208,730	160,758
Other financial assets	13	-	-
Total Non-Current Assets		**451,961**	**315,816**
Total Assets		**3,971,419**	**5,050,432**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	809,323	708,927
Provisions	15	20,000	20,000
Total Current Liabilities		**829,323**	**728,927**
Total Non-Current Liabilities		**-**	**-**
Total Liabilities		**829,323**	**728,927**
Net Assets		**3,142,096**	**4,321,505**
EQUITY			
Contributed equity	16	62,177,536	62,177,536
Reserves	17	108,467	149,855
Accumulated losses	17	(59,196,768)	(58,005,886)
Capital and reserves attributable to owners of Bioxyne Limited		3,089,235	4,321,505
Non-controlling interests	18	52,861	-
Equity		**3,142,096**	**4,321,505**

The above Consolidated 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 2019

	Contributed equity $	Accumulated losses $	Share based payment reserve $	Foreign currency translation reserve $	Non-controlling Interests $	Total $
2019						
At 30 June 2018	**62,177,536**	**(58,005,886)**	**100,262**	**49,593**	**-**	**4,321,505**
Total comprehensive income for the year	-	(1,265,882)	-	-	-	(1,265,882)
Movement in foreign translation currency reserve	-	-	-	14,112	-	14,112
Transfer from share based payments	-	75,000	(75,000)	-	-	-
Transfer to share based payments	-	-	19,500	-	-	119,500
Acquisition of subsidiary	-	-	-	-	52,861	52,861
At 30 June 2019	**62,177,536**	**(59,196,768)**	**44,762**	**63,705**	**52,861**	**3,142,096**
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**

The above Consolidated 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 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Receipts of other income (inclusive of goods and services tax)		1,721,295	1,840,235
Payments to suppliers and employees (inclusive of goods and services tax)		(3,340,110)	(3,953,837)
		(1,618,815)	**(2,113,602)**
Research and development tax rebate		179,883	220,915
Interest received		48,570	37,332
Net cash outflow from operating activities	23	**(1,390,362)**	**(1,855,355)**
Cash flow from investing activities			
Purchase of plant and equipment		(63,667)	(171,402)
Acquisition of subsidiary company		(131,531)	-
Cash acquired on acquisition of subsidiaries		22,833	-
Net cash outflow from investing activities		(172,365)	(171,402)
Cash flows from financing activities			
Proceeds from the issue of shares		-	1,348,602
Cost of raising capital		-	-
Net cash inflow from financing activities		**-**	**1,348,602**
Net decrease in cash and cash equivalents		(1,562,727)	(678,155)
Cash and cash equivalents at the beginning of the financial year		3,309,904	3,875,864
Foreign exchange adjustment to cash balance		20,732	112,195
Cash and cash equivalents at end of the year	6	**1,767,909**	**3,309,904**

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

1 Bioxyne Limited and controlled entities - 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 30 September 2019. 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 28.

(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 2019 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'.

1 Summary of significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

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

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

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

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.

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.

1 Summary of significant accounting policies (continued)

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.

(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

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods to a customer. The consolidated entity recognises revenue when the goods are shipped.

Sale of goods

Revenue from sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

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.

1. Summary of significant accounting policies (continued)

(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.

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.

1 Summary of significant accounting policies (continued)

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.

(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.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for credit losses.

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.

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.

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.

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) Effects of changes in accounting policy

The nature of the adjustments resulting from the adoption of AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments are described below:

AASB 15 Revenue from Contracts with Customers

The new standard AASB 15 addresses how the Company must account for revenue related to contracts with its customers, including new and amended requirements with respect to, but not limited to: i) whether revenue is recognised over-time or at a point-in-time; ii) the indicators to determine when revenue is to be recognised;

The adoption of AASB 15 has not resulted in a material change in the timing or amount of reported revenue and therefore the Group has adopted AASB 15 on a fully retrospective basis, with no change to prior period comparative figures.

AASB 9 Financial Instruments

New standard AASB addresses: (i) The classification, measurement and de-recognition of financial assets and financial liabilities; (ii) Impairment of financial assets; and (iii) Hedge accounting.

Based on the nature of the Company's financial asset and liability balances and non-application of hedge accounting, there has been no material impact to the financial statements upon transition. The only change in the classification of financial assets and financial liabilities is that other current receivables and prepayments were previously presented together with trade receivables but are now presented as other financial assets at amortised cost (receivables) and other current assets (prepayments) in their balance sheet to reflect their different nature.

The adoption of AASB 9 has not resulted in a material change with respect to classification and measurement (including impairment) requirements, therefore there is no change to prior period comparative figures.

AASB 16 – Leases

AASB 16 is applicable to reporting periods commencing on or after 1 January 2019. Rental expense arises from the monthly payment on one short term premises lease. The Group has elected to treat these as a short-term leases (as defined in AASB 16) and does not apply the recognition requirements of AASB 16. As the Group has no other arrangements that may be classified as lease, the introduction of AASB 16 has had no effect on the financial statements.

There are no other standards, amendments or interpretations that are not yet effective that would be expected to have a material impact on the Group.

Notes to the Financial Statements (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(w), 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(u). 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)

2 Critical accounting estimates and judgements (continued)

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

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

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

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

(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. Judgment is required in relation to the non-market vesting conditions.

(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 consolidate 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)

	2019 $	2018 $
3 Revenue from continuing operations		
Revenue from continuing operations	2,132,603	1,991,776
Revenue from contracts with customers and disaggregation		
Sales of PCC® to USA	1,839,088	1,698,528
Wholesale sales nutritional supplements to Asia	241,453	235,480
	2,080,541	1,934,008
Sale of goods		
Direct sales nutritional supplements to Asia	52,062	57,768

Timing of revenue recognition
All goods are transferred at a point in time, with revenue being recognised on PCC® sales and wholesale sales when goods are shipped, and for direct sales when cash is received.

Geographic regions
See note 24.

4 Other Income

	2019 $	2018 $
Research and development tax Incentive	38,907	144,516
Interest received	41,087	38,051
Income from royalties	30,772	15,083
Foreign exchange gain	96,155	70,577
	206,921	**268,227**

5 Income tax

	2019 $	2018 $
(a) Income tax		
Deferred tax	-	-
	-	-
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Loss from continuing operations before income tax expense	(1,265,882)	(1,311,840)
Tax (benefit)/expense at the Australian tax rate of 27.5% (2018 – 27.5%)	**(348,118)**	**(360,756)**
Difference in overseas tax rates	9,694	8,967
Tax effect of amounts which are deductible/not taxable in calculating taxable income	138,152	21,052
Tax effect of adjustments in the prior year	21,423	(31,552)
Carried forward tax benefit not recognised	178,849	362,289
Total income tax expense	-	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	28,959,685	28,367,035
Potential tax benefit @ 27.5% (2018:27.5%)	**7,963,913**	**7,800,934**

Notes to the Financial Statements (continued)

		2019	2018
		$	$
6	**Cash at bank and in hand**	1,767,909	3,309,904
		1,767,909	**3,309,904**

7 Trade receivables

Trade receivables	759,128	422,673
Less: Allowance for expected credit losses	-	-
	759,128	422,673

	Expected credit loss rate				Carrying Amount	
	2019	%	2018	%	2019	2018
					$	$
Not overdue		0		0	524,729	158,033
0 – 3 months overdue		0		0	234,399	264,640
		0		0	759,128	422,673

The trade receivables are largely receivable from the Groups major customer, with which it has been dealing with for many years with no credit losses.

8 Current assets – Current tax receivables

Research and development tax offset receivable	-	140,976
GST receivable	19,424	120,264
	19,424	**261,240**

9 Current assets – Other current assets

Accrued Income and other debtors	36,258	22,942
Prepayments	223,121	89,178
	259,379	**112,120**

10 Current assets – Inventories

Work in progress	406,246	573,068
Finished goods	307,372	55,611
	713,618	**628,679**

11 Non-current assets – Intangible assets

	2019 $	2018 $
Product development costs	61,783	105,144
Direct selling licence	30,269	-
Goodwill	151,179	49,915
	243,231	**155,059**

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

The goodwill acquired relates to the knowledge of key personnel of the product development and direct sales business recently acquired. Goodwill is not considered to be impaired as at 30 June 2019 and will be tested annually.

	Product Development Costs $	Goodwill $	Direct Selling Licence $	Total $
Opening balance 1 July 2017	173,481	49,915	-	223,396
Acquired through acquisition	-	-	-	-
Written off	(68,337)	-	-	(68,337)
Opening balance 1 July 2018	105,144	49,915	-	155,059
Acquired through acquisition	-	101,264	30,269	131,533
Amortisation	(43,361)	-	-	(43,361)
Balance as at 30 June 2019	61,783	151,179	30,269	243,231

Notes to the Financial Statements (continued)

12 Plant and equipment

	Plant and equipment	Software	Leasehold improvements	Total
Cost				
Opening balance, 1 July 2018	82,397	37,734	55,191	175,322
Additions	-	63,667	-	63,667
Foreign exchange adjustment	4,648	-	1,512	6,160
Closing balance, 30 June 2019	87,045	101,401	56,703	245,149
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 2018	(10,152)	(268)	(4,144)	(14,564)
Depreciation	(11,565)	(1,183)	(5,784)	(19,068)
Foreign exchange adjustment	(3,323)	-	-	(3,323)
Closing balance, 30 June 2019	(25,040)	(1,451)	(9,928)	(36,419)
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 2018	72,245	37,466	51,047	160,758
Written down value 30 June 2019	62,005	99,950	46,775	208,730

13 Other financial assets

Non-current

	2019 $	2018 $
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	-	-

Notes to the Financial Statements (continued)

	2019 $	2018 $
14 Current liabilities - Trade and other payables		
Trade creditors	433,316	416,530
Accrued Expenses	367,970	288,907
Other payables	8,037	3,490
	809,323	**708,927**

15 Current liabilities - Provisions

	2019 $	**2018 $**
Provision for annual leave, opening balance	20,000	12,000
Provided during the year	-	8,000
Provision for annual leave, closing balance	**20,000**	**20,000**

16 Contributed equity

(a) Share capital

	2019 Shares	**2019 $**	**2018 Shares**	**2018 $**
Ordinary Shares Fully Paid	640,145,398	62,177,536	640,145,398	62,177,536

(b) Movements in ordinary share capital

		Number of Shares	**Issue price**	**$**
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
Closing balance 30 June 2018 & 2019		640,145,398		62,177,536

16 Contributed equity (continued)

(c) Ordinary shares

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

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

(d) Options

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

Details	No of options	Issue date	Date of expiry	Conversion price ($)
Director options	2,750,000	23/12/16 & 4/8/17	24/11/2019	0.0234
Director options	1,000,000	21/12/18	24/11/2019	0.045
Employee options	1,000,000	2/2/17	24/11/2019	0.0234
Total	**4,750,000**			

Options	2019 No.	2018 No.
Balance at beginning of year	4,750,000	137,808,336
Granted during the year	1,000,000	-
Expired during the year	(1,000,000)	(478,188)
Exercised during the year	-	(132,580,148)
Balance at end of year	**4,750,000**	**4,750,000**

(e) 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 various performance hurdles for each year during the Performance Period.

The performance hurdles for the years ended 30 June 2018 and 30 June 2019 were not met and as a consequence 20,000,000 these performance rights will lapse.

Notes to the Financial Statements (continued)

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

a. 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,

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

c. The maximum performance shares issued shall be 20 million

No expense has been recognized in relation to these performance rights for the 2019 year and $75,000 has been transferred from reserves to accumulated losses in respect of share based payments accrued in the prior year.

Shareholders at a meeting on 29 November 2018 approved the issue of 7,500,000 performance rights to directors and 1,500,000 performance rights to consultants. The rights were issued on 21 December 2018 and have the following terms:

(a) The Performance Period commences on 1 July 2018 and ends at 5.00pm (Sydney time) on 30 June 2020.

(b) The Rights expire at 5.00pm (Sydney time) on 30 September 2020. Rights will expire before this date if Vesting Conditions are not satisfied or waived.

(c) Performance will be assessed by the Board or a committee of the board formed for this purpose.

(d) The Rights are subject to the following Performance Hurdles which must be satisfied to the satisfaction of the Board:

Market Based	Share Price Hurdle[1]	Share Price Hurdle[2]	Total
	Tranche 1	Tranche 2	
	4,500,000	4,500,000	9,000,000

[1]Share price exceeds a 10-day VWAP of 7.5 cents in the year to 30 June 2019

[2]Share price exceeds a 10-day VWAP of 10 cents in the period to 30 June 2020

Once the share price hurdle has been achieved, the following performance-based hurdles will be applied.

Performance Based (Actions below relate to each tranche)

Action A – 1. Sales in year to 30 June 2019 >$3m then 35% of tranche, sales in year to 30 June 2020 > $5m then 35% of tranche - or if sales for both years aggregated >$8m the 70% in total.
Action B – 3. Grant of a Direct Selling License in China 30% of Total.

As the performance hurdle for 2019 was not met, no amount has been expensed and 4,500,000 performance rights will lapse.

Bioxyne

(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 2018 Annual Report.

17 Reserves and accumulated losses

	2019	2018
(a) Reserves	**$**	**$**
Total reserves	**108,467**	**149,855**
Share based payments reserve		
Movements in share based payments reserve were as follows:		
Balance 1 July	100,262	10,618
Transfer to share based payments reserve	19,500	104,428
Options lapsed	-	(1,846)
Transfer from share based payments	(75,000)	-
Transfer from share option reserve on exercise of options	-	(12,938)
Balance 30 June	**44,762**	**100,262**
Movements in foreign currency translation reserve		
Balance 1 July	**49,593**	**-**
Movement in foreign currency translation reserve	**14,112**	**49,593**
Balance 30 June	**63,705**	**49,593**
Total reserves	**108,467**	**149,855**

(b) Accumulated losses

	2019	2018
Movements in accumulated losses were as follows:		
Opening accumulated losses	(58,005,886)	(56,695,892)
Loss for the year	(1,365,882)	(1,311,840)
Transfer from share based payments reserve	75,000	1,846
Balance 30 June	**(59,196,768)**	**(58,005,886)**

(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.

Notes to the Financial Statements (continued)

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.

18. Non-Controlling Interest

	2019 $	2018 $
Issued capital	52,861	-
Retained profits[1]	-	-
	52,861	**-**

The non-controlling interest has a 5% interest in the Indonesian company P.T. Gamata Utama.
[1]P.T. Gamata Utama has a small loss for the year which has been borne by the parent company.

19 Interests in other entities

Name of Entity	Country of Incorporation	Ownership Interest 2019 %	Ownership Interest 2018 %	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
P.T. Gamata Utama	Indonesia	95	-	Sales
Bioxyne International (NZ) Limited	New Zealand	100	100	Sales

20 Remuneration of auditors

Audit services

	2019 $	**2018 $**
Audit of financial reports – RSM Australia Partners	56,590	52,250
Total remuneration for audit services	**56,590**	**52,250**

21 Commitments

Capital commitments

As at 30 June 2019, the Company has no capital commitments (2018: $nil).

22 Business combination

On 7 September 2018 the Group acquired a 95% interest P.T. Gamata Utama, an Indonesian direct selling company.

Details of the purchase consideration, net assets and goodwill are as follows:

Purchase consideration:	
Cash	$131,531

The assets and liabilities recognised as a result of the acquisition are as follows:

Goodwill	$101,262
Direct Selling Licence	30,269
	$131,531

The values identified in relation to the acquisition of the above businesses are provisional as at 30 June 2019. For a further understanding of the provisional basis, accounting policy in Note 1 which states that 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 acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine the value. The Directors have exercised their judgement in determining the fair value of the Direct Selling License and Goodwill.

The Company is awaiting registration of the complete suite of Bioxyne products. Once registration is achieved the forecast supports the position taken not to impair goodwill at balance date.

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

	2019 $	2018 $
Loss for the year	(1,365,882)	(1,311,840)
Non-cash employee benefits expense - share based payments	119,500	104,428
Depreciation	19,068	13,564
Other non cash items	49,281	76,337
Unrealised foreign exchange loss/(gain)	14,112	(70,602)
Change in operating assets and liabilities		
Increase in trade and other receivables	(241,898)	(259,223)
Increase in inventory	(84,939)	(527,330)
Increase in trade and other payables	100,396	119,311
Net cash outflow from operating activities	**(1,390,362)**	**(1,855,355)**

24 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 2019 and 30 June 2018.

Notes to the Financial Statements (continued)

24 Segment information (continued)

2019	Wholesale sales		Direct sales		Unallocated	Total
	USA	Asia	Australia/NZ	Asia		
Sales	1,839,088	233,298	5,307	54,909	-	2,132,603
Cost of sales	(796,117)	(178,074)	(5,307)	(10,567)	-	(990,066)
Gross margin	1,042,971	55,224	-	44,342	-	1,142,537
Other income	-	-	-	-	206,921	206,921
Overhead expenses	-	-	-	-	(2,529,471)	(2,529,471)
Research and development	-	-	-	-	(85,869)	(85,869)
Profit/(loss) before tax	1,042,971	55,224	-	44,342	(2,408,419)	(1,265,882)
Taxation	-	-	-	-	-	-
Profit/(loss) after tax	1,042,971	55,224	1	44,342	(2,408,419)	(1,265,882)
Total assets	747,741	-	-	2,131,230	1,092,448	3,971,419
Total liabilities	296,421	-	-	116,800	416,102	829,323

	Malaysia	Indonesia	Australia	New Zealand	Total
Cash Balance	792,300	762,055	179,600	33,955	1,767,909
Trade receivables	-	-	759,128	-	759,128
Trade and other payables	83,146	2,623	699,517	24,037	809,323
Inventories	127,542	22,345	93,896	469,835	713,618

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

	Malaysia	Indonesia	Australia	New Zealand	Total
Cash Balance	986,299	-	2,298,418	25,187	3,309,904
Trade receivables	-	-	422,673	-	422,673
Trade and other payables	21,410	-	642,759	44,758	708,927
Inventories	81,119	-	47,160	500,400	628,679

Notes to the Financial Statements (continued)

24 Segment information (continued)

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.

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.

25 Financial risk management

(a) Financial risk management

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

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

The Group does not speculate in financial assets.

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

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

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

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

	2019	2018
	$	$
Cash and cash equivalents (Note 6)	1,767,909	3,309,904
Trade receivables	759,128	422,673
Research and development tax incentive receivable (Note 8)	-	140,976
	2,527,037	3,873,553

Notes to the Financial Statements (continued)

25 Financial risk management (continued)

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

(b) Financial instrument composition and maturity analysis

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

Consolidated Group	Within 1 year		1 to 5 years		Over 5 years		Total	
	2019 $	2018 $	**2019 $**	2018 $	**2019 $**	2018 $	**2019 $**	2018 $
Financial liabilities - due for payment:								
Trade and other payables	**809,323**	708,927	-	-	-	-	**809,323**	708,927
Total contractual outflows	**809,323**	708,927	**-**	**-**	**-**	**-**	**809,323**	708,927
Cash and cash equivalents	**1,767,909**	3,309,904	-	-	-	-	**1,767,909**	3,309,904
Trade receivables	**759,128**	422,673	-	-	-	-	**759,128**	422,673
Total anticipated inflows	**2,527,037**	3,732,577	**-**	**-**	**-**	**-**	**2,527,037**	3,732,577
Net inflow/(outflow) on financial instruments	**1,697,714**	3,023,650	**-**	**-**	**-**	**-**	**1.697,714**	3,023,650

(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)

25 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, Malaysian Ringgit and Indonesian Rupeah and the effect on movement in interest rates is as follows:

Consolidated	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Profit	Equity	Profit	Equity
2019	$	$	$	$	$
Financial Assets					
Cash and cash equivalents	**1,767,909**	**(17,679)**	**(17,679)**	**17,679**	**17,679**
2018					
Financial Assets					
Cash and cash equivalents	**3,309,904**	**(33,099)**	**(33,099)**	**33,099**	**33,099**

Consolidated A$ 5% stronger / (weaker)	Carrying amount in original currency	Currency Risk 5%		Currency Risk -5%	
		Profit	Equity	Profit	Equity
2019	$	A$	A$	A$	A$
Financial Assets					
Cash in US $	**39,037**	(2,930)	(2,930)	2,930	2,930
Cash in Euro	**20,286**	(1,730)	(1,730)	1,730	1,730
Cash in IDR	**7,552,722,498**	(40,108)	(40,108)	40,108	40,108
Cash in MYR	**2,300,917**	(41,700)	(41,700)	41,700	41,700
		(86,468)	(86,468)	86,468	86,468
2018					
Financial Assets					
Cash in US $	899,200	(57,934)	(57,934)	57,934	57,934
Cash in MYR	2,942,819	(44,544)	(44,544)	44,544	44,544
		(102,478)	(102,478)	102,478	102,478

Notes to the Financial Statements (continued)

26 Earnings per share

	2019	2018
	Cents	Cents
Basic Loss/(Earnings) per share (cents per share)	(0.20)	(0.22)
Diluted Loss/(Earnings) per share (cents per share)*	(0.20)	(0.22)
Weighted average number of shares		
Basic earnings per share calculation	640,145,398	587,804,514
Diluted earnings per share calculation*	640,145,398	587,804,514
Loss for the period used in earnings per share		
From continuing operations	(1,265,882)	(1,311,840)

**2019/2018 – weighted average number of options outstanding not included in diluted EPS calculation as the options are anti-dilutive in nature*

27 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	1,000,000	21/12/2018	24/11/2019	0.045	$9,801

	Director Options
Expected volatility	100%
Risk- free interest rate	1.51%
Expected life of option (years)	0.93
Exercise price (cents)	4.5
Grant date share price	3.4 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	21/12/2018	24/11/2019	0.045
Total outstanding and exercisable	**4,750,000**			

The weighted average remaining contractual life of options outstanding at the end of the year was 0.5 years (2018: 1.4 years). All outstanding options are vested and exercisable.

Notes to the Financial Statements (continued)

27 Share based payments (continued)

c) Movements in options during the year

	2019 No.	Weighted Average Exercise Price	2018 No.	Weighted Average Exercise Price
Options				
Balance at beginning of year	4,750,000	0.0234	4,550,000	0.0231
Granted during the year	1,000,000	0.045	2,000,000	0.0234
Expired during the year	(1,000,000)	0.0234	-	-
Exercised during the year	-	-	(1,800,000)	0.0227
Balance at end of year	**4,750,000**		**4,750,000**	**0.0234**

(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.

The performance hurdles for the years ended 30 June 2018 and 30 June 2019 have not been met and 20 million performance rights relating to these years will lapse.

Vesting in respect of the performance rights for the year ended 30 June 2020 occurs at the end of the performance period being the end of this year, if the following performance conditions are met:

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

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

d. 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,

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

f. The maximum performance shares issued shall be 20 million

As a consequence of the performance hurdles not being met no expense has been recognised for the period ended 30 June 2019, and the expense recognised in 2018 of $75,000 has been reversed to accumulated losses.

The Company issued a further 9,000,000 performance rights on 21 December 2018 on the following terms;

(a) The Performance Period commences on 1 July 2018 and ends at 5.00pm (Sydney time) on 30 June 2020.

Notes to the Financial Statements (continued)

27 Share based payments (continued)

(b) The Rights expire at 5.00pm (Sydney time) on 30 September 2020. Rights will expire before this date if Vesting Conditions are not satisfied or waived.

(c) Performance will be assessed by the Board or a committee of the Board formed for this purpose.

(d) The Rights are subject to the following Performance Hurdles which must be satisfied to the satisfaction of the Board:

Market Based	Share Price Hurdle[1]	Share Price Hurdle[2]	Total
	Tranche 1	Tranche 2	
	4,500,000	4,500,000	9,000,000

[1]Share price exceeds a 10 day VWAP of 7.5 cents in the year to 30 June 2019

[2]Share price exceeds a 10 day VWAP of 10 cents in the period to 30 June 2020

Once the share price hurdle has been achieved, the following performance based hurdles will be applied.

Performance Based (Actions below relate to each tranche)

Action A – 1. Sales in year to 30 June 2019 >$3m then 35% of tranche, sales in year to 30 June 2020 > $5m then 35% of tranche - or if sales for both years aggregated >$8m the 70% in total.

Action B – 3. Grant of a Direct Selling License in China 30% of Total.

The share price hurdle for Tranche 1 was not achieved and as these rights have now lapsed no expense has been recognised in the year.

Of the 9,000,000 performance rights issued 7,500,000 were issued to directors and 1,500,000 to consultants.

28 Parent entity disclosures

(a) Financial position

	2019 $	2018 $
Total Current Assets	**2,670,588**	2,973,062
Total Assets	**4,131,330**	5,003,579
Total Liabilities	**989,234**	682,074
EQUITY		
Contributed equity	62,177,536	62,177,536
Reserves	219,760	100,262
Accumulated losses	(59,255,200)	(57,956,293)
Equity	**3,142,096**	**4,321,505**

(b) Reserves

Option reserve	44,760	100,262

(c) Financial performance

Loss for the year	(1,265,882)	(1,311,840)
Other comprehensive income	-	-
	(1,265,882)	(1,311,840)

(d) Commitments

	-	-

29 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 2019.

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

	2019 $	2018 $
Short-term employee benefits	430,986	449,683
Post- employment benefits	28,691	7,719
Share based payments	111,968	98,822
	571,645	556,224

(b) Transactions with other related parties

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

i. $32,519 was paid to NH Chua a director of the Company as rental for the Malaysian office;
ii. $25,099 was paid to Jin Chua (a consultant to the Group and daughter of NH Chua a director of the Company) for consulting services.

30 Events subsequent to balance date

No matter or circumstance has arisen since 30 June 2019 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.

31 Economic dependency

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

32 Company details

Corporate Head Office and Principal Place of Business

Suite 506, Level 5
50 Clarence Street
Sydney NSW 2000

33 Reconciliation between preliminary financial results and Annual Report

As outlined in note 27 (d) above, certain performance hurdles for the 2019 financial year were not achieved. As a consequence 20,000,000 performance rights issued in 2017 will lapse and 4,500,000 performance rights issued in 2018 will lapse. A reconciliation of the difference between the preliminary final report and the annual report is as follows:

	Appendix 4E	Annual Report
Share based payment expense	(119,500)	(19,500)
Net loss after tax	(1,365,882)	(1,265,882)
Accumulated losses	(59,371,768)	(59,196,768)
Reserves	283,467	108,467

Bioxyne Limited
Directors Declaration
For the year ended 30 June 2019

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:

N H Chua
Managing Director
30 September 2019

RSM Australia Partners

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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 2019, 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 2019 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.

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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: • 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; • Performing analytical review techniques on monthly sales and cost of sales figures; • Performed substantive testing in relation to the cut off assertion in relation to sales, cost of sales, and inventory.
Share Based Payments Refer to Note 27 in the financial statements	
As stated in Note 27 (d) the various performance rights and options have been issued to the Chief Executive Officer and Directors. The performance rights had various market and non-market related vesting conditions. The valuation of these performance rights is complex, non-routine, and there is significant judgement and estimation uncertainty in relation to the assumptions and modelling used to value and account for these performance rights and options.	Our audit procedures in relation the Performance Rights and Options included the following: • Reviewed the Performance Rights Plan, the related Invitation to Participate in the Performance Rights Plan to obtain an understanding of the plan and the key terms and conditions. • Reviewed the valuation model and assumptions used by managements expert to value the performance rights to obtain assurance that the model was consistent with the terms of the Performance Rights Plan and that the model and assumptions used were appropriate under the circumstances. • We reperformed the underlying calculations of the amount recognised as a share-based payment expense. • Reviewed the market and non-market vesting conditions of the Performance rights having consideration of the current and projected financial performance of the business and considered the evidence available to support the achievement of the performance milestones. Reviewed the related disclosures in the financial statements with regards the performance rights and options.

Business Combination – consolidation of all subsidiaries Refer to Note 1(w) and Note 22 in the financial statements	
As indicated in Note 22 of the financial statements, on 7 September 2018 the Group acquired a 95% interest P.T. Gamata Utama, an Indonesian direct selling company. The acquisition of a subsidiary as contemplated in AASB 3, Business Combinations is technically complex and not routine, and required judgement of the part of management and the Board in relation to the fair values of the assets acquired, and the resultant fair values of the intangible assets acquired. The acquisition of P.T. Gamata Utama was therefore considered to be a key audit matter.	Our audit procedures in relation the acquisition of P.T. Gamata Utama included the following: • Reviewed the Share Sale Agreement to obtain an understanding of the key terms and conditions of the transaction. • Reviewed the related acquisition accounting and reperformed the calculations in relation to the quantification of the related intangible assets having consideration of the Share Sale Agreement. • Discussed with management the allocation of the provisional amounts for the intangible assets between goodwill and the direct selling licence. • Reperformed the calculations with regards to the non-controlling interest reflected in the statement of financial position. • Inspected Board Resolutions in relation to the approved allocation of the intangible assets. • Reviewed the related disclosures in the financial statements with regards the P.T. Gamata Utama acquisition.

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 2019, 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 11 to 15 of the directors' report for the year to ended 30 June 2019.

In our opinion, the Remuneration Report of Bioxyne Limited, for the year ended 30 June 2019, 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

RSM Australia Partners

GNS

G N Sherwood
Partner

Sydney, NSW
Date: 30 September 2019

Bioxyne Limited
Shareholder information
For the year ended 30 June 2019

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 24 September 2019.

(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	22,289	0.00
1,001 - 5,000	65	199,395	0.03
5,001 - 10,000	111	918,366	0.14
10,001 - 100,000	443	19,887,962	3.11
100,001 and over	266	616,048,556	96.72
	958	**640,145,398**	**100.00**

Unmarketable parcels:

	Minimum Parcel Size	**Holders**	**Units**
Minimum $500 parcel	25,000 shares	372	3,042,866

(b) Substantial shareholders

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

Shareholder	***Shares Held***	***% Held***
VIG Limited	93,380,193	14.59%
Nam Hoat Chua	109,074,013	17.04%

(c) Voting rights

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

(d) Twenty largest shareholders

BIOXYNE LIMITED

Top Report - MERGED

BIOXYNE LIMITED ORDINARY

ISSUED CAPITAL: 640,145,398 TOTAL HOLDERS : 958

* - Denotes Merged Holders

Data Correct As At Close of Business : 24/09/2019

RANK	HOLDER NAME	DESIGNATION	CURR. SECURITIES	%
1	CUST NOM CO LTD		80,562,003	12.58%
2	CHUA NAM HOAT		57,574,013	8.99%
3	NG PENG-HYANG		51,500,000	8.05%
4	*CITICORP NOM PL		36,769,919	5.74%
5	WAITARA TTEES LTD		25,000,000	3.91%
6	*HO ANTHONY + CHUI		24,090,750	3.76%
7	CHIA KEE-SIONG		23,050,000	3.60%
8	HANNA MAKRAM + RITA	HANNA & CO PL SUPE	21,162,844	3.31%
9	HSU CHUN-CHIEH		20,000,000	3.12%
10	SOUTHAM INV 2003 PL	WARWICKSHIRE INV A	17,254,918	2.70%
11	P FORD SUPER PL	PATRICK FORD S/F A	15,000,000	2.34%
12	PARKIN JODY ANN		11,250,000	1.76%
13	*HO KEVIN + VIKKI	NATHAN HO ACCOUNT	10,700,000	1.67%
14	PHARMASI PT SOHO I		9,678,085	1.51%
15	CHUA JIN FONG		9,000,000	1.41%
16	CHUA SONG MAO		9,000,000	1.41%
17	WIGRAM TRADING PL		7,517,265	1.17%
18	DISKDEW PL		7,375,000	1.15%
19	HAROLD CRIPPS HLDGS PL		6,000,000	0.94%
20	LUAN LOO FOONG		5,500,000	0.86%
			447,984,797	69.98%