

# BIOXYNE LIMITED

ABN 97 084 464 193

The Companies Announcements Office  
The Australian Stock Exchange Limited  
SYDNEY

Date: 31 August 2017

## APPENDIX 4E

The results for announcement to the market are as follows:-

1. The reporting period is twelve months to 30 June 2017. The previous reporting period was twelve months to 30 June 2016.
2. Key information relating to the above reporting periods is as follows:-

	30 June 2017 \$	30 June 2016 \$	% change
Revenue from ordinary activities	2,054,801	2,025,335	+1.5%
(Loss)/Profit from ordinary activities after tax attributable to members*	(765,752)	223,846	(442%)
Net Profit attributable to members	(765,752)	223,846	(442%)
Proposed dividend	-	-	
Net tangible assets per issued security	0.01	0.01	0.45%

- 3 to 9. See attached financials. The 30 June 2017 results are consolidated figures that included companies acquired in April 2017 whereas the results for 30 June 2016 comprised only the parent entity, Bioxyne Limited.
10. Acquisition or disposal of any entities occurring during the financial year.

The Company acquired the following entities during the year:

Name of Entity	Country of Incorporation	Ownership Interest 2017 %	Ownership Interest 2016 %	Principal Activities
Global Treasure New Zealand Limited	New Zealand	100	Nil	Product development
New Zealand Nutritional Research Institute Limited	New Zealand	100	Nil	Product research and development
Pan Global Treasure Malaysia Sdn Bhd	Malaysia	100	Nil	Sales

These entities are in start up phase and contributed a loss of \$88,346 since date of acquisition.

The Company registered the following new entities during the year.

Bioxyne International Pty Ltd*	Australia	100	Nil	Intermediate holding company
Bioxyne International (NZ) Limited*	New Zealand	100	Nil	Sales

\*These companies had no activity during the year and were incorporated in May 2017.

**Bioxyne Limited**  
**Appendix 4E**

11. There are no associates or joint venture entities.
12. The Company is not a foreign entity.
13. See commentary and the attached financials.
14. The financial statements are subject to completion of the audit.



## **COMMENTARY ON RESULTS FOR THE YEAR**

### **REVENUE**

The Group continued to derive revenues from the sale of the Group's patented probiotic *Lactobacillus fermentum* VRI-003 (PCC®) in the international market in FY 2017. International sales for FY 2017 of \$1,778,059 (2016: \$1,924,454) were 7.6% down with part attributable to a strengthening Australian dollar.

Australian retail sales were not significant following a decision to repackage the Company's TGA registered over-the-counter products Progastrim® and proTract®, and its new product Progastrim® + Vitamin C, which were relaunched in early August 2017. The products are available in some pharmacy outlets and online.

Royalty income was also down year on year to \$43,135 (2016: \$47,353).

The Company also includes the research and development tax offset rebate in income, which due to the clinical trial underway, has increased to \$224,480 (2016 : \$53,252).

### **EXPENDITURE**

The result for the year was impacted by the cost of the clinical trial which was undertaken to assess the gastrointestinal health effects and benefits of our proprietary *Lactococcus fermentum* VRI-003 (PCC®) which will be completed later this calendar year. The study is designed to confirm that PCC® is likely to exert its potent effect on the immune system via effects on the bacterial microbiome composition of the gastrointestinal tract, with positive effects on general wellbeing and weight loss.

Costs also increased over the prior year relating to the positioning the Company's TGA registered products for retail sale and transaction and share based costs attributable to the business acquisition outlined below.

The Group has impaired its \$325,000 investment in Mariposa Health Inc. in full in this financial year, as there are no clear indicators as to its carrying value. This amount was previously recorded with the \$929,607 profit on sale of Hunter Immunology Limited in 2014. There is no cash impact to this impairment and in the event that the investment is ultimately disposed of for a consideration, this will be recorded at that time.

### **BALANCE SHEET**

The net assets of the group grew to \$4,130,722 as at 30 June 2016 (2016: \$1,551,255).

The Group undertook a successful capital raising and a rights issue during the year which raised \$2,902,948.

### **CASHFLOW**

The Group reported an operating cash outflow for the year of \$424,048 (2016: inflow \$392,595), attributable to clinical trial costs, increased marketing costs and start up costs in the entities acquired.

Following the successful capital raising outlined above the Company is well funded to implement its business plan of establishing a direct sales presence in Asia. Cash at the end of the year was approximately \$3.9 million.



**Bioxyne Limited**  
**Statement of Profit or Loss and**  
**Other Comprehensive Income**  
**For the year ended 30 June 2017**

		<b>Consolidated</b>	
		<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
	Notes		
<b>Revenue from continuing operations</b>			
Sale of goods		1,786,677	1,924,454
Other income	3	268,124	100,881
<b>Cost of goods sold</b>		<b>(806,931)</b>	<b>(858,526)</b>
<b>Expenses</b>			
Research, development and clinical trial		(483,081)	(123,120)
Business development		(90,985)	(73,702)
Marketing		(130,914)	(58,000)
Professional fees		(248,161)	(279,803)
Compliance costs		(135,550)	(79,946)
Legal fees		(15,737)	(38,455)
Non-executive director fees		(125,033)	(170,650)
General and administration		(358,890)	(116,708)
Finance costs		-	(2,579)
Impairment of investment		(325,000)	-
Share based payments		(100,271)	-
(Loss)/Profit before income tax		<b>(765,752)</b>	<b>223,846</b>
Income tax		-	-
Other comprehensive income for the year		-	-
Total comprehensive (loss)/profit for the year		<b>(765,752)</b>	<b>223,846</b>
(Loss)/Profit is attributable to:			
<b>Members of Bioxyne Limited</b>		<b>(765,752)</b>	<b>223,846</b>
<b>Earnings per share</b>			
<i>From continuing operations</i>		<b>Cents</b>	<b>Cents</b>
- Basic (loss)/earnings per share		(0.33)	0.1
- Diluted (loss)/earnings per share		(0.33)	0.1

*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 30 June 2017**

		<b>Consolidated</b>	
		<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
	Notes		
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	3,875,864	1,353,604
Current tax receivables	5	258,370	71,183
Trade and other receivables	6	278,440	259,871
Inventories	7	101,349	-
<b>Total Current Assets</b>		<b>4,514,023</b>	<b>1,684,658</b>
<b>Non-Current Assets</b>			
Intangible assets	8	223,396	-
Plant and equipment	9	2,920	-
Other financial assets	10	-	325,000
<b>Total Non-Current Assets</b>		<b>226,316</b>	<b>325,000</b>
<b>Total Assets</b>		<b>4,740,340</b>	<b>2,009,658</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	597,617	458,403
Provisions	12	12,000	-
<b>Total Current Liabilities</b>		<b>609,617</b>	<b>458,403</b>
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>609,617</b>	<b>458,403</b>
<b>Net Assets</b>		<b>4,130,722</b>	<b>1,551,255</b>
<b>EQUITY</b>			
Contributed equity	13	60,815,996	57,478,121
Reserves	14	10,618	3,274
Accumulated losses	14	(56,695,892)	(55,930,140)
<b>Equity</b>		<b>4,130,722</b>	<b>1,551,255</b>

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



**Bioxyne Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2017**

Consolidated

	Contributed equity \$	Accumulated Losses \$	Reserves \$	Total \$
<b>2017</b>				
At 30 June 2016	57,478,121	(55,930,140)	3,274	1,551,255
Total comprehensive income for the year	-	(765,752)	-	(765,752)
Shares issued during the year	3,516,900	-	-	3,516,900
Cost of shares issued	(186,452)	-	-	(186,452)
Option expense recognised in the year	-	-	14,771	14,771
Transfer from share based payments	7,427	-	(7,427)	-
<b>At 30 June 2017</b>	<b>60,815,996</b>	<b>(56,695,892)</b>	<b>10,618</b>	<b>4,130,722</b>
<b>2016</b>				
At 30 June 2015	57,426,940	(56,153,986)	10,712	1,283,666
Total comprehensive income for the year	-	223,846	-	223,846
Shares issued and transfer from share				
Option reserve on exercise of options	51,181	-	(7,438)	43,743
<b>At 30 June 2016</b>	<b>57,478,121</b>	<b>(55,930,140)</b>	<b>3,274</b>	<b>1,551,255</b>

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



**Bioxyne Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2017**

		<b>Consolidated</b>	
		<b>2017</b>	<b>2016</b>
	Notes	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts of other income (inclusive of goods and services tax)		1,822,439	1,918,908
Payments to suppliers and employees (inclusive of goods and services tax)		(2,307,354)	(1,568,594)
	4	<b>(484,915)</b>	<b>350,314</b>
Finance charges		-	(2,579)
Research and development tax rebate		60,356	-
Interest received		511	1,117
<b>Net cash inflow/(outflow) from operating activities</b>	20	<b>(424,048)</b>	<b>348,852</b>
<b>Cash flow from investing activities</b>			
Purchase of plant and equipment		(3,920)	-
Cash acquired on acquisition of subsidiaries		38,596	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>34,676</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		3,089,400	43,743
Cost of raising capital		(184,662)	-
<b>Net cash inflow from financing activities</b>		<b>2,904,738</b>	<b>43,743</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,515,366</b>	<b>392,595</b>
Cash and cash equivalents at the beginning of the financial year		1,353,604	958,469
Foreign exchange adjustment to cash balance		6,894	2,540
<b>Cash and cash equivalents at end of the year</b>		<b>3,875,864</b>	<b>1,353,604</b>

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



Bioxyne Limited  
Notes to the Financial Statements  
For the year ended 30 June 2017

## **1 Summary of significant accounting policies**

These financial statements and notes represent those of Bioxyne Limited (the “Company”) and its subsidiaries.

### **(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.

### **(b) 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 2017 and the results of all subsidiaries for the year then ended. Bioxyne Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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





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## **1 Summary of significant accounting policies (continued)**

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.

### **(c) Foreign currency translation**

#### *(i) Functional and presentation currency*

The functional and presentation currency of the Company is Australian dollars (A\$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Items included in the financial statements of the Company'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 Company'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 Comprehensive income.

### **(d) Revenue recognition**

#### *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.



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Notes to the Financial Statements  
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## **1 Summary of significant accounting policies (continued)**

When a receivable is impaired, the Company 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.

### **(e) 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 Company 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.

### **(f) 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.



Bioxyne Limited  
Notes to the Financial Statements  
For the year ended 30 June 2017

## **1 Summary of significant accounting policies (continued)**

### **(g) Fair Value of Assets and Liabilities**

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this

information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

### **(h) 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.

### **(i) Impairment of assets**

At the end of each reporting period the Company 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.



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## **1 Summary of significant accounting policies (continued)**

### **(j) 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.

### **(k) Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

### **(l) 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.

### **(m) Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.



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Notes to the Financial Statements  
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## **1 Summary of significant accounting policies (continued)**

### **(n) Provisions**

Provisions for legal claims, service warranties and make good obligations are recognised when the Company 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.

### **(o) 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 Company does not maintain a company superannuation plan. The Company makes fixed percentage contributions for all Australian resident employees to complying third party superannuation funds. The Company'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.

#### *(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 Comprehensive Income with a corresponding adjustment to equity.



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## **1 Summary of significant accounting policies (continued)**

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.

### **(p) 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.

### **(q) 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.

### **(r) 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.



Bioxyne Limited  
Notes to the Financial Statements  
For the year ended 30 June 2017

## **1 Summary of significant accounting policies (continued)**

### *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 2 to 20 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.

### **(s) 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.

### **(t) Trade and other receivables**

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



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## **1 Summary of significant accounting policies (continued)**

### **(u) 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.

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.

### **(v) New and amended accounting standards adopted by the Company**

At the date of authorisation of the financial statements there were no new applicable standards and interpretations which would have any impact on the current period, any prior period, or which is likely to affect future periods.





Bioxyne Limited  
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## 1 Summary of significant accounting policies (continued)

### (w) New and amended accounting standards for application in future periods

The following Standards and Interpretations listed below were on issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<p><b>AASB 9 'Financial Instruments' (December 2014)</b></p> <p>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>The directors do not anticipate that the adoption of AASB 9 will have a significant impact on the Group's financial instruments.</p>	1 January 2018	30 June 2019
<p><b>AASB 15 Revenue from Contracts with Customers</b></p> <p>AASB 15:</p> <ul style="list-style-type: none"> <li>• Replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: <ul style="list-style-type: none"> <li>○ establishes a new revenue recognition model</li> <li>○ changes the basis for deciding whether revenue is to be recognised over time or at a point in time</li> <li>○ provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)</li> <li>○ expands and improves disclosures about revenue</li> </ul> </li> </ul> <p>The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2019 includes:</p> <ul style="list-style-type: none"> <li>• Change in timing of income recognition depending on performance consideration in the Group's contracts</li> <li>• Change in income measurement for possible variable consideration in the Group's contracts</li> </ul>	1 January 2018	30 June 2019



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## 1 Summary of significant accounting policies (continued)

AASB 16 Leases	1 January 2019	30 June 2020
<p>AASB 16:</p> <ul style="list-style-type: none"> <li>• Replaces AASB 117 Leases and some lease-related Interpretations</li> <li>• requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases</li> <li>• provides new guidance on the application of the definition of lease and on sale and lease back accounting</li> <li>• largely retains the existing lessor accounting requirements in AASB 117</li> <li>• requires new and different disclosures about leases</li> </ul> <p>When this Standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements.</p>		

## 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, 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.



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### Critical accounting estimates and judgements (continued)

#### (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. 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.

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

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

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

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

	Consolidated	
	2017	2016
	\$	\$
<b>3 Other income</b>		
Research and development tax Incentive	224,480	53,252
Interest received	509	1,117
Other income – royalties and foreign exchange	43,135	46,512
	<b>268,124</b>	<b>100,881</b>



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**4 Current assets - Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	3,875,864	1,353,604
	<b>3,875,864</b>	<b>1,353,604</b>

**5 Current assets – Current tax receivables**

Research and development tax offset receivable	217,376	53,252
GST receivable	40,994	17,931
	<b>258,370</b>	<b>71,183</b>

**6 Current assets – Trade and other receivables**

Trade debtors	215,830	205,972
Accrued Income and other debtors	11,595	17,006
Prepayments	51,015	36,893
	<b>278,440</b>	<b>259,871</b>

**7 Current assets – Inventories**

Work in progress	42,105	-
Finished goods	59,244	-
	<b>101,349</b>	<b>-</b>

**8 Non-current assets – Intangible assets**

Product development costs	173,481	-
Goodwill	49,915	-
	<b>223,396</b>	<b>-</b>

There have been no sales in the current financial year of those products under development. The group estimates that product development costs have a useful life of three years and these costs will be amortised 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 2017 and will be tested annually.

	<b>Product Development Costs</b>	<b>Goodwill</b>
Opening Balance 1 July 2016	-	-
Acquired through acquisition	173,481	49,915
Additions	-	-
Balance as at 30 June 2017	<b>173,481</b>	<b>49,915</b>



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**9 Non-current assets – plant and equipment**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment, at cost	3,920	-
Less accumulated depreciation	(1,000)	-
	<b>2,920</b>	<b>-</b>

**10 Other financial assets**

**Non-current**

Available-for-sale financial assets	325,000	325,000
Less impairment	(325,000)	-
	<b>-</b>	<b>325,000</b>

**Available-for-sale financial assets**

Unlisted investments, at cost:		
- shares in other corporations	-	325,000
Total available-for-sale investments at cost	<b>-</b>	<b>325,000</b>

**11 Current liabilities - Trade and other payables**

Trade creditors	335,181	215,065
Accrued Expenses	262,436	239,026
Other payables	-	4,312
	<b>597,617</b>	<b>458,403</b>

**12 Current liabilities - Provisions**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Provision for annual leave, opening balance	-	-
Provided during the year	12,000	-
Provision for annual leave, closing balance	<b>12,000</b>	<b>-</b>



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**13 Contributed equity**

**(a) Share capital**

	<b>2017 Shares</b>	<b>2017 \$</b>	<b>2016 Shares</b>	<b>2016 \$</b>
Ordinary Shares Fully Paid	507,565,250	60,816,996	202,426,101	57,478,121

**(b) Movements in ordinary share capital**

		<b>Number of Shares</b>	<b>Issue price</b>	<b>\$</b>
Opening balance	1 July 2015	200,343,101		57,426,940
Exercise of Options	5 May 2016	2,083,000	0.021	43,743
Transfer from share option reserve	5 May 2016	-	-	7,438
<b>Balance</b>	<b>30 June 2016</b>	<b>202,426,101</b>		<b>57,478,121</b>

		<b>Number of Shares</b>	<b>Issue price</b>	<b>\$</b>
Shares issued on acquisition of business and sign on fee	19 April 2017	22,500,000	0.019	427,500
Share placement	21 April 2017	28,106,524	0.019	534,024
Shares issued on exercise of options	5 May 2017	750,000	0.0234	24,977
Rights issue	30 May 2017	253,782,625	0.01	2,537,826
Cost of capital raising		-		(186,452)
<b>Balance</b>	<b>30 June 2017</b>	<b>507,565,250</b>		<b>60,815,996</b>

**14 Reserves and accumulated losses**

	<b>Consolidated</b>	
<b>(a) Reserves</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Total reserves	<b>10,618</b>	<b>3,274</b>

Options reserve

Movements in reserve were as follows:

Balance 1 July	3,274	10,712
Options issued	14,771	-
Transfer from share option reserve on exercise of options	(7,427)	(7,438)
<b>Balance 30 June</b>	<b>10,618</b>	<b>3,274</b>



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**14 Reserves and accumulated losses (continued)**

**(b) Accumulated losses**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Movements in accumulated losses were as follows:		
Opening accumulated losses	(55,930,140)	(56,153,986)
(Loss)/Profit for the year	(765,752)	223,846
Balance 30 June	<b>(56,695,892)</b>	<b>(55,930,140)</b>

**(c) Nature and purpose of reserves**

The share option reserve comprises the cumulative value of employee services received for the issue of shares options. When the option is exercised, the related balance previously recognised in the share option reserve is transferred to share capital. When the share options expire, the related balance previously recognised in the share option reserve is transferred to accumulated losses.

**15 Business combination**

On 19 April 2017 the parent entity acquired 100% of the issued capital of Global Treasure New Zealand Limited, New Zealand Nutritional Research Institute Limited and Pan Global Treasure Malaysia Sdn Bhd.

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

Purchase consideration:

18,000,000 shares in Bioxyne Limited at a deemed price of 1.9 cents per share

\$342,000

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

	<b>Fair Value</b>
	<b>\$</b>
Cash	38,596
Inventory	55,732
Product development and research	173,481
Other debtors	24,502
Accruals	(226)
Net identifiable assets acquired	<u>292,085</u>
Add goodwill	<u>49,915</u>
Net assets acquired	<u>342,000</u>

The acquired businesses contributed no revenue and a loss of \$88,346 for the period 19 April 2017 to 30 June 2017. The businesses acquired are in start up phase.

If the acquisition had occurred on 1 July 2016 the businesses would have contributed a further \$22,474 in revenue and an additional loss of \$60,529.



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## 15 Business combination (continued)

The values identified in relation to the acquisition of the above businesses are provisional as at 30 June 2017. For a further understanding of the provisional basis, refer to the business combination accounting policy 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.

## 16 Interests in other entities

Name of Entity	Country of Incorporation	Ownership Interest 2017 %	Ownership Interest 2016 %	Principal Activities
Global Treasure New Zealand Limited	New Zealand	100	Nil	Product development
New Zealand Nutritional Research Institute Limited	New Zealand	100	Nil	Product research and development
Pan Global Treasure Malaysia Sdn Bhd	Malaysia	100	Nil	Sales
Bioxyne International Pty Ltd*	Australia	100	Nil	Intermediate holding company
Bioxyne International (NZ) Limited**	New Zealand	100	Nil	Sales

\*Incorporated on 8 May 2017 \*\* Incorporated on 17 May 2017

## 17 Remuneration of auditors

### Audit services

	Consolidated	
	2017	2016
	\$	\$
Audit of financial reports – RSM Australia Partners	45,000	42,750
Total remuneration for audit services	<b>45,000</b>	<b>42,750</b>

## 18 Commitments

### Capital commitments

As at 30 June 2017, the Company has no capital commitments (2016: \$nil).





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## 19 Events occurring after the balance sheet date

The Company has received advice from a third party alleging misuse of its confidential information in our direct sales marketing plan. The Directors are of the view that the allegations are unfounded and they were vigorously rejected. Correspondence is ongoing.

Other than as outlined above no matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

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

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

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(Loss)/profit for the year</b>	(765,752)	223,846
Non-cash employee benefits expense - share based payments	100,271	-
Depreciation	1,000	-
Impairment of investment	325,000	-
Other non cash items	68,853	-
Unrealised foreign exchange loss/(gain)	2,470	(2,540)
<i>Change in operating assets and liabilities</i>		
Increase in trade and other receivables	(205,343)	(104,156)
Increase in inventory	(101,349)	1,082
Increase in trade and other payables	150,802	230,620
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(424,048)</b>	<b>348,852</b>

## 21 Earnings per share

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Basic Loss/(Earnings) per share (cents per share)	(0.0033)	0.001
Diluted Loss/(Earnings) per share (cents per share)*	(0.0033)	0.001
<b>Weighted average number of shares</b>		
Basic earnings per share calculation	234,154,971	200,661,881
Diluted earnings per share calculation*	234,154,971	200,741,551
<b>(Loss)/profit for the period used in earnings per share</b>		
From continuing operations	(765,752)	223,846

\*2017 – weighted average number of options outstanding not included in diluted EPS calculation as the options are anti-dilutive in nature  
(2016 - Includes 917,000 options deemed to be issued for no consideration in respect of employee options)



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## **22 Economic dependency**

The Group currently has only one major customer in the US, which accounts for majority of the Group's external sales.

## **23 Company details**

*Corporate Head Office and Principal Place of Business*

Suite 506, Level 5  
50 Clarence Street  
Sydney NSW 2000