

27 February 2017

The Company Announcements Office
Australian Securities Exchange Limited
Sydney NSW

Appendix 4D – Half Year Report

1. Name of Entity	Bioxyne Limited ABN 97 084 464 193
Half year ended	31 December 2016
Reporting period	1 July 2016 to 31 December 2016
Previous period	1 July 2015 to 31 December 2015

2. Results for announcement to the market

	31 December 2016	31 December 2015	% Change Up (Down)
2.1 Revenues from continuing operations	916,156	1,222,767	(25%)
2.2 Profit/(loss) from operations after tax attributable to members	(72,186)	392,530	(118%)
2.3 Net profit/(loss) attributable to members	(72,186)	392,530	(118%)
2.4 Proposed dividends	Nil	Nil	N/A
2.5 Not applicable			
2.6 The decrease in revenue is partly due to timing of orders received from USA customer, to be recovered in the second half of the year, and partly due to market conditions in USA.			

The 2016 half year results include costs of \$313,838 on research and development and clinical trial and increased marketing costs of \$106,336. The accrued research and development rebate from the Australian Tax Office of \$141,217 is taken up as other income. The total net costs of \$278,957 are investment costs as the Company re-shaped its business model to focus on sales and marketing of its PCC® active and PCC® based consumer products. The benefits from these investment costs we expect will be realised in future years.

The notional underlying profit before these investment costs was \$206,771 (2015: \$392,530).

The Company's cash balance at 31 December 2016 remained a healthy \$1,185,536 (31 December 2015: \$1,183,586).

This appendix 4D should be read in conjunction with the 31 December 2016 Interim Financial Report and any announcements made to the market in the period by the Company in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)* and the ASX Listing Rules.

		31 December 2016	31 December 2015	% Change Up (Down)
3.	Net tangible asset per security	0.1 cent	0.1 cent	-

4. The Company did not gain or lose control over any other entity during the reporting period.
5. There were no payments of dividends during the reporting period.
6. There is no dividend reinvestment plan in operation.
7. There are no associates or joint venture entities.
8. The Company is not a foreign entity.
9. The accounts are not subject to any audit dispute or qualification.

The Company's half year report follows.



Guy Robertson
Company Secretary



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BIOXYNE LIMITED

ABN 97 084 464 193

**Interim Financial Report
For the Half-Year ended 31 December 2016**



Index

	Page
Corporate Information	2
Directors' Report	3
Auditor's Independence Declaration	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	14
Independent Auditor's Review Report to the Members	15

**Bioxyne Limited Half-Year Report
31 December 2016**

Corporate Information

This half-year report covers Bioxyne Limited. The Company's functional and presentation currency is AUD.

A description of the Company's operation is included in the review of operations and activities in the Directors' report on page 3. The Directors' report has not been reviewed by the auditors and does not form part of the financial report.

Directors

Anthony Ho	Non-executive Chairman
Patrick Douglas Ford	Non-executive Director
Dr Peter French	Scientific Director

Chief Financial Officer | Company Secretary

Mr Guy Robertson

Auditors

RSM Australia Partners
Level 13, 60 Castlereagh Street
SYDNEY NSW 2000

Banker

National Australia Bank Limited

Share Register

Computershare Financial Services Pty Limited
Level 12, 565 Bourke Street
MELBOURNE VIC 3001

Principal Solicitors

HWL Ebsworth
Level 14
Australia Square
264-278 George Street
Sydney NSW 2000

Internet Address

www.bioxyne.com

Bioxyne Limited Directors' Report

Your directors present their report of Bioxyne Limited (ASX: BXN) for the half - year ended 31 December 2016.

Directors

The following persons were directors who held office during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Anthony Ho	Non-Executive Chairman
Patrick Ford	Non-Executive Director
Dr Peter French	Scientific Director

George Xavier Cameron-Dow	Non-Executive Director (resigned 18 November 2016)
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Chief Financial Officer | Company Secretary

Mr Guy Robertson

Review of operations

Operations Report

Revenue from PCC® sales during the half year were \$916,156 (31 December 2015: \$1,222,767). Part of this shortfall is attributable to timing and should be recovered in the half year to 30 June 2017.

The Company launched its first two own brand probiotic products, Progastrim®, a probiotic product for gut and immune health, and proTract® for atopic dermatitis (eczema) in the Australian market late in calendar year 2016. These products are currently sold on-line at www.progastrim.com.au and www.protract.com.au. The Company is currently working with major pharmacy groups with a view to ranging these products in pharmacy in the quarter ended 31 March 2017, and has also finalised an agreement for the distribution of its products in China through the QBID online store within the online marketing platform of JD.com. JD.com is one of the top 2 e-commerce online direct sales platforms in China.

Late in calendar year 2016 the Company commenced a clinical trial examining the effects of Bioxyne's patented human-isolated probiotic strain PCC® on gastrointestinal health and general wellbeing. Data from the study will be used to further promote the gastrointestinal benefits of PCC®.

The Company is currently developing a number of innovative new products which are based on its proprietary product *Lactobacillus fermentum* PCC®.

To strengthen operational management Mr. Guy Robertson, a finance executive with extensive retail and working experiences in Hong Kong, joined the Company on 1 September 2016, as Chief Operating Officer.

The cash balance as at 31 December 2016 was \$1,185,536 (31 December 2015: \$1,183,585). Net trading cash outflow for the half year was \$147,457 (31 December 2015: inflow \$187,464).

Bioxyne Limited
Directors' Report (Cont.)

Mariposa Health Inc. Asset Update

The Company retains a 2.157% interest in Mariposa Health Inc. (MHI) originating from MHI's acquisition of Hunter Immunology Pty Limited from Bioxyne. MHI has two phase 2 projects in Congestive Obstructive Pulmonary Disease (COPD).

MHI completed an agreement in November 2015 to on-license its oral vaccine HI-164 OV to Chinese pharmaceutical company, Shanxi Kangbao Biological Products Company of Shanxi Province, P.R. China. Shanxi Kangbao will fund the development costs within China. The terms of the agreement include the receipt by MHI of an up-front fee followed by milestone payments during product development totalling RMB 40million (approx. USD 6.2m), followed by royalties from future commercialised sales.

The investment in MHI is recorded as an asset in the Company's balance sheet at cost of \$325,000. There are no indications as at 31 December 2016 that this asset value has impaired. In addition, Bioxyne is entitled to a deferred consideration which is dependent on the achievement of a number of key milestones by MHI as set out in the Sale and Purchase Agreement with Mariposa Health Limited (a wholly owned subsidiary of Mariposa Health Inc.).

The contingent deferred consideration has not been taken up as an asset of the Company

Events Occurring After the Balance Sheet Date

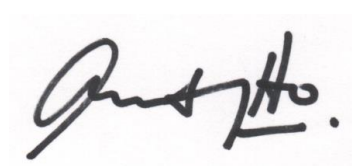
There are no events subsequent to the end of the period that would have a material effect on the entity's financial statements at 31 December 2016.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 5 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s306 (3) of the Corporations Act 2001.

On behalf of the Directors,

A handwritten signature in black ink, appearing to read 'Anthony Ho', with a horizontal line underneath the name.

Anthony Ho
Chairman
27 February 2017

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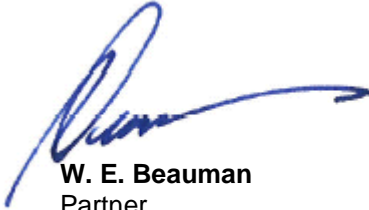
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Bioxyne Limited for the half year ended 31 December 2016, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read "RSM".

RSM AUSTRALIA PARTNERS

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

W. E. Beauman
Partner

Sydney, NSW

Dated: 27 February 2017

Bioxyne Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year ended 31 December 2016

	Half-year ended 31 December 2016 \$	Half-year ended 31 December 2015 \$
Revenue from continuing operations		
Sale of goods	916,156	1,222,767
Other income	198,762	62,165
Cost of goods sold	(392,829)	(540,387)
Expenses		
Audit	(18,000)	(16,250)
Professional fees	(98,137)	(87,539)
Compliance costs	(67,363)	(63,845)
Employee and directors' benefits	(116,850)	(74,108)
Research and development including clinical trial	(295,838)	-
General and administration	(65,251)	(83,714)
Marketing	(132,836)	(26,500)
Finance costs	-	(59)
Profit/(loss) before income tax	(72,186)	392,530
Income tax benefit	-	-
Other comprehensive income for the period, net of income tax	-	-
Total comprehensive income/(loss) for the period	(72,186)	392,530
Profit/(loss) attributable to:		
Members of Bioxyne Limited	(72,186)	392,530
Earnings per share		
<i>From continuing operations</i>		
- Basic earnings per share	(0.0004)	0.002
- Diluted earnings per share	(0.0004)	0.002

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

Bioxyne Limited
Statement of Financial Position
As at 31 December 2016

	As at 31 December 2016 \$	As at 30 June 2016 \$
ASSETS		
Current Assets		
Cash and cash equivalents	1,185,536	1,353,604
Trade and other receivables	187,997	259,871
Current tax receivables	223,374	71,183
Inventories	38,581	-
Total Current Assets	1,635,488	1,684,658
Non-Current Assets		
Plant and equipment	3,920	-
Other financial assets	325,000	325,000
Total Non-Current Assets	328,920	325,000
Total Assets	1,964,408	2,009,658
LIABILITIES		
Current Liabilities		
Trade and other payables	479,815	458,403
Total Current Liabilities	479,815	458,403
Total Liabilities	479,815	458,403
Net Assets	1,484,593	1,551,255
EQUITY		
Contributed equity	57,478,121	57,478,121
Reserves	8,798	3,274
Accumulated losses	(56,002,326)	(55,930,140)
Total Equity	1,484,593	1,551,255

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

Bioxyne Limited
Statement of Changes in Equity
For the Half-Year ended 31 December 2016

	Contributed Equity	Accumulated Losses	Reserves	Total
2015				
At 1 July 2015	57,426,940	(56,153,986)	10,712	1,283,666
Profit after income tax for the half year	-	392,530	-	392,530
Total comprehensive income for the half year	-	392,530	-	392,530
Contributions of equity, net of transaction costs	-	-	-	-
As at 31 December 2015	57,426,940	(55,761,456)	10,712	1,676,196
2016				
At 1 July 2016	57,478,121	(55,930,140)	3,274	1,551,255
Loss after income tax for the half year	-	(72,186)	-	(72,186)
Total comprehensive income for the half year	-	(72,186)	-	(72,186)
Issue of options	-	-	5,524	5,524
As at 31 December 2016	57,478,121	(56,002,326)	8,798	1,484,593

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

Bioxyne Limited
Statement of Cash Flows
For the Half-Year ended 31 December 2016

	Half-year ended 31 December 2016	Half-year ended 31 December 2015
	\$	\$
Cash flows from operating activities		
Receipts of other income (incl. of goods and services tax)	996,469	1,028,497
Payments to suppliers and employees (incl. of goods and services tax)	(1,143,926)	(841,033)
	(147,457)	187,464
Finance charges	(888)	(59)
Interest received	146	826
Net cash provided by operating activities	(148,199)	188,231
Cash flows from investing activities		
Purchase of plant and equipment	(3,920)	-
Net cash used in investing activities	(3,920)	-
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents	(152,119)	188,231
Cash and cash equivalents at the beginning of the financial period	1,353,604	958,469
Foreign exchange adjustment	(15,949)	36,886
Cash and cash equivalents at end of the period	1,185,536	1,183,586

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

Bioxyne Limited
Notes to the Financial Statements
For the Half-Year ended 31 December 2016

1 Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements for the interim half year reporting period ended 31 December 2016 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards.

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Bioxyne Limited. As such, it does not contain the information that represents relatively insignificant changes occurring during the half-year. It is recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2016 together with any public announcements made during the half year.

The accounting policies and methods of computation have been consistently followed in this interim financial report as were applied in the previous annual financial statements.

(b) Critical accounting estimates and judgements

There have been no significant changes to the critical accounting estimates and judgements applied and disclosed in the 30 June 2016 annual report.

(c) New and revised accounting requirements applicable to the current half- year reporting period.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are yet to be mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Bioxyne Limited
Notes to the Financial Statements
For the Half-Year ended 31 December 2016

2 Segment information

Bioxyne operates in the biotechnology industry in Australia. The principal operations are to research, develop, market and distribute probiotic products. Sales are made internationally, and commenced in Australia in late 2016.

The following table presents revenue and profit information and certain asset and liability information regarding geographical segments for the half years ended 31 December 2016 and 31 December 2015.

Segment revenues and results

	Segment revenue		Segment profit	
	Half-year ended 31 December 2016 \$	Half-year ended 31 December 2015 \$	Half-year ended 31 December 2016 \$	Half-year ended 31 December 2015 \$
Probiotics	973,550	1,284,106	580,722	717,220
Other	141,368	826	141,368	826
Total for continuing operations	1,114,918	1,284,932	722,090	718,046
Central administration costs and directors' fees			(498,438)	(325,457)
Research and development and clinical trial costs			(295,838)	-
Finance costs			-	(59)
Profit/(loss) before tax (continuing operations)			(72,186)	392,530

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2015: Nil).

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' fees, 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.

Bioxyne Limited
Notes to the Financial Statements
For the Half-Year ended 31 December 2016

2 Segment Information (Continued)

Segment assets

	As at 31 December 2016 \$	As at 30 June 2016 \$
Probiotics	1,639,408	1,629,834
Total segment assets	1,639,408	1,629,834
Unallocated	325,000	379,824
Total assets	1,964,408	2,009,658

Segment liabilities

Probiotics	479,815	403,476
Total segment liabilities	479,815	403,476
Unallocated	-	54,927
Total liabilities	479,815	458,403

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than interests in associates, 'other financial assets' and current and deferred tax assets. Goodwill is allocated to reportable segments;
- Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to reportable segments other than borrowings, 'other financial, liabilities', current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Bioxyne Limited
Notes to the Financial Statements
For the Half-Year ended 31 December 2016

2 Segment Information (Continued)

Geographical information

	Australia		USA		Europe		Total	
	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015
Revenue								
External sales	1,647	-	950,321	1,259,653	21,582	24,453	973,547	1,284,106
Other revenues from external customers	141,368	826	-	-	-	-	141,371	826
Segment revenue	143,015	826	950,321	1,259,653	21,582	24,453	1,114,918	1,284,932

Assets and liabilities

	Dec 2016	Jun 2016	Dec 2016	Jun 2016	Dec 2016	Jun 2016	Dec 2016	Jun 2016
Segment assets	1,789,901	1,786,680	174,507	205,972	-	17,006	1,964,408	2,009,658
Segment liabilities	408,294	360,886	-	97,516	71,521	-	479,815	458,403

3. Commitments

There were no commitments as at 31 December 2016.

4. Events Occurring After the Balance Sheet Date and Contingent Assets

There were no significant subsequent events that have occurred since balance date.

5. Dividends

There were no dividends paid, recommended or declared during the current or previous reporting period.

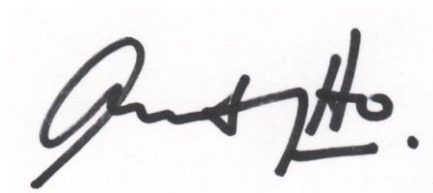
Bioxyne Limited
Directors Declaration
For the Half-Year ended 31 December 2016

Declaration by Directors

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 13, are in accordance with the Corporations Act 2001 including:
 - (a) compliance with Accounting Standard *AASB 134 Interim Financial Reporting*; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

A handwritten signature in black ink, appearing to read 'Anthony Ho', with a horizontal line underneath the name.

Anthony Ho
Chairman
27 February 2017

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www.rsm.com.au**INDEPENDENT AUDITOR'S REVIEW REPORT****TO THE MEMBERS OF****BIOXYNE LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Bioxyne Limited which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bioxyne Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations act 2001*, which has been given to the directors of Bioxyne Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

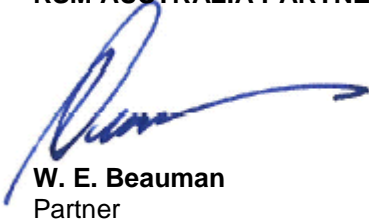
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bioxyne Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



W. E. Beauman
Partner

Sydney, NSW
Dated: 27 February 2017