

30<sup>th</sup> April 2014

## March 2014 Quarterly Update and Appendix 4C

### Highlights

- **Positive Cash flow from operations for the quarter - Strong sales of Probiotics products**
- **Completion of sale of Hunter Immunology Pty Ltd together with HI 164 asset**

Positive operating cash flow for the quarter ending 31 March 2014 continued the trend from the previously reported December 2013 half yearly financial statements. The board remains focused in managing the cost base of the Company. The accumulating cash balance and the strengthening of the balance sheet puts the Company in a good position to consider new opportunities to grow shareholders value.

In particular the quarter saw the continuation of strong sales from the probiotics business (PCC®), with a record quarter of cash revenue receipts of A\$933,000. The Company also received its first ever royalty revenue from our distributor for royalty on sales in relevant overseas territories.

These cash inflows have greatly improved the Company's working capital with a net cash flow increase on the prior quarter of A\$506,000. This took into account \$157,500 in the cash component of the proceeds from the successful sale of wholly owned subsidiary Hunter Immunology Pty Ltd ("HIPL").

Consideration for the sale of HIPL together with the HI 164 COPD oral vaccine intellectual property to Mariposa Health Limited ("MHL") was:

- Cash on completion of \$157,500. A deposit of \$17,500 was received in the December 2013 quarter, bringing total cash consideration to \$175,000;
- Assumption of a debt in HIPL by MHL of around \$60,000;
- Shares in MHL of \$325,000 at a deemed price of 16.5 cents per share (equivalent to 5% shareholding in MHL);
- Deferred consideration of \$1 million subject to successful commercialisation of HI 164;
- Ongoing royalty between 2% to 6.5% subject to successful commercialisation of HI 164 and prospective structure of the commercialisation.



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With the sale of HIPL, the operating costs of the Company were further reduced by the elimination of its HI 164 Intellectual Property costs. The Company's current Intellectual Property Portfolio comprises mainly income producing assets.

For more information, please contact:

Tony Ho

**Chairman**

**Bioxyne Limited**

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# **Appendix 4C**

## **Quarterly report for entities admitted on the basis of commitments**

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

Name of entity

Bioxyne Limited

ABN

97 084 464 193

Quarter ended ("current quarter")

31 March 2014

### **Consolidated statement of cash flows**

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from customers	933	1,735
1.2 Payments for		
(a) staff costs	-	-
(b) advertising and marketing	-	-
(c) research and development	-	(16)
(d) leased assets	-	-
(e) cost of goods sold	(458)	(878)
(f) other working capital	(128)	(661)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	3
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid		
1.7 Other (R&D Tax Concession Proceeds)	-	371
<b>Net operating cash flows</b>	<b>348</b>	<b>552</b>

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	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	348	552
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	158	175
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other		
<b>Net investing cash flows</b>	158	175
<b>1.14 Total operating and investing cash flows</b>	506	727
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from issue of convertible notes		
1.18 (Repayment)/Proceeds of borrowings	-	-
1.19 Dividends paid		
1.20 Cost of issuing equity		
<b>Net financing cash flows</b>	-	-
<b>Net increase (decrease) in cash held</b>	506	727
1.21 Cash at beginning of quarter/year to date	429	211
1.22 Exchange rate adjustments to item 1.20	(27)	(30)
<b>1.23 Cash at end of quarter</b>	908	908

+ See chapter 19 for defined terms.

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**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	-
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions No payments were made to the Directors or related parties in the quarter. Payments to Directors have been made by way of equity payments for period to 31 October 2013 as issued following Extraordinary General Meeting held on 23 December 2013.	

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

The Company completed the sale of its subsidiary, Hunter Immunology Limited. In addition to cash proceeds of \$157,500 received in the quarter, the Company also received \$325,000 in shares in unlisted entity Mariposa Health Limited.

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	908	429
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)		908	429

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	- Hunter Immunology Pty Ltd
5.2	Place of incorporation or registration	- Australia
5.3	Consideration for acquisition or disposal	- Total current and deferred consideration of: <ul style="list-style-type: none"> <li>• \$175,000 in cash</li> <li>• \$325,000 in shares in Mariposa Health Limited ("MHL")</li> <li>• Deferred consideration of \$1,000,000 and ongoing royalty income subject to MHL meeting milestones.</li> </ul>
5.4	Total net liability	- (\$72,122)
5.5	Nature of business	- Research and development of oral vaccine

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+ See chapter 19 for defined terms.

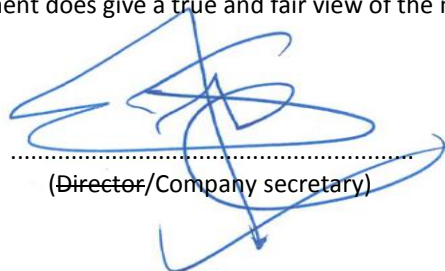
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**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



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(Director/Company secretary)

Date: 30 April 2014

Print name: Jarrod T White

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**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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