BIOXYNE LIMITED

ABN 97 084 464 193

Financial Report
for the Year Ended 30 June 2017

Bioxyne Limited
2017 Financial Report

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Chairman's Letter

Dear fellow shareholder,

On behalf of the directors of Bioxyne Limited and its subsidiary companies (the "Group"), I am pleased to report on the activities of the Group for the year ended 30 June 2017.

This has been a transformational and transitional year for the Group on several fronts. During the year, the Group has focused primarily on building the foundations of its sales and marketing business, through developing products for the Australian and Chinese markets based on its patented probiotic strain, *Lactobacillus fermentum* VRI-003 (PCC®), and on the addition of a new arm of the business – direct sales of health and wellbeing products primarily sourced from New Zealand. This latter activity resulted in the appointment in June 2017 of a CEO and Managing Director, Mr N. H. Chua, and an Executive Director, Mr Max Parkin, to lead the Group's activities in this area. Both executives bring a wealth of experience in developing and selling health foods and dietary supplements in the direct marketing channel in Asia and Australia and New Zealand.

Sales revenues, which, as in previous years, were primarily attributable to sales of our proprietary probiotic to NuSkin, were down 7.16% on the prior year. This was largely due to a strengthening in the Australia dollar during the year.

Australian retail sales were not significant following a decision to expand and repackage the Group's range of TGA listed over-the-counter products. These consist of Progastrim®, proTract® for atopic dermatitis (eczema), and a new product, Progastrim® + Vitamin C, which were relaunched in early August 2017. The products are available in some pharmacy outlets and online at www.bioxyne.com. The Group was pleased that the Therapeutic Goods Association (TGA) reviewed the strong claims for proTract® in relieving moderate to severe symptoms of atopic dermatitis (eczema) in infants and confirmed that the claims were supported by clinical evidence and was compliant with the TGA listing guidelines.

Sales of these products into China via QBID were delayed by the repackaging decision, but pleasingly first re-orders have been received recently.

The profit result for the year was impacted by activities designed to support current and new sales and marketing activities. To further highlight the health effects of PCC® in healthy adults, the Group is undertaking an exciting world first clinical trial. The study is designed to confirm that PCC® exerts its potent effects on the body's gut and immune system via modulating the bacterial composition of the microbiome in the gastrointestinal tract. It also examines the effect of PCC® on a range of associated health benefits including gastrointestinal function, weight loss and general wellbeing. The trial will be completed later this calendar year.

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.

Additional expenditure over the prior year occurred due to positioning the Group's TGA listed products for retail sale and costs attributable to the strategic acquisition of a New Zealand-based natural product development and sales business. The business will market Bioxyne's existing and new products in Asia by establishing direct sales and marketing teams in the region.

The Group is in the process of building the infrastructure to support this business in Asia, which is expected to commence operations in the fourth quarter of this calendar year. The Group has a number of products under development for the direct sales channel which will be announced once appropriate approvals and registrations are in place.

The Group is well funded to implement its business plan after raising approximately $3 million in a placement and rights issue in April/May 2017. Cash at the end of the year was approximately $3.9 million.

On behalf of the Board I thank shareholders for their ongoing support as we look forward to developing and expanding the business in Asia-Pacific in the year ahead.

Yours sincerely,

Anthony Ho
Non-executive Chairman
25 September 2017

Directors' Report

Your directors present their report on Bioxyne Limited (ASX: BXN) for the year ended 30 June 2017.

Directors

The following persons were directors of Bioxyne Limited during the financial year and up to the date of this report:

Anthony Ho	Non-Executive Chairman
N H Chua	Managing Director, Chief Executive Officer (appointed 13 June 2017)
Patrick Douglas Ford	Non-executive Director
Peter French	Scientific Director
Maxwell Parkin	Executive Director (appointed 13 June 2017)
George Xavier Cameron-Dow	Non-executive Director (resigned 18 November 2016)

Information on Directors as at Report Date

Anthony Ho, B. Com., CA, FAICD, FCIS, FGIA (Non-Executive Chairman)

Mr Ho was appointed on 30 October 2012.

Mr Ho is an experienced company director and has extensive corporate and financial management experience, having held Finance Director/CFO roles with a number of ASX listed companies in the wholesale & distribution; and retail sectors. Mr. Ho also chairs audit committees in a number of ASX listed companies.

Mr Ho holds a Bachelor of Commerce degree from the University of New South Wales, is a Fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants of Australia and New Zealand and holds a post graduate diploma in Marketing studies from the University of Technology, Sydney.

Mr Ho is currently the non-executive chairman of Greenland Minerals & Energy Limited (ASX: GGG) and a non-executive director of Hastings Technology Metals Ltd (ASX: HAS).

Mr Ho was previously a non-executive Director of Apollo Minerals Limited (ASX: AON) where he also chaired the audit committee, from July 2009 to March 2016, and non-executive chairman of Esperance Minerals Ltd from September 2015 to March 2016.

N H Chua (Managing Director, Chief Executive Officer) BA Economics and Commerce

Mr Chua was appointed on 13 June 2017.

Mr Chua was Vice President of Asia Pacific for New Image Limited (previously listed on NZX), a position he held successfully for over 10 years. Mr Chua commenced his direct sales career in 1985 when he successfully launched First Image Sdn Bhd in Malaysia which later became a successful retailing company selling the Total Image brand of Health Care Products. In 1989, he set up a new network marketing company, Abric Image Sdn Bhd. This company was subsequently acquired by New Image Limited prior to it being listed on the NZX.

Mr Chua holds a Batchelor of Arts degree (majoring in economics and commerce) from the University of Toronto, Canada.

Mr Chua is fluent in Malay, Indonesian, Mandarin and several other dialects of Chinese.

Directors' Report (Continued)

Patrick Ford, B. Comm. (Non-Executive Director)

Mr Ford was appointed on 17 May 2005.

Mr Ford is the chairman of the Audit Committee.

Mr Ford is a Sydney based stockbroker and Director, Equities of Veritas Securities Limited. He has extensive experience in capital raising and advisory services to the Australian Biotechnology sector. He holds a Bachelor of Commerce degree from University of Canberra.

Mr Ford is currently Non-Executive Chairman of Bora Bora Resources Limited (ASX: BBR).

Peter French, BSc, MSc, PhD, MBA, FRSM (Scientific Director)

Dr French was appointed on 15 February 2016.

Dr French is a cell and molecular biologist who has been involved in the corporate biotechnology industry since 1998, when he founded stem cell storage company Cryosite Limited. From 2002 to 2006 he served as Managing Director of Probiomics Limited (a predecessor of Bioxyne) where he led the launch of six probiotic products based on the Company's *Lactobacillus fermentum PCC* strain in pharmacies in Australia and Singapore, as well as setting up a number of clinical studies on PCC®.

Dr French is Chairman of WeTouch Technology Limited.

Until December 2015, Dr French was the Managing Director of Benitec Biopharma Limited (ASX.BLT).

Maxwell Parkin

Mr Parkin was appointed a Director on 13 June 2017.

Mr Parkin has over 35 years' experience of dairy management and consulting experience in New Zealand, Australia, China and South East Asia Pacific, the Americas, Africa and the Middle East.

Mr Parkin's former dairy industry roles included Group General Manager, Manufacturing, Fonterra; Director International Manufacturing, Fonterra and CEO of Southland Dairy Cooperative Company Limited. He also served on the Board of the NZ Dairy Research Institute.

Mr Parkin was a former non-executive director of the then listed New Image Limited, prior to that company being privatised, and is currently a director of Miraka Limited and Chairman of Combined Technologies Limited.

Company Secretary

Mr Guy Robertson (appointed 1 September 2016)
Mr Jarrod White (resigned 1 September 2016)

Guy Robertson, B. Com (Hons), CA

Mr Robertson was appointed as Company Secretary and Chief Financial Officer on 1 September 2016.

Mr Robertson has held a number of senior roles within the Jardine Matheson group of companies in Australia and Hong Kong including General Manager of Finance for Franklins Supermarkets in Australia, Chief Operating Officer and Chief Financial Officer for Colliers Jardine Asia Pacific based in Hong Kong and Chief Financial Officer and Managing Director for Jardine Lloyd Thompson.

Directors' Report (Continued)

Mr Robertson has significant experience as a Company Secretary and Director of ASX listed companies. He is currently a director of Hastings Technology Metals Ltd (ASX:HAS), Draig Resources Limited (ASX:DRG) and Metal Bank Limited (ASX:MBK).

Principal Activities and Strategy

The Group's core activity is the development of, manufacture, marketing and distribution of consumer dietary supplements based on the proprietary probiotic strain of *Lactobacillus Fermentum PCC*. The Group has a global distribution agreement with Denmark's Chr Hansen to manufacture, market, supply and distribute its proprietary probiotic strain for over the counter dietary supplement products.

Following an acquisition in April 2017, the Group will expand its business to direct sale of nutritional supplements and beauty products in Asia.

Dividends

No dividends were paid to members during the financial year (2016: $Nil).

Review of Operations

Ongoing Activities

The Group continued to export probiotics into the global markets in FY 2017.

The Group repackaged the Company's TGA registered over-the-counter products Progastrim® and proTract®, and its new product Progastrim® + Vitamin C, during the year and had begun selling (albeit limited sales) online and through retail channels.

Incremental expenditures over the previous year included:

- Costs relating to the clinical trial to examine the effect of PCC® on the composition of the gut microbiome and improve gut health in healthy adult human volunteers. Related Research & Development expenditure of $483,081 was incurred;
- Preparing for the launch of three PCC®-based products – Progastrim® and proTract® for Atopic Dermatitis (eczema), and Progastrim® + Vitamin C – including listing on the Australian Register of Therapeutic Goods, and marketing costs;
- Costs associated with the direct sales business in the Companies acquired in New Zealand and Malaysia (see note 16), and a share based non cash sign-on fee for the Chief Executive Officer.
- Once off impairment provision of $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.

Directors' Report (Continued)

Operating Results

The net loss after tax for the year was $765,752 (2016: profit $223,846), with lower sales, a clinical trial, product repositioning costs and the transaction costs of the acquisition of the New Zealand and Malaysian businesses impacting on the result. In addition, the Group has impaired its investment in Mariposa Health Inc. in the amount of $325,000.

Lower revenues in 2017 of $1,786,677 (2016: $1,924,454) were attributable to lower sales by its overseas distributor and a strengthening Australian dollar. The gross margin percentage was maintained year on year.

Expenses for the year were $2,013,622 (2016: $942,963) with the increase attributable to research and development costs, increased marketing costs and transaction costs associated with the new business acquisition, and an impairment of the investment in Mariposa in the amount of $325,000.

Shareholder equity increased to $4,130,722 (2016: $1,551,255) following a successful capital raising through a placement, rights issue and exercise of options, in the amount of $2,902,948 and the result for the year.

Significant Changes in the State of Affairs

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.

The consideration of $342,000 was settled through the issue of 18,000,000 Shares at 1.9 cents per share.

Matters Subsequent to Balance Date

The Group has received advice from a third party alleging misuse of its confidential information in our direct sales marketing plan. The allegations were vigorously rejected and discussions are ongoing.

On 4 August 2017, the Group issued 40,000,000 performance rights (Rights) to the Chief Executive Officer as approved by shareholders at a meeting held on 3 August 2017. The Rights have a term ending on 30 June 2020 and, subject to achievement of performance-based vesting conditions, entitle the holder to receive ordinary shares in the Company that are subject to restrictions on disposal. The rights have been valued by an external valuer, in a total amount of approximately $250,000, which will be charged to profit and loss over the three years to 30 June 2020.

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

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

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this financial statements because the directors believe it could potentially result in unreasonable prejudice to the Group.

Environmental regulation

The Group's operations are not subject to any significant environmental regulation under either Commonwealth or State legislation. The Board considers that adequate systems are in place to manage the Company's obligations and is not aware of any breach of environmental requirements as they relate to the Company.

Directors' Report (Continued)

Indemnification and Insurance of Officers

During the financial year the Company paid premiums in respect of a contract insuring Directors, Chief Financial Officers and Company Secretary of Bioxyne and Executive Officers against a liability incurred to the extent permitted by the Corporations Act, 2001. Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the insurance contract.

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

Shares Under Option

Unissued shares of Bioxyne Limited under option at the date of this report are as follows:

Grant Date	Expiry Date	Exercise Price	Number Under Option
10 December 2014	10 December 2017	$0.021	400,000
2 February 2017	24 November 2019	$0.0234	1,250,000
23 December 2016	24 November 2019	$0.0234	2,750,000
4 August 2017	24 November 2019	$0.0234	2,000,000
30 May 2017 and 4 August 2017	15 December 2017	$0.01	125,793,549

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares Issued on the Exercise of Options

The following ordinary shares of Bioxyne Limited were issued during the year ended 30 June 2017 and up to the date of this report on the exercise of options granted:

Date Granted	Exercise Price	Number of shares issued
During the year		
2 February 2017	$0.0234	750,000
Subsequent to year end		
30 May 2017	$0.01	4,447,787

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Directors' Report (Continued)

Audit and non-audit services

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2017 $	2016 $
RSM Australia Partners		
Audit of financial reports	45,000	42,750
Other services	-	-
Total remuneration for audit and other services	45,000	42,750

Meetings of directors

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2017, and the numbers of meetings attended by each director were:

	A	B
Full Meetings of Directors		
Mr Anthony Ho	10	10
Mr N H Chua	1	1
Mr Patrick Ford	10	10
Dr Peter French	10	10
Mr Maxwell Parkin	1	1
Mr George Cameron-Dow	4	4

A = Number of meetings attended
B = Number of meetings held during the time the director held office during the year

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

Remuneration report

This report outlines the remuneration arrangements in place for directors and executives of the Group.

Remuneration philosophy

The performance of the Group depends upon the quality of its directors and executives, and the ability of the Group to attract, motivate and retain highly skilled directors and executives.

Remuneration committee

The Remuneration Committee of Directors is responsible for determining and reviewing compensation arrangements for the directors, the chief operating officer and the executive team. The Remuneration

Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Salaries are reviewed periodically by the Committee but there is no specific link to Company performance as the Group has, until recently, been engaged mainly in research and development and linking remuneration to R&D outcomes would be inappropriate. In future, remuneration will be linked to the success in widening distribution of probiotic.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Performance evaluation of Board Members and Senior Executives

A formal evaluation for those executives, who have been with the Group for the year under review was undertaken.

The Chairman reviews the performance of the directors on an annual basis and in turn asks for feedback on his performance.

Non-executive director remuneration

<u>Objective</u>
The Board of Directors recognises that the success of the Group will depend on the quality of its directors and its senior management. For this reason, the Remuneration Committee reviews the remuneration arrangements for all senior employees to ensure that it attracts and keeps motivated, highly skilled and appropriately qualified directors and executives.

<u>Structure</u>
Bioxyne's Constitution and the ASX listing rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting of shareholders. An amount not exceeding the amount determined by shareholders in general meeting is then available to be split between the Directors as agreed between them. The latest determination was at the Annual General Meeting held on 28th November 2003 when shareholders approved an aggregate remuneration amount of up to $250,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned between directors is reviewed annually. The Board takes into account the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The remuneration of non-executive directors for the period ending 30 June 2017 is detailed in Table 3 of this report.

Senior manager and executive director remuneration
<u>Objective</u>
The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to ensure total remuneration is competitive by market standards.

<u>Structure</u>
In determining the level and make-up of executive remuneration, the Remuneration Committee reviews market conditions and the circumstances of the Group to ensure that the remuneration offered is sufficient to attract executives of the highest calibre.

Directors' Report (Continued)

The Group has not tabled figures for earnings and shareholders' funds for the last five years as, being a company in the development phase, these historical figures have little relevance in determining current remuneration structure. Board Directors are remunerated in accordance with comparative small ASX listed companies.

Table 1 - Option holdings of key management personnel

30 June 2017

Directors	Opening balance	Other movements	Remuneration	Balance 30/06/2017	Exercisable
A Ho	-	5,045,000	1,500,000	6,545,000	6,545,000
NH Chua	-	32,024,671	-	32,024,671	32,024,671
P Ford	-	4,575,000	1,250,000	5,825,000	5,825,000
P French	-	-	-	-	-
M Parkin	-	2,250,000	-	2,250,000	2,250,000
G Cameron-Dow	-	-	-	-	-
Total	**-**	**43,894,671**	**2,750,000**	**46,644,671**	**46,644,671**

30 June 2016

Directors	Opening balance	Options exercised	Other Movements	Balance 30/06/2016	Exercisable
A Ho	1,000,000	(1,000,000)	-	-	-
P Ford	900,000	(900,000)	-	-	-
G Cameron-Dow	550,000	(183,000)	(367,000)	-	-
P French	-	-	-	-	-
Total	**2,450,000**	**(2,083,000)**	**(367,000)**	**-**	**-**

Table 2 - Shareholdings of key management personnel

30 June 2017

Directors	Opening balance	Purchased	Net other change	Balance 30/06/2017
A Ho	10,090,000	10,090,000	-	20,180,000
NH Chua	-	72,049,342	4,500,000	76,549,342
P Ford	9,150,000	9,150,000	-	18,300,000
P French	-	405,210	-	405,210
M Parkin	-	9,000,000	-	9,000,000
G Cameron Dow	183,000	-	(183,000)	-
Total	**19,423,000**	**100,694,552**	**4,317,000**	**124,434,552**

30 June 2016

Directors	Opening balance	Options Exercised	Net other change	Balance 30/06/2016
A Ho	8,590,000	1,000,000	500,000	10,090,000
P Ford	8,000,000	900,000	250,000	9,150,000
G Cameron-Dow	-	183,000	-	183,000
P French	-	-	-	-
Total	**16,590,000**	**2,083,000**	**750,000**	**19,423,000**

Bioxyne

Directors' Report (Continued)

Table 3 – Directors and key management personnel remuneration for the year ended 30 June 2017

2017	Cash salary and fees	Other fees	Post-employment benefits	Share based payments	Total
Name	**$**	**$**	**$**	**$**	**$**
Directors					
A Ho	65,700	15,000	-	3,013	83,713
NH Chua	20,000	-	-	85,500	105,500
P Ford	40,000	15,000	3,800	2,511	61,311
P French	110,000	-	10,450	-	120,450
M Parkin	3,333	-	-	-	3,333
G Cameron-Dow	15,000	-	1,520	-	16,520
Total	**254,033**	**30,000**	**15,770**	**91,024**	**390,827**

2016	Cash salary and fees	Other fees	Post-employment benefits	Share based payments	Total
Name	**$**	**$**	**$**	**$**	**$**
Directors					
A Ho	65,700	15,000	-	-	80,700
P Ford	40,950	15,000	2,850	-	58,800
G Cameron-Dow	40,000	15,000	3,800	-	58,800
P French	45,000	-	4,275	-	49,275
Total	**191,650**	**45,000**	**10,925**	**-**	**247,575**

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

Anthony Ho
Non-Executive Chairman
25 September 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Bioxyne Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

W E Beauman
Partner

Sydney, NSW
Dated: 25 September 2017

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

	Notes	2017 $	2016 $
Revenue from continuing operations			
Sale of goods		1,786,677	1,924,454
Other income	3	268,124	100,881
Cost of goods sold		(806,931)	(858,526)
Expenses			
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		**(765,752)**	**223,846**
Income tax	4	**-**	**-**
Other comprehensive income for the year		**-**	**-**
Total comprehensive (loss)/profit for the year		**(765,752)**	**223,846**
(Loss)/Profit is attributable to:			
Members of Bioxyne Limited		**(765,752)**	**223,846**
Earnings per share			
From continuing operations		**Cents**	**Cents**
- Basic (loss)/earnings per share	24	(0.33)	0.1
- Diluted (loss)/earnings per share	24	(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 and controlled entities
Consolidated Statement of Financial Position
As at 30 June 2017

	Notes	2017 $	2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,875,864	1,353,604
Current tax receivables	6	258,370	71,183
Trade and other receivables	7	278,440	259,871
Inventories	8	101,349	-
Total Current Assets		**4,514,023**	**1,684,658**
Non-Current Assets			
Intangible assets	9	223,396	-
Plant and equipment	10	2,920	-
Other financial assets	11	-	325,000
Total Non-Current Assets		**226,316**	325,000
Total Assets		**4,740,339**	**2,009,658**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	597,617	458,403
Provisions	13	12,000	-
Total Current Liabilities		**609,617**	**458,403**
Total Non-Current Liabilities		**-**	**-**
Total Liabilities		**609,617**	**458,403**
Net Assets		**4,130,722**	**1,551,255**
EQUITY			
Contributed equity	14	60,815,996	57,478,121
Reserves	15	10,618	3,274
Accumulated losses	15	(56,695,892)	(55,930,140)
Equity		**4,130,722**	**1,551,255**

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

Bioxyne Limited and controlled entities
Consolidated Statement of Changes in Equity
For the year ended 30 June 2017

	Notes	Contributed Equity $	Accumulated Losses $	Reserves $	Total $
2017					
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)	-
At 30 June 2017		**60,815,996**	**(56,695,892)**	**10,618**	**4,130,722**
2016					
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
At 30 June 2016		**57,478,121**	**(55,930,140)**	**3,274**	**1,551,255**

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

Bioxyne Limited and controlled entities
Consolidated Statement of Cash Flows
For the year ended 30 June 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
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)
		(484,915)	**350,314**
Finance charges		-	(2,579)
Research and development tax rebate		60,356	-
Interest received		511	1,117
Net cash inflow/(outflow) from operating activities	21	**(424,048)**	**348,852**
Cash flow from investing activities			
Purchase of plant and equipment		(3,920)	-
Cash acquired on acquisition of subsidiaries		38,596	-
Net cash inflow from investing activities		34,676	-
Cash flows from financing activities			
Proceeds from the issue of shares		3,089,400	43,743
Cost of raising capital		(184,662)	-
Net cash inflow from financing activities		**2,904,738**	**43,743**
Net increase in cash and cash equivalents		2,515,366	392,595
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
Cash and cash equivalents at end of the year	5	**3,875,864**	**1,353,604**

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

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

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 Group 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 Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of 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.

1 Summary of significant accounting policies (continued)

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Research and Development Tax Incentive

Research and Development Tax Incentive claims are recognised as other income in the period to which the incentive claims relate.

(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 Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate.

(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.

1 Summary of significant accounting policies (continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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 Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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 Group prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

1 Summary of significant accounting policies (continued)

(n) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

(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 Group does not maintain a company superannuation plan. The Group makes fixed percentage contributions for all Australian resident employees to complying third party superannuation funds. The Group's legal or constructive obligation is limited to these contributions.

Contributions to complying third party superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(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.

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.

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.

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 and controlled entities
Notes to the Financial Statements
For the year ended 30 June 2017

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
AASB 9 'Financial Instruments' (December 2014) 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. The directors do not anticipate that the adoption of AASB 9 will have a significant impact on the Group's financial instruments.	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers AASB 15: • Replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: o establishes a new revenue recognition model o changes the basis for deciding whether revenue is to be recognised over time or at a point in time o provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) o expands and improves disclosures about revenue 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: • Change in timing of income recognition depending on performance consideration in the Group's contracts	1 January 2018	30 June 2019

1 Summary of significant accounting policies (continued)

• Change in income measurement for possible variable consideration in the Group's contracts		
AASB 16 Leases AASB 16: • Replaces AASB 117 Leases and some lease-related Interpretations • requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases • provides new guidance on the application of the definition of lease and on sale and lease back accounting • largely retains the existing lessor accounting requirements in AASB 117 • requires new and different disclosures about leases 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.	1 January 2019	30 June 2020

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15. Refer to the section on AASB 15 above.	1 January 2017	30 June 2018
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9. Refer to the section on AASB 9 above.	1 January 2018	30 June 2019

AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 AASB 2015-8 amends the mandatory application date of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. It also defers the consequential amendments that were originally set out in AASB 2014-	1 January 2017	30 June 2018

1 Summary of significant accounting policies (continued)

5 Amendments to Australian Accounting Standards arising from AASB 15. When this Standard is first adopted for the year ending 30 June 2017, there will be no impact on the financial statements.		

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.	1 January 2017	30 June 2018
Clarifications to IFRS 15 Revenue from Contracts with Customers The amendments clarify the application of IFRS 15 in three (3) specific areas to reduce the extent of diversity in practice that might otherwise result from differing views on how to implement the requirements of the new standard. They will help companies: 1 Identify performance obligations (by clarifying how to apply the concept of 'distinct'); 2 Determine whether a company is a principal or an agent in a transaction (by clarifying how to apply the control principle); 3 Determine whether a licence transfers to a customer at a point in time or over time (by clarifying when a company's activities significantly affect the intellectual property to which the customer has rights). The amendments also create two (2) additional practical expedients available for use when implementing IFRS 15: 1 For contracts that have been modified before the beginning of the earliest period presented, the amendments allow companies to use hindsight when identifying the performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations. 2 Companies applying the full retrospective method are permitted to ignore contracts already complete at the beginning of the earliest period presented. The AASB is expected to publish the equivalent Australian amendments in quarter 2 of 2016. When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.	1 January 2018	30 June 2019

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(u), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

(ii) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(iii) Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1(s). 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.

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

Critical accounting estimates and judgements (continued)

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

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

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

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

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

4 Income tax

(a) Income tax

Deferred tax	-	-
	-	-

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

(Loss)/Profit from continuing operations before income tax expense	(765,752)	223,846
Tax (benefit)/expense at the Australian tax rate of 30% (2016 - 30%)	**(229,725)**	**67,154**
Tax effect of amounts which are deductible/not taxable in calculating taxable income	(13,700)	(16,365)
Utilisation of prior year tax losses	-	(50,789)
Carried forward tax benefit not recognised	243,425	-
Total income tax expense	-	-

4 Income tax (continued)

	2017 $	2016 $
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	27,901,788	26,324,227
Potential tax benefit @ 30%	**8,370,536**	**7,897,268**

5 Current assets - Cash and cash equivalents

Cash at bank and in hand	3,875,864	1,353,604
	3,875,864	**1,353,604**

6 Current assets – Current tax receivables

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

7 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
	278,440	**259,871**

8 Current assets – Inventories

Work in progress	42,105	-
Finished goods	59,244	-
	101,349	**-**

9 Non-current assets – Intangible assets

Product development costs	173,481	-
Goodwill	49,915	-
	223,396	**-**

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 over this period.

9 Non-current assets – Intangible assets (continued)

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.

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

10 Non-current assets – plant and equipment

	2017 $	2016 $
Plant and equipment, at cost	3,920	-
Less accumulated depreciation	(1,000)	-
	2,920	**-**

11 Other financial assets

Non-current		
Available-for-sale financial assets	325,000	325,000
Less impairment	(325,000)	-
	-	**325,000**
Available-for-sale financial assets		
Unlisted investments, at cost:		
- shares in other corporations	-	325,000
Total available-for-sale investments at cost	-	325,000

12 Current liabilities - Trade and other payables

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

13 Current liabilities - Provisions

	2017 $	2016 $
Provision for annual leave, opening balance	-	-
Provided during the year	12,000	-
Provision for annual leave, closing balance	**12,000**	**-**

14 Contributed equity

(a) Share capital

	2017 Shares	2017 $	2016 Shares	2016 $
Ordinary Shares Fully Paid	507,565,250	60,815,996	202,426,101	57,478,121

(b) Movements in ordinary share capital

		Number of Shares	Issue price	$
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
Balance	**30 June 2016**	**202,426,101**		**57,478,121**

		Number of Shares	Issue price	$
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	28,106,525	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)
Balance	**30 June 2017**	**507,565,250**		**60,815,996**

(c) Ordinary shares

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

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

14 Contributed equity (continued)

(d) Options

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

Details	No of options	Issue date	Date of expiry	Conversion price ($)
Options issued under employee share option plan	917,000	10/12/2014	10/12/2017	0.021
Director options	4,750,000	23/12/16 & 4/8/17	24/11/19	0.0234
Employee options	1,250,000	2/2/17	24/11/2019	0.0234
Rights issue options*	126,891,336	30/5/17	15/12/17	0.01
Options issued to underwriter	4,000,000	4/8/17	15/12/17	0.01
Total	**137,808,336**			

*126,891,336 options were issued to subscribers under the rights issue on the basis of one option for every two new shares subscribed.

Options	**2017 No.**	**2016 No.**
Balance at beginning of year	917,000	3,000,000
Granted during the year	137,641,336	-
Expired during the year	-	-
Exercised during the year	(750,000)	(2,083,000)
Balance at end of year	**137,808,336**	**917,000**

(e) Capital risk management

The Company's objectives when managing capital are to safeguard the ability of the Company to continue as a going concern.

15 Reserves and accumulated losses

(a) Reserves	**2017 $**	**2016 $**
Total reserves	**10,618**	**3,274**

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)
Balance 30 June	**10,618**	**3,274**

15 Reserves and accumulated losses (continued)

(b) Accumulated losses

	2017 $	2016 $
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	**(56,695,892)**	**(55,930,140)**

(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.

16 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:

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

The acquired businesses contributed no revenue and a loss of $90,153 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 $38,673.

16 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.

17 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

18 Remuneration of auditors

Audit services

	2017 $	2016 $
Audit of financial reports – RSM Australia Partners	45,000	42,750
Total remuneration for audit services	**45,000**	**42,750**

19 Commitments

Capital commitments

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

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

20 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 allegations were vigorously rejected and discussions are ongoing.

On 4 August 2017, the Group issued 40,000,000 performance rights (Rights) to the Chief Executive Officer as approved by shareholders at a meeting held on 3 August 2017. The Rights have a term ending on 30 June 2020 and, subject to achievement of performance-based vesting conditions, entitle the holder to receive ordinary shares in the Company that are subject to restrictions on disposal. The rights have been valued by an external valuer, in a total amount of approximately $250,000, which will be charged to profit and loss over the three years to 30 June 2020.

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.

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

	2017	2016
	$	$
(Loss)/profit for the year	(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)
Change in operating assets and liabilities		
Increase in trade and other receivables	(205,756)	(104,156)
(Increase)/decrease in inventory	(101,349)	1,082
Increase in trade and other payables	151,215	230,620
Net cash (outflow)/inflow from operating activities	**(424,048)**	**348,852**

22 Segment information

Bioxyne Limited (ASX:BXN) is an Australian life sciences and health products company with a focus on immune health and immunotherapeutic products.

Through the recent acquisition in New Zealand, now trading as Bioxyne International, we are further developing a range of existing functional foods and beauty products containing ingredients sourced exclusively from New Zealand, for the direct sales channel. Funds were transferred to Malaysia in June 2017 to set up the infrastructure to support the direct sales business in Asia.

22 Segment information (continued)

Bioxyne's focus is currently on the Company's probiotic business and proprietary product Lactobacillus fermentum PCC® which is supported by a manufacturing and distribution agreement with Chr. Hansen (Denmark) a global leader in the manufacturing of natural food additives and supplements products for the food, health, pharmaceutical and agriculture industries.

During the two years ended 30 June 2017, Bioxyne operated in the bio-technology industry in Australia with sales being made internationally. The principal operations are to research, develop, market and distribute over the counter dietary supplement products and beauty products.

The following table presents revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 30 June 2017 and 30 June 2016.

Segment revenues and results	Segment revenue		Segment profit	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Probiotics	1,829,812	1,970,966	1,022,881	1,112,440
Research and development rebate	224,480	53,252	224,480	53,252
Other	509	1,117	509	1,117
Total for continuing operations	2,054,801	2,025,335	1,247,870	1,166,809
Central administration costs			(1,205,541)	(817,264)
Research and Development costs			(483,081)	(123,120)
Impairment investment			(325,000)	-
Finance costs			-	(2,579)
Profit before tax - continuing operations			**(765,752)**	**223,846**

Segment revenues and results

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: Nil).

The accounting policies of the reportable segments are consistent with the Group's accounting policies described in Note 1. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, investment income, gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets	**2017**	**2016**
	$	**$**
Probiotics	3,187,333	1,629,834
Direct sales Malaysia	1,553,006	-
Total segment assets	4,740,339	1,629,834
Unallocated	-	379,824
Consolidated total assets	**4,740,339**	**2,009,658**

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

22 Segment information (continued)

Segment liabilities

	2017	2016
	$	$
Probiotics	564,853	403,476
Direct sales Malaysia	44,764	-
Total segment liabilities	609,617	403,476
Unallocated	-	54,927
Consolidated total liabilities	**609,617**	**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.

Geographical information

	Australia		USA		Europe		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$
Revenue								
External sales	8,619	-	1,778,058	1,924,454	43,135	47,353	1,829,812	1,971,807
Other revenues from external customers	224,989	53,528	-	-	-	-	224,989	53,528
Segment revenue	233,608	53,528	1,778,058	1,924,454	43,135	47,353	2,054,801	2,025,335

Assets and liabilities

	Australia		New Zealand		Asia		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$
Segment assets	2,986,230	2,009,658	201,104	-	1,553,005	-	4,740,339	2,009,658
Segment liabilities	522,665	458,403	42,188	-	44,764	-	609,617	458,403

23 Financial risk management

(a) Financial risk management

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

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

The Group does not speculate in financial assets.

Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The receivable balances are monitored on an ongoing basis. The Group's exposure to bad debts is not significant.

There is considerable concentration of credit risk within the Company as it only has one major customer at this stage of its development.

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

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

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

	2017	2016
	$	$
Cash and cash equivalents	3,875,864	1,353,604
Trade debtors	215,830	205,972
Research and development tax incentive receivable	217,376	53,252
Other current assets	103,604	71,830

Liquidity risk

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

23 Financial risk management (continued)

(b) Financial instrument composition and maturity analysis

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

Composition	Weighted average interest rate	Non-interest bearing	Floating interest rate	Fixed interest rate maturing within 1 year	Total
	2017	2017	2017	2017	2017
	%	$	$	$	$
Financial Assets	0.00				
Cash and cash equivalents		-	3,875,864	-	3,875,864
Receivables		485,795	-	-	485,795
Total financial assets		**485,795**	**3,875,864**	**-**	**4,361,659**
Financial Liabilities					
Trade and other payables		597,617	-	-	597,617
Total financial liabilities		**597,617**	**-**	**-**	**597,617**

Maturity Analysis	Carrying amount	Contractual cash flow due 1 to 3 months	Contractual cash flow due 3 months to 1 year	Contractual cash flow due 1 to 5 years
	2017	2017	2017	2017
	$	$	$	$
Financial Assets				
Accounts Receivable	215,830	215,830	-	-
Other Receivables	269,965	52,589	217,376	-
Total	**485,795**	**268,419**	**217,376**	**-**
Financial liabilities				
Accounts payable	335,181	335,181	-	-
Other payables	262,436	262,436	-	-
Total	**597,617**	**597,617**	**-**	**-**

(c) Net fair values

The net fair value of assets and liabilities approximates their carrying value. No financial assets and liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and notes to the financial statements.

Bioxyne

23 Financial risk management (continued)

(d) Sensitivity Analysis

The Company has performed a sensitivity analysis relating to its exposure to foreign currency risk at balance date. The effect on profit and equity as a result changes in the value of the Australian Dollar to the US Dollar and Euro with all other variables remaining constant, is expected to be minimal.

24 Earnings per share

	2017	2016
	$	$
Basic Loss/(Earnings) per share (cents per share)	(0.0033)	0.001
Diluted Loss/(Earnings) per share (cents per share)*	(0.0033)	0.001
Weighted average number of shares		
Basic earnings per share calculation	236,154,971	200,661,881
Diluted earnings per share calculation*	236,154,971	200,741,551
(Loss)/profit for the period used in earnings per share		
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)*

25 Share based payments

(a) Fair value of share options granted in the year

Details	No of options	Issue date	Date of expiry	Conversion price ($)	Fair Value at grant date
Director options issued under employee share option plan	2,750,000	23/12/2016	24/11/2019	0.0234	32,224
Options issued under employee share option plan	2,000,000	2/2/2017	24/11/2019	0.0234	19,804
Total	**4,750,000**				

	Director Options	Employee Options
Expected volatility	100%	100%
Risk- free interest rate		
Expected life of option (years)	2.92	2.77
Exercise price (cents)	2.34	2.34
Grant date share price	2 cents	1.8 cents

25 Share based payments (continued)

b) Options at year end

Details	No of options	Issue date	Date of expiry	Conversion price ($)
Options issued under employee share option plan	400,000	10/12/2014	10/12/2017	0.021
Director options issued under employee share option plan	2,750,000	23/12/2016	24/11/2019	0.0234
Options issued under employee share option plan	1,250,000	2/2/2017	24/11/2019	0.0234
Total outstanding and exercisable	**4,400,000**			

c) Movements in options during the year

	2017 No.	Weighted Average Exercise Price	2016 No.	Weighted Average Exercise Price
Options				
Balance at beginning of year	917,000	0.021	3,000,000	0.021
Granted during the year	4,750,000	0.0234	-	-
Expired during the year	(517,000)	0.021	-	-
Exercised during the year	(750,000)	0.0234	(2,083,000)	0.021
Balance at end of year	**4,400,000**	**0.0232**	**917,000**	**0.021**

26 Parent entity disclosures

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

(a) Financial position

	2017 $	2016 $
Total Current Assets	**3,024,954**	1,684,658
Total Assets	**4,697,929**	2,009,658
Total Liabilities	**567,207**	458,403
EQUITY		
Contributed equity	60,815,996	57,478,121
Reserves	10,618	3,274
Accumulated losses	(56,695,892)	(55,930,140)
Equity	**4,130,722**	1,551,255

(b) Reserves

Option reserve	10,618	3,274

(c) Financial performance

(Loss)/profit for the year	(765,752)	223,846
Other comprehensive income	-	-
	(765,952)	223,846

(d) Commitments

	-	-

27 Related party transactions

(a) Key management personnel

Refer to the Remuneration Report contained in the Directors Report contained in the Directors Report for details of the remuneration paid or payable to each member of the Group’s key management personnel for the year ended 30 June 2017.

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

	2017 $	2016 $
Short-term employee benefits	284,033	236,650
Post- employment benefits	15,770	10,925
Share based payments	91,024	-
	390,827	247,575

(b) Transactions with other related parties

During the year $15,000 (2016 - $25,950) was paid to Diskdew Pty Ltd, a company of which Patrick Ford is a director of, for portion of director's fees and consulting services;

28 Economic dependency

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

29 Company details

Corporate Head Office and Principal Place of Business

Suite 506, Level 5
50 Clarence Street
Sydney NSW 2000

Bioxyne Limited
Directors Declaration
For the year ended 30 June 2017

Declaration by Directors

The directors of the Company declare that, in the opinion of the directors:

(a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including

  (i) giving a true and fair view of the financial position and performance of the consolidated entity; and
  (ii) complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001;

(b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and

(c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Directors:

Anthony Ho
Non-Executive Chairman
25 September 2017

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
To the Members of Bioxyne Limited

Opinion

We have audited the financial report of Bioxyne Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss or other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Business combinations Refer to Note 16 in the financial statements	
On 19 April 2017 Bioxyne Limited acquired 100% of the share capital of Global Treasure New Zealand Limited, New Zealand Nutritional Research Institute Limited and Pan Global Treasure Malaysia Sdn Bdn, payable in shares. The transaction was treated as a business combination in accordance with AASB 3 *Business Combinations,* and the Group has therefore included a provisional Purchase Price Allocation ("PPA"). The PPA will be finalised in the 2018 financial statements. As detailed in Notes 9 and 16, the provisional accounting has resulted in goodwill of \$49,915 and other intangible assets of \$173,481 being recognised. This was considered a key audit matter because the accounting for the transaction is complex, and involves significant judgments in applying the accounting standards. These include the recognition and valuation of consideration paid, the identification and valuation of intangible assets, and the determination of the fair value of the tangible assets acquired.	Our audit procedures in relation to the acquisition transaction: • Obtaining the share purchase agreement, and other associated documents, and ensuring that the transaction had been accounted for in compliance with AASB 3 *Business Combinations.* • Tested the consideration of shares issued, to the signed purchase agreement and assessed the appropriateness of the fair value of the total shares issued. • Tested a sample of capitalised development costs to underlying invoices. • Assessing the appropriateness of the Group's disclosures in respect of the acquisitions.
Carrying Value of Investment in Mariposa Health Inc Refer to Note 11 in the financial statements	
The Group holds an available for sale investment in Mariposa Health Inc, an unlisted company incorporated in USA. At the end of the reporting period, the Group performed an assessment to determine whether there was any objective evidence to suggest that the investment which is carried at cost could be impaired. Based on this assessment an impairment loss of \$325,000 was recognised in accordance with AASB 139 *Financial Instruments: Recognition and Measurement.* We determined this area to be a key audit matter due to the size and unlisted nature of this investment balance as well as the judgement required in determining if there has been a significant or prolonged decline in value below initial cost requiring an impairment loss to be recognised.	Our audit procedures in relation to management's impairment assessment included: • Evaluating management's assessment of impairment indicators in respect of the carrying value of the investment. • Reviewing both financial and non-financial announcements of Mariposa Health Inc. • Assessing the appropriateness of the Group's disclosures in respect of the investment in Mariposa Health Inc.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf.
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Bioxyne Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

W E Beauman
Partner

Sydney, NSW
Dated: 25 September 2017

Bioxyne Limited
Corporate Governance Statement

The Board of Directors of Bioxyne Limited ("Bioxyne" or the "Company") is committed to maintaining high standards of Corporate Governance. This Corporate Governance Statement (Statement) discloses the extent to which the Company has followed the ASX Principles and Recommendations.

The information in this Statement has been approved by the Board and is current as at the date of this Report.

Role of the Board and Management

The respective roles and responsibilities of the Board and management are detailed in the Board Charter available on the Company's website.

The Board Charter also sets out the matters expressly reserved to the Board and those delegated to management (see Management section of this Statement).

Appointment, Induction and Training

In selecting new Directors, the Board must ensure that the candidate has the appropriate range of skills, experience and expertise that will best complement Board effectiveness.

The Company ensures that appropriate background checks are undertaken regarding a potential new Director's character, experience, education, criminal record and bankruptcy history before appointing or putting forward a candidate to shareholders for election as a Director.

The Company also provides its shareholders with all material information in its possession that is relevant to their decision on whether or not to elect or re-elect a Director through the Notice of Meeting, Director Resumes and other information contained in the Annual Report and on the Company's website.

Upon appointment, each Director will receive a written agreement which sets out the terms of their appointment. New Directors will also attend an induction program where they are briefed on the Company's:

- operations and the industry sectors in which it operates;
- financial, strategic, operational and risk management position;
- governance matters, policies and procedures; and
- the Director and committee member's rights, duties and responsibilities.

Directors are also provided with regular professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Board Performance

The Company believes that it is important that the Board reviews its own performance to ensure it is performing at a high level. Under the Board Charter, the Board must conduct an annual performance review. The Charter sets out the process for this review.

A Board review was undertaken during the year by the Chairman.

Corporate Governance Statement (Continued)

Independence of the Board

The Board assesses the independence of Non-executive Directors against the definition of an independent Director and the factors set out in Box 2.3 of the ASX Corporate Governance Principles and Recommendations.

In accordance with the definition of independence above and the materiality thresholds set, the following directors of Bioxyne are considered to be independent.

Name	Position
Anthony Ho	Non-executive director
Patrick Douglas Ford	Non-executive director

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek Independent professional advice at the Company's expense.

The term in office of each director as at the date of this report is as follows:

Name	Term in office
Anthony Ho	4 years, 11 months
Patrick Douglas Ford	12 years and 4 months
Peter French	1 year 8 months
N H Chua	4 months
Maxwell Parkin	4 months

The majority of the Board is independent. The terms of each director's appointment are set out in a letter of appointment. The performance of the board members is reviewed annually by the Chairman, who in turn asks for feedback on his performance. A review was undertaken during the year.

Skills and Experience

The skills and experience of each Director is set out in the matrix below.

	Chairman	Scientific Director	Non-Executive Director	Executive Directors
Skills and Experience	Executive Leadership; Independent & ASX Non Executive Directorship experience; Strategy Development and Implementation; Project Acquisition and Management; Marketing and Investor Relations	Biotechnology experience and qualifications in biological science; clinical trial experience; Product development and marketing; executive leadership and ASX director experience	Mergers & Acquisitions; capital markets; capital raising; corporate development and finance, ASX director experience	Business management; product development; sales organisation development; Asia experience

Corporate Governance Statement (Continued)

Board Committees

The board has two committees:

- Audit and Risk Management Committee
- Remuneration Committee

Audit and Risk Management Committee

The committee has a formal audit charter approved by the board. The charter is available under Corporate Governance in the investor section of the Company's website.

It is the board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Company to the audit committee.

The audit committee reviews the efficiency and effectiveness of the external auditors on a regular basis and determines from those reviews the performance of the external auditors. The Company requires that the external auditors rotate their audit engagement partners every five years. The committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the Audit and Risk Management Committee are:

- Patrick Ford (chairman)
- Anthony Ho

Only two independent directors have been appointed to the Audit and Risk Management Committee. This is sufficient given size and scale of the Company.

Qualifications of Audit and Risk Management Committee members

Mr Ford holds a Commerce degree and is a stockbroker with experience of financial and accounting matters.

Mr Ho has a Bachelor of Commerce degree from the University of New South Wales, is a Fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants of Australia and New Zealand.

The Audit and Risk Management Committee convened twice during the year. Attendance by Committee members are as follows:

	Attended	Eligible to Attend
Patrick Ford	2	2
Antony Ho	1	1
George Cameron-Dow	1	1

Risk

The Board oversees the Company’s risk management framework and internal control systems through regular monitoring, assessment and review. The Board is required to review, at least annually, the effectiveness of the Company’s risk management and internal control systems.

The Board reviews and assesses the Company’s exposure to economic, environmental and social sustainability risks and determines the Company’s approach to managing those risks.

Remuneration and Nomination

The Board has a number of processes that it uses for setting the level and composition of remuneration for Directors and ensuring that such remuneration is appropriate. These are described in the Remuneration section of the Annual Report. The Remuneration Report also includes a summary of policies and practices regarding the remuneration of Directors. The Remuneration Policy is also available on the Company’s website.

The Board addresses succession issues and ensures that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively through regular review and assessment. The Board does not have a Remuneration and Nomination Committee and addresses these matters as a board.

Internal Audit

The Company does not have an internal audit function, and due to its size. Based on current activities the Board does not believe that one is warranted at this time. The Board evaluates and monitors internal control processes to continually improve the effectiveness of its risk management.

External Auditor

The Company’s external auditor, RSM Australia Pty Ltd, attends the Annual General Meeting (AGM) and a representative is available to answer questions from shareholders relevant to the audit at the AGM.

RSM Australia Pty Ltd independence declaration is contained in the 2017 Annual Report.

Management

The Company has:

- written agreements which set out the terms of their appointment;
- a process for periodically evaluating their performance; and
- policies and practices regarding remuneration for each of its employees and contractors.

CEO and CFO Declaration

The director acting as CEO during the year and the CFO have made a declaration required by the section 295A of the Corporation Act and recommended under Recommendation 4.1 and Recommendation 7.2 of the ASX Principles.

The declaration states to the board in writing that to the best of their knowledge the integrity of the financial statements is in accord with relevant accounting standards, present a true and fair view, and are founded on a sound system of risk management and internal compliance and controls which operates efficiently and effectively in all material respects.

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The role of the Company Secretary is set out in more detail in the Board Charter.

Code of Conduct

The Company is committed not only to complying with its legal obligations, but also to acting ethically and responsibly. The Company expects a high level of honesty, care, fair dealing and integrity in the conduct of all business activities.

The Company has a Code of Conduct which sets the minimum standards of conduct expected of all Directors, officers, executives, employees and contractors of the Company. The Code of Conduct is available on the Company's website.

Diversity Policy

The Company is committed to ensuring an inclusive workplace that encourages and embraces diversity. However, the Company has not formally established measurable objectives for achieving gender diversity given the current stage of its operations and number of employees.

Continuous Disclosure

The Company must comply with continuous disclosure requirements arising from legislation and the ASX Listing Rules. The Company has in place a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules. The Continuous Disclosure Policy is available on the Company's website.

Shareholder Communication

The Company is committed to regularly communicating with its shareholders in a timely and accessible manner, and to encouraging shareholder participation at its general meetings. The Company provides information about itself and its Corporate Governance to investors via its website. Shareholders also have the option to receive communications from, and send communications to, the Company and its share registry electronically. The Company also has a Shareholder Communications Policy which facilitates effective two-way communication with investors, as well as facilitates and encourages participation at meetings of security holders. The Shareholder Communications Policy is available on the Company's website.

Bioxyne Limited
Shareholder information
For the year ended 30 June 2017

ASX additional information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 22 September 2017.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of security are:

	Ordinary shares		
	Number of holders	Number of shares	% of Issued Capital
1 - 1,000	61	19,630	0.00
1,001 - 5,000	33	74,571	0.01
5,001 - 10,000	10	76,335	0.01
10,001 - 100,000	176	9,375,674	1.83
100,001 and over	213	503,116,827	98.14
	482	**512,663,037**	**100.00**

Unmarketable parcels:

	Minimum Parcel Size	Holders	Units
Minimum $500 parcel	23,810 shares	116	478,668

(b) Substantial shareholders

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

Shareholder	***Shares Held***	***% Held***
VIG Limited	85,188,117	16.62%
Nam Hoat Chua	76,549,342	14.93%

(c) Voting rights

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

(d) **Twenty largest shareholders**

The names of the twenty largest holders of ordinary shares as at 22 September 2017 are:

Computershare

BIOXYNE LIMITED

Top Holders Snapshot - Grouped

Rank	Name	Units	% of Units
1.	CUSTODIAN NOMINEE CO LTD	77,386,554	15.10
2.	NAM HOAT CHUA	39,549,342	7.71
3.	PENG-HYANG NG	37,000,000	7.22
4.	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	27,051,206	5.28
5.	MR MAKRAM HANNA + MRS RITA HANNA <HANNA & CO P/L SUPER A/C>	17,141,000	3.34
6.	MR ANTHONY HO + MS CHUI HO	16,800,000	3.28
7.	KEE-SIONG CHIA	16,700,000	3.26
8.	CHUN-CHIEH HSU	16,000,000	3.12
9.	SOUTHAM INVESTMENTS 2003 PTY LTD <WARWICKSHIRE INVESTMENT A/C>	14,063,934	2.74
10.	LORRAINE ISABEL COLE	14,013,048	2.73
11.	CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	13,315,313	2.60
12.	WIGRAM TRADING PTY LIMITED	13,057,812	2.55
13.	P FORD SUPERANNUATION PTY LTD <PATRICK FORD SUPER FUND A/C>	10,000,000	1.95
14.	PT SOHO INDUSTRI PHARMASI	9,678,085	1.89
15.	JODY ANN PARKIN	9,000,000	1.76
16.	FONG-LUAN LOO	8,000,000	1.56
17.	DISKDEW PTY LTD	6,500,000	1.27
18.	MR KEVIN HO + MRS VIKKI HO <NATHAN HO ACCOUNT>	6,500,000	1.27
19.	JIN FONG CHUA	6,000,000	1.17
20.	SONG MAO CHUA	6,000,000	1.17
Totals: Top 20 holders of ISSUED CAPITAL		**363,756,294**	**70.95**
Total Remaining Holders Balance		**148,906,743**	**29.05**