



30 January 2018

## QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

**Bioxyne Limited** (ASX Code: BXN) (Bioxyne or the Company) is pleased to report on its activities for the quarter ended 31 December 2017.

### Highlights

- Revenue for December quarter \$567,000 and traction expected in early 2018 following launch of new products
- Exciting new product for China market, launch planned 1Q 2018
- BK18™, a New Zealand dairy based nutritional product, for the Asian market with initial 16,000 can initial order received from South East Asia
- Mustang™ a nutritional shake for men, for general health, weight management and vitality. Registration completed and currently in production
- Weight management product Allura™, beauty product BEssence™ and probiotics Progastrim® and proTract launched for direct sales

---

The December 2017 quarter saw significant progress in product development. A number of product registrations were completed and approved with production commenced late in the quarter.

These include:

**BK18** - BK18™ a dairy-based breakfast replacement which includes an immune boosting probiotic, and a range of key vitamins suitable for the whole family. Sales of US\$176,000 were made in the quarter.

**Allura** – A weight management and beauty product for women. Allura is unique because it also contains an effective dose of marine-based collagen, which is clinically-studied for anti-ageing, hydration & wrinkle reduction.

**BEssence** – an anti-ageing serum. BEssence uses anti-ageing properties such as Bee Venom, Collagen Peptides, Stem Cell Extract, and Harakeke Flax Gel to provide support for a healthy beautiful skin.



**3-Pack Progastrim®** The active ingredient in Progastrim® is PCC®, Bioxyne’s patented strain of the probiotic bacterium *Lactobacillus fermentum*. Several scientific and clinical studies have shown that consumption of PCC® may assist in maintenance of a normal healthy gastrointestinal system and of a normal healthy immune system.

**3-pack proTract®** *proTract®* – The active ingredient in proTract® for Atopic Dermatitis is PCC®, a strain of the probiotic *Lactobacillus fermentum* that has been shown in a clinical study to reduce the symptoms of moderate to severe eczema or atopic dermatitis in infants.

The Company received its Direct Selling Licence in Malaysia in October 2017 enabling it to roll out its marketing campaigns and launching of its products, and established an office and showroom in Kuala Lumpur which will be the base for its Asian operations. With the Direct Selling License, infrastructure and products in place the Company expects sales momentum to commence from early 2018.

## Revenue

Revenue during the quarter including the first sales of BK18 outlined above were in line with the corresponding quarter in 2016. However, on a like for like basis revenue from the PCC® strain of *Lactobacillus fermentum* VRI003 sales and royalties for the quarter were lower than the corresponding period in prior year at \$317,000 (2016 - \$569,000), with slippage of sales into the next quarter. Allowing for these sales of PCC® the running rate is around 80% of the prior year.

## Research & Development

A double blind placebo-controlled clinical trial examining the effect of taking one daily Progastrim® capsule containing the Company’s proprietary probiotic, PCC® (*Lactobacillus fermentum* VRI-003, minimum of 2 billion cfus) for 6 months on the microbiome composition, gut health and quality of life of healthy participants, was completed during the quarter.

Initial review of the data indicates a positive influence of Bioxyne’s probiotic, PCC to gastrointestinal health, and health in general. In previous similar clinical studies, PCC® has also demonstrated to be a powerful immunomodulator, with effects on susceptibility to respiratory tract infections, eczema (atopic dermatitis), and boosting of the immune response to the flu vaccine.



## Corporate

It was pleasing to note the strong support of shareholders, especially our major shareholders in exercising their share options. 99.99% of the 1 cent option holders exercised their options during the quarter raising approximately \$1.25 million with the issue of approximately 125.6 million shares.

Cash at the end of the quarter was approximately \$4.18 million. Net operating cash outflow for the quarter was \$296,000. This included funding of inventory production and product development costs.

As outlined in an ASX announcement dated 14 December 2017 the Company and its Managing Director have been notified of a claim by New Image Group Limited, a New Zealand Company.

The claims are without foundation and will be vigorously defended. The Company will file a statement of defence in due course. Kensington Swan, an Auckland based legal firm is advising and acting for the Bioxyne Group.

For more information, please contact:

N H Chua, Managing Director, Bioxyne Limited +61 2 9078 8180

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

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

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

**Name of entity**

Bioxyne Limited

**ABN**

97 084 464 193

**Quarter ended ("current quarter")**

31 December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	426	795
1.2 Payments for		
(a) research and development	(60)	(136)
(b) product manufacturing and operating costs	(181)	(361)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs		
(f) administration and corporate costs	(458)	(1,221)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	8
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(269)</b>	<b>(915)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(46)	(133)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(46)</b>	<b>(133)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options	1,298	1,349
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,298</b>	<b>1,349</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,194	3,876
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(269)	(915)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(46)	(133)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,298	1,349

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,177</b>	<b>4,177</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances		1,286
5.2	Call deposits		1,908
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,177</b>	<b>3,194</b>

**6. Payments to directors of the entity and their associates**

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

**Current quarter  
\$A'000**

115

Directors salaries and fees.

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

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

**Current quarter  
\$A'000**

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

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

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

