

25 October 2017

QUARTERLY REPORT FOR THE PERIOD ENDED 30 September 2017

Bioxyne Limited (ASX Code: BXN) (Bioxyne or the Company) is pleased to report on its activities for the quarter ended 30 September 2017.

During the quarter the Company's focus was on establishing the infrastructure to support the commencement of its direct sales business in Asia. This included establishing offices in Kuala Lumpur, Malaysia and in Cambridge, Waikato Region of New Zealand. These investment costs would put the Company in good stead as it commences its sales activities in Asia.

Australia

Revenue from PCC® strain of *Lactobacillus fermentum* VRI003 sales and royalties for the quarter were lower than the corresponding period in prior year at \$190,000 (2016 - \$345,000). Orders from NuSkin declined during the quarter as a shipment was purchased by them in late June 2017 that reduced their Open to Buy from us during the September quarter. The stronger AU dollar vs the US dollar has also impacted trading for the quarter. The revenue from NuSkin for the half year to 31 December 2017 is forecast to be around 80% of the same period for the prior year.

The Company's clinical trial to demonstrate the benefits of PCC® on gut and immune health has been completed, with data analysis and results currently in progress. A comprehensive results analysis is expected by the end of 2017.

The Company is also undertaking a small clinical trial to test the use of PCC® for other immunological applications.

Malaysia

The Company's direct selling division, Bioxyne International, opened an office in Kuala Lumpur during the quarter.

Bioxyne International has lodged an application for a direct sales licence. Subsequent to the September quarter the license was approved (see ASX announcement 25 October 2017). The Company is now pushing ahead with its operations in this country.

To facilitate the Company's product development and to continue to source new products from New Zealand, an office was established in Cambridge, Waikato Region of New Zealand. The supply chain procurement of products from New Zealand for the direct sales channel is also managed out of the Cambridge office.

China

Initial orders have been received from QBID to supply Progastrim® and proTract (PCC®-based probiotic products) for its on-line shopping portal, JD.com. There is a growing demand from Chinese consumers for high-quality, Australian health and wellness products, particularly in the probiotic category, and Bioxyne is well placed to roll out current and future products on this portal.

Cash at the end of the quarter was approximately \$3.2 million.

Net operating cash outflow for the quarter was a net \$646,000.

For more information, please contact:

N H Chua, Managing Director, Bioxyne Limited +61 2 3078 8180

Guy Robertson, Chief Financial Officer +61 2 9078 8180 or +61 407 983 270

About Bioxyne

Bioxyne Limited (ASX:BXN) is an Australian life sciences, wellbeing and health & beauty products Company (incorporated in 2000) with a commitment on delivering safe and effective products and solutions to its customers.

Through a recent 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 has a presence in the consumer dietary supplements and functional foods markets through its proprietary patented strain of probiotic, *Lactobacillus fermentum* VRI-003 (PCC®).

Bioxyne's probiotic business and its proprietary patented product PCC®, 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, human health, pharmaceutical and agriculture industries.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

Bioxyne Limited

ABN

97 084 464 193

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	369	369
1.2 Payments for		
(a) research and development	(76)	(76)
(b) product manufacturing and operating costs	(180)	(180)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs		
(f) administration and corporate costs	(763)	(763)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(646)	(646)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(87)	(87)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other		
2.6 Net cash from / (used in) investing activities	(87)	(87)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options	51	51
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	51	51

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,876	3,876
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(646)	(646)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(87)	(87)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	51	51

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	3,194	3,194

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,286	3,876
5.2	Call deposits	1,908	
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,194	3,876

6. Payments to directors of the entity and their associates

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

**Current quarter
\$A'000**

126

Directors salaries and fees.

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

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

**Current quarter
\$A'000**

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

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	70
9.2 Product manufacturing and operating costs	200
9.3 Advertising and marketing	50
9.4 Leased assets	
9.5 Staff costs	
9.6 Administration and corporate costs	380
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	700

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

