



BIOXYNE LIMITED

ABN 97 084 464 193

The Companies Announcements Office
The Australian Stock Exchange Limited
SYDNEY

Date: 31 August 2020

APPENDIX 4E

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

1. The reporting period is twelve months to 30 June 2020. The previous reporting period was twelve months to 30 June 2019.
2. Key information relating to the above reporting periods is as follows:-

	30 June 2020	30 June 2019	% change
	\$	\$	
Revenue from ordinary activities	2,399,859	2,339,524	+2.6
Loss from ordinary activities after tax attributable to members	(593,095)	(1,265,882)	+53
Net loss attributable to members	(593,095)	(1,265,882)	+53
Proposed dividend	-	-	-
Net tangible assets per issued security	0.004	0.005	(11)

- 3 to 9. See attached financials.
10. *Acquisition or disposal of any entities occurring during the financial year.*

Nil
11. *Any other significant information needed by an investor to make an informed assessment of the Group's financial performance and financial position.*

Included in this document.
12. The Company is not a foreign entity.
13. *Commentary on the results*

See commentary and the attached financials.
14. The financial statements are subject to completion of the audit.



COMMENTARY ON RESULTS FOR THE YEAR

REVENUE

The Group's core revenue continued to be from the sale of the Group's patented probiotic *Lactobacillus fermentum VRI-003* (PCC®) in the international market in FY 2020. International sales of PCC® for FY 2020 of \$2,142,798 (2019: \$1,839,088) were 16.5% up on the prior year with part attributable to a weaker Australian dollar.

Revenue from direct sales in the markets where we hold direct selling licences, Indonesia and Malaysia, was affected in the first half of the year by the delay in product registrations. This was then exacerbated by COVID-19 and lockdowns on people movement in these countries in a business which hitherto has been driven by face to face meetings. Marketing efforts in both countries has shifted to online, and attendance at our promotional online meetings is growing slowly.

We continue to work with distributors in those markets where we do not have a direct sales presence, particularly those with low COVID-19 impacts.

EXPENDITURE

Expenditure decreased over the prior year from \$2,615,340 (2019) to \$1,948,772. Expenditure for 2019 includes legal fees and a settlement in relation to New Image Group litigation (NI) in the amount of \$712,771.

Research and development (R&D) expenditure increased year on year with the Company successfully completing a research and development project to incorporate the Company's proprietary strain of probiotics - PCC® into Mymana, its colostrum and fortified milk formula for nutrition and immune support. This new technology will open up new opportunities and allow Bioxyne to bring the significant benefits of its clinically tested probiotic to its range of products designed to improve general health and immune support.

While further process validation is required the Company expects to implement the new technology on a commercial scale before the end of this calendar year.

The loss for the year was \$593,095 a 53% improvement over the prior year loss of \$1,265,882 and a 31% improvement on removing the abnormal costs in both years.

In view of the impact on the business from COVID-19 the Company took a non-cash impairment charge of ~\$212,000 to profit and loss being a write down of goodwill and product development costs.

The operating loss before the non-cash impairment charge of \$212,000 was \$381,095.

BALANCE SHEET

The net assets of the group declined to \$2,609,221 as at 30 June 2020 (2019: \$3,142,096), being attributable to the result for the year, including the impairment charge referred to above.

CASHFLOW

The Group reported an improved positive operating cash flow for the year of \$52,055 (2019: outflow \$1,390,362), reflecting operating results and receivable collections during the year.

Cash at the end of the year was approximately \$1.75 million.



OUTLOOK

The 2020 year, while improved, was challenging with delays in product registration in Indonesia and Malaysia and the impact of COVID-19 in the second half of the year.

On the positive side the Company has continued to develop its distributor base which should lay the foundation for stronger sales in the years ahead. In addition, we are excited by the success of our research and development in incorporating PCC® into our products which assist in building the immune system.

The Company is actively looking at acquisition opportunities to accelerate its growth.



Bioxyne Limited and controlled entities
Consolidated Statement of Profit or Loss and Other
Comprehensive Income
For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue from continuing operations			
Sale of goods	3	2,259,264	2,132,603
Other income	4	140,595	206,921
Cost of goods sold		(1,044,181)	(990,066)
Expenses			
Research and development		(130,243)	(85,869)
Personnel costs		(442,289)	(445,287)
Business development		(311,236)	(410,924)
Marketing		(41,361)	(74,784)
Professional fees		(167,705)	(278,873)
Compliance costs		(126,134)	(91,900)
Legal fees		-	(712,771)
Non-executive director fees		(212,126)	(236,714)
General and administration		(226,370)	(258,718)
Depreciation-right-of-use assets		(71,815)	-
Impairment of intangible assets		(212,462)	-
Borrowing costs		(7,032)	-
Share based payments		-	(19,500)
Loss before income tax		(593,095)	(1,265,882)
Income tax	5	-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(593,095)	(1,265,882)
Loss is attributable to:			
Members of Bioxyne Limited		(593,095)	(1,265,882)
Earnings per share			
<i>From continuing operations</i>			
		Cents	Cents
- Basic loss per share	26	(0.09)	(0.20)
- Diluted loss per share	26	(0.09)	(0.20)

The above Consolidated 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 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,747,886	1,767,909
Trade receivables	7	304,429	759,128
Current tax receivables	8	13,641	19,424
Other current assets	9	236,299	259,379
Inventories	10	767,942	713,618
Total Current Assets		3,070,197	3,519,458
Non-Current Assets			
Intangible assets	11	30,269	243,231
Plant and equipment	12	169,255	208,730
Right-of-use assets	13	65,618	-
Other financial assets	14	-	-
Total Non-Current Assets		265,142	451,961
Total Assets		3,335,339	3,971,419
LIABILITIES			
Current Liabilities			
Trade and other payables	15	658,657	809,323
Lease liabilities	13	47,462	-
Provisions	16	20,000	20,000
Total Current Liabilities		726,119	829,323
Total Non-Current Liabilities		-	-
Total Liabilities		726,119	829,323
Net Assets		2,609,220	3,142,096
EQUITY			
Contributed equity	17	62,177,536	62,177,536
Reserves	18	123,924	108,467
Accumulated losses	18	(59,745,101)	(59,196,768)
Capital and reserves attributable to owners of Bioxyne Limited		2,556,359	3,089,235
Non-controlling interests	19	52,861	52,861
Equity		2,609,220	3,142,096

The above Consolidated 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 2020

	Contributed equity \$	Accumulated losses \$	Share based payment reserve \$	Foreign currency translation reserve \$	Non- controlling Interests \$	Total \$
2020						
At 30 June 2019	62,177,536	(59,196,768)	44,762	63,705	52,861	3,142,096
Total comprehensive loss for the year	-	(593,095)	-	-	-	(593,095)
Movement in foreign translation currency reserve	-	-	-	60,219	-	60,219
Transfer from share based payments	-	44,762	(44,762)	-	-	-
At 30 June 2020	62,177,536	(59,745,101)	-	123,924	52,861	2,609,220

	Contributed equity \$	Accumulated losses \$	Share based payment reserve \$	Foreign currency translation reserve \$	Non- controlling Interests \$	Total \$
2019						
At 30 June 2018	62,177,536	(58,005,886)	100,262	49,593	-	4,321,505
Total comprehensive loss for the year	-	(1,265,882)	-	-	-	(1,265,882)
Movement in foreign translation currency reserve	-	-	-	14,112	-	14,112
Transfer from share based payments	-	75,000	(75,000)	-	-	-
Transfer to share based payments	-	-	19,500	-	-	119,500
Acquisition of subsidiary	-	-	-	-	52,861	52,861
At 30 June 2019	62,177,536	(59,196,768)	44,762	63,705	52,861	3,142,096

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



Bioxyne Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts of other income (inclusive of goods and services tax)		2,816,647	1,721,295
Payments to suppliers and employees (inclusive of goods and services tax)		(2,812,841)	(3,340,110)
		3,806	(1,618,815)
Research and development tax rebate		13,757	179,883
Interest received		34,492	48,570
Net cash outflow from operating activities	23	52,055	(1,390,362)
Cash flow from investing activities			
Purchase of plant and equipment		(33,662)	(63,667)
Acquisition of subsidiary company		-	(131,531)
Cash acquired on acquisition of subsidiaries		-	22,833
Net cash outflow from investing activities		(33,662)	(172,365)
Cash flows from financing activities			
Repayment of lease liabilities		(52,325)	-
Net cash outflow from financing activities		(52,325)	-
Net decrease in cash and cash equivalents		(33,932)	(1,562,727)
Cash and cash equivalents at the beginning of the financial year		1,767,909	3,309,904
Foreign exchange adjustment to cash balance		13,909	20,732
Cash and cash equivalents at end of the year	6	1,747,886	1,767,909

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

Bioxyne Limited

Notes to the Financial Statements

1 Bioxyne Limited and controlled entities - Summary of significant accounting policies

These financial statements and notes represent those of Bioxyne Limited (the “Group”) and its subsidiaries. The Appendix 4E financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2020. The directors have the power to amend and reissue the financial statements.

(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.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

(b) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated only. Supplementary information about the parent entity is disclosed in Note 28.

(c) 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 2020 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'.

Bioxyne Limited

Notes to the Financial Statements (continued)

1 Summary of significant accounting policies (continued)

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 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.

(d) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(e) Foreign currency translation

(i) Functional and presentation currency

The functional and presentation currency of the Group is Australian dollars.

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.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1 Summary of significant accounting policies (continued)

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 Profit or Loss and Other Comprehensive Income.

(f) Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods to a customer. The consolidated entity recognises revenue when the goods are shipped.

Sale of goods

Revenue from sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

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.

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.

(g) 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.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(h) 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.

(i) 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.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1 Summary of significant accounting policies (continued)

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.

(j) Leases

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(k) 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.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1 Summary of significant accounting policies (continued)

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.

(l) 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.

(m) 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.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for credit losses.

(n) 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.

(o) 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.

(p) 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.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1 Summary of significant accounting policies (continued)

(a) 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 Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

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.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(r) 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.

(s) 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.

(t) 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.

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 3 to 7 years
- Software – 3 years
- Leasehold improvements – 5 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.

(u) 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

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1 Summary of significant accounting policies (continued)

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.

(v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Bioxyne Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Effects of changes in accounting policy

AASB 16 – Leases

The Group has adopted AASB 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in note 1(j).

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 July 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4%.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1 Summary of significant accounting policies (continued)

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 July 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2020.

The change in accounting policy affected the following items in the balance sheet on 30 June 2020:

- right-of-use assets – increase by \$65,618;
- lease liabilities – increase by \$47,462.

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) 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.

(ii) 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(u). 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.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

Critical accounting estimates and judgements (continued)

(iii) 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.

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

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

(v) Share based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments are granted. The accounting estimates and assumptions relating to equity-settled shares-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Judgment is required in relation to the non-market vesting conditions.

(vi) Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortization charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortization charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(vii) Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

	2020 \$	2019 \$
3 Revenue from continuing operations		
Revenue from continuing operations	2,259,264	2,132,603
<i>Revenue from contracts with customers and disaggregation</i>		
Sales of PCC® to USA	2,142,798	1,839,088
Wholesale sales nutritional supplements to Asia	19,010	241,453
	2,161,808	2,080,541
<i>Sale of goods</i>		
Direct sales nutritional supplements to Asia	97,456	52,062
 <i>Timing of revenue recognition</i>		
All goods are transferred at a point in time, with revenue being recognised on PCC® sales and wholesale sales when goods are shipped, and for direct sales when cash is received.		
 <i>Geographic regions</i>		
See note 24.		
4 Other Income		
Research and development tax Incentive	48,209	38,907
Interest received	40,067	41,087
Income from royalties	14,160	30,772
Foreign exchange gain	24,684	96,155
Other	13,475	-
	140,595	206,921
5 Income tax		
(a) Income tax		
Deferred tax	-	-
	-	-
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Loss from continuing operations before income tax expense	(593,095)	(1,265,882)
Tax (benefit)/expense at the Australian tax rate of 27.5% (2019 – 27.5%)	(163,101)	(348,118)
Difference in overseas tax rates	9,600	9,694
Tax effect of amounts which are deductible/not taxable in calculating taxable income	33,447	138,152
Utilisation of tax losses	(129,912)	-
Tax effect of adjustments in the prior year	-	21,423
Carried forward tax benefit not recognised	249,966	178,849
Total income tax expense	-	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	29,810,334	28,959,685
Potential tax benefit @ 27.5% (2019:27.5%)	8,197,842	7,963,913

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

	2020	2019
	\$	\$
6 Cash at bank and in hand	1,747,886	1,767,909
	1,747,886	1,767,909

7 Trade receivables

Trade receivables	304,429	759,128
Less: Allowance for expected credit losses	-	-
	304,429	759,128

	Expected credit loss rate				Carrying Amount	
	2020	%	2019	%	2020	2019
					\$	\$
Not overdue		0		0	304,429	524,729
0 – 3 months overdue		0		0	-	234,399
		0		0	304,429	759,128

The trade receivables are largely receivable from the Groups major customer, with which it has been dealing with for many years with no credit losses.

8 Current assets – Current tax receivables

	2020	2019
	\$	\$
Research and development tax offset receivable	34,452	-
GST receivable	13,641	19,424
	48,093	19,424

9 Current assets – Other current assets

Accrued Income and other debtors	36,065	36,258
Prepayments	165,782	223,121
	201,847	259,379

10 Current assets – Inventories

Work in progress	374,709	406,246
Finished goods	393,233	307,372
	767,942	713,618

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

	2020	2019
	\$	\$
11 Non-current assets – Intangible assets		
Product development costs	-	61,783
Direct selling licence	30,269	30,269
Goodwill	-	151,179
	30,269	243,231

Product development costs have a useful life of three years and were amortised over this period.

The goodwill acquired relates to the knowledge of key personnel of the product development and direct sales business acquired. Given a slowdown in business in Indonesia as a result of COVID-19 an impairment test determined that the goodwill should be fully impaired as at 30 June 2020.

	Product Development Costs	Goodwill	Direct Selling Licence	Total
	\$	\$	\$	\$
Opening balance 1 July 2018	105,144	49,915	-	155,059
Acquired through acquisition	-	101,264	30,269	131,533
Amortisation	(43,361)	-	-	(43,361)
Balance as at 30 June 2019	61,783	151,179	30,269	243,231
Amortisation	(61,783)	-	-	(61,783)
Impairment	-	(151,179)	-	(151,179)
Balance as at 30 June 2020	-	-	30,269	30,269

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

12 Plant and equipment

	Plant and equipment	Software	Leasehold improvements	Total
Cost				
Opening balance, 1 July 2019	87,045	101,401	56,703	245,149
Additions	33,662	-	-	33,662
Disposals	(16,727)	-	-	(16,727)
Foreign exchange adjustment	(1,351)	(285)	(643)	(2,279)
Closing balance, 30 June 2020	102,629	101,116	56,060	259,805
Opening balance, 1 July 2018	82,397	37,734	55,191	175,322
Foreign exchange adjustment	-	63,667	-	63,667
Additions	4,648	-	1,512	6,160
Closing balance, 30 June 2019	87,045	101,401	56,703	245,149
Depreciation				
Opening balance, 1 July 2019	(25,040)	(1,451)	(9,928)	(36,419)
Depreciation	(18,971)	(35,157)	(5,833)	(59,961)
Disposals	4,600	-	-	4,600
Foreign exchange adjustment	672	217	341	1,230
Closing balance, 30 June 2020	(38,739)	(36,391)	(15,420)	(90,550)
Opening balance, 1 July 2018	(10,152)	(268)	(4,144)	(14,564)
Foreign exchange adjustment	(11,565)	(1,183)	(5,784)	(19,068)
Depreciation	(3,323)	-	-	(3,323)
Closing balance, 30 June 2019	(25,040)	(1,451)	(9,928)	(36,419)
Written down value 30 June 2019	62,005	99,950	46,775	208,730
Written down value 30 June 2020	63,890	64,725	40,640	169,255

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

13 Leases

a) Amounts recognised in the balance sheet:

	2020 \$	2019 \$
Right-of-use assets		
Buildings	137,686	-
Less accumulated depreciation	(72,068)	-
Total right-of-use assets	65,618	-
Lease liabilities		
Current	47,462	-
Non-current	-	-
Total right-of-use assets	47,462	-

Additions to the right-of-use assets during the period ended 30 June 2020 was \$137,686.

b) Amounts recognised in the statement of profit or loss:

	2020 \$	2019 \$
Depreciation charge of right-of-use assets		
Buildings	71,815	-
Total right-of-use assets	71,815	-
Interest expense (included in borrowing costs)	3,133	-
Expenses relating to short-term leases (included in administrative expenses)	-	-

The total cash outflow for leases during the period ended 30 June 2020 was \$52,325.

c) The group's leasing activities and how these are accounted for:

The group leases various offices with varying lengths between 1 and 3 years, some with extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets. Leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property was classified operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss (unless capitalised as a component of Plant Construction in Progress). Short-term leases are leases with a lease term of 12 months or less.

Extension options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group’s operations. The extension options held are exercisable only by the Group and not by the respective lessor.

14 Other financial assets

Non-current

	2020	2019
	\$	\$
Available-for-sale financial assets	325,000	325,000
Less impairment	(325,000)	(325,000)
	<u>-</u>	<u>-</u>

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

	2020	2019
	\$	\$
15 Current liabilities - Trade and other payables		
Trade creditors	220,227	433,316
Accrued Expenses	375,553	367,970
Other payables	62,876	8,037
	658,656	809,323

16 Current liabilities - Provisions

	2020	2019
	\$	\$
Provision for annual leave, opening balance	20,000	20,000
Provided during the year	-	-
Provision for annual leave, closing balance	20,000	20,000

17 Contributed equity

(a) Share capital

	2020	2020	2019	2019
	Shares	\$	Shares	\$
Ordinary Shares Fully Paid	640,145,398	62,177,536	640,145,398	62,177,536

(b) Movements in ordinary share capital

	Number of	Issue price	\$
	Shares		
Opening balance 1 July 2018	640,145,398		62,177,536
Closing balance 30 June 2019 & 2020	640,145,398		62,177,536

(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.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

17 Contributed equity (continued)

(d) Options

As at the date of the financial statements, there were no options over unissued ordinary shares on issue:

Details	No of options	Issue date	Date of expiry	Conversion price (\$)
		23/12/16 &		
Director options	2,750,000	4/8/17	24/11/2019	0.0234
Director options	1,000,000	21/12/18	24/11/2019	0.045
Employee options	1,000,000	2/2/17	24/11/2019	0.0234
Total	4,750,000			
			2020	2019
Options			No.	No.
Balance at beginning of year			4,750,000	4,750,000
Granted during the year			-	1,000,000
Expired during the year			(4,750,000)	(1,000,000)
Balance at end of year			-	4,750,000

(e) Performance rights

Shareholders at the Annual General Meeting on 25 November 2019 resolved to cancel 40,000,000 performance rights granted to the Managing Director, Mr NH Chua, on 3 August 2017, and issue 36,000,000 performance rights to Mr NH Chua on the following terms:

CEO Performance Rights Terms

The Rights are subject to the following Vesting Conditions which must be satisfied to the satisfaction of the Board (in its discretion), or waived by the Board:

- (a) Mr Chua remaining employed by the Company or one of its subsidiaries for the duration of the Performance Period; and
- (b) Mr Chua meeting the following performance hurdles during the Performance Period, in respect of the percentage of Rights allocated to each hurdle:
 - (1) For the year ended 30 June 2020 – 6 million shares on the basis of:
 - i) Share price hurdle, if the Volume Weighted Average Price is 4 cents for 30 consecutive days in the year to 30 June 2020, the provision of (1)(ii) shall apply.
 - ii) If Export Sales exceed A\$2.0m then 6 million shares plus 4 shares for every A\$ of export revenue up to \$2.5million.
 - iii) The maximum shares issued shall be 8 million shares
 - (2) For the year ended 30 June 2021 – 10 million shares on the basis of:
 - (i) Share price hurdle, if the Volume Weighted Average Price is 6.5 cents for 30 consecutive days in the twenty four months preceding 30 June 2021, the provision of (2)(ii) shall apply.
 - (ii) If Export Sales exceed A\$4m then 9 million shares plus 3 shares for every A\$1 of sales up to A\$5million.
 - (iv) The maximum shares issued shall be 12 million shares.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

(e) Performance rights (continued)

(iv) Where cumulative Export Sales for the two years ended 30 June 2021 is more than \$7.5 million; any vesting shortfall of Performance Rights pursuant to clause 1 (ii) and 2 (ii) shall vest.

(v) For the avoidance of doubt the maximum vesting of shortfall per 1(ii) and 2 (ii) and 2(iv) shall be 20 million shares.

(3) For the year ended 30 June 2022 – 16 million shares on the basis of:

- (i) Share price hurdle, if the Volume Weighted Average Price is 9 cents for 30 consecutive days in the thirty six months ended 30 June 2022, the provision of 3(ii) shall apply,
- ii) If export sales exceed A\$6m then 12 million shares plus 2 shares for every A\$1 of sales up to A\$8million.
- iii) The maximum shares issued shall be 16 million.

The Performance Period commences on 1 July 2019 and ends on 30 June 2022.

The hurdles for the 2020 year were not achieved and no share based payment expense has been recorded for the year ended 30 June 2020.

Shareholders at a meeting on 29 November 2018 approved the issue of 7,500,000 performance rights to directors and 1,500,000 performance rights to consultants. The rights were issued on 21 December 2018 and had a performance period to 30 June 2020.

None of the hurdles for these performance rights were achieved during the performance period and these performance rights have lapsed.

(e) Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The capital management policy remains unchanged from the 30 June 2019 Annual Report.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

18 Reserves and accumulated losses

	2020	2019
	\$	\$
(a) Reserves		
Total reserves	123,924	108,467

Share based payments reserve

Movements in share based payments reserve were as follows:

Balance 1 July	44,762	100,262
Transfer to share based payments reserve	-	19,500
Transfer from share based payments	(44,762)	(75,000)
Balance 30 June	-	44,762
Movements in foreign currency translation reserve		
Balance 1 July	63,705	49,593
Movement in foreign currency translation reserve	60,219	14,112
Balance 30 June	123,924	63,705
Total reserves	123,924	108,467

(b) Accumulated losses

Movements in accumulated losses were as follows:

Opening accumulated losses	(59,196,768)	(58,005,886)
Loss for the year	(593,095)	(1,365,882)
Transfer from share based payments reserve	44,762	75,000
Balance 30 June	(59,745,101)	(59,196,768)

(c) Nature and purpose of reserves

The share based payment reserve comprises the cumulative value of employee services received through the issue of shares options and performance rights. When the option is exercised or the performance rights vests, the related balance previously recognised in the share based payments reserve is transferred to share capital. When the share options expire or the performance rights lapse, the related balance previously recognised in the share option reserve is transferred to accumulated losses.

19. Non-Controlling Interest

	2020	2019
	\$	\$
Issued capital	52,861	52,861
Retained profits ¹	-	-
	52,861	52,861

The non-controlling interest has a 5% interest in the Indonesian company P.T. Gamata Utama.

¹P.T. Gamata Utama has a small loss for the year which has been borne by the parent company.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

20 Interests in other entities

Name of Entity	Country of Incorporation	Ownership Interest	Ownership Interest	Principal Activities
		2020 %	2019 %	
Global Treasure New Zealand Limited	New Zealand	100	100	Product development
New Zealand Nutritional Research Institute Limited	New Zealand	100	100	Product research and development
Bioxyne International Malaysia Sdn Bhd	Malaysia	100	100	Sales
Bioxyne International Pty Ltd	Australia	100	100	Intermediate holding company
P.T. Gamata Utama	Indonesia	95	-	Sales
Bioxyne International (NZ) Limited	New Zealand	100	100	Sales

21 Remuneration of auditors

Audit services

	2020	2019
	\$	\$
Audit of financial reports – RSM Australia Partners	61,000	56,590
Total remuneration for audit services	61,000	56,590

22 Commitments

Capital commitments

As at 30 June 2020, the Company has no capital commitments (2019: \$nil).

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

	2020	2019
	\$	\$
Loss for the year	(593,095)	(1,365,882)
Non-cash employee benefits expense - share based payments	-	119,500
Depreciation	59,961	19,068
Amortisation right-of-use assets	71,815	-
Impairment of intangibles	212,462	-
Provision for inventory write down	50,737	-
Other non cash items	(31,098)	49,281
Unrealised foreign exchange loss/(gain)	2,699	14,112
<i>Change in operating assets and liabilities</i>		
Decrease/(increase) in trade and other receivables	483,562	(241,898)
Increase in inventory	(54,324)	(84,939)
(Decrease)/increase in trade and other payables	(150,664)	100,396
Net cash outflow from operating activities	52,055	(1,390,362)

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

24 Segment information

Bioxyne Limited (ASX:BXN) is an Australian health and wellness products company (incorporated in 2000) with a focus on clinically effective health and wellness products particularly in the gut and immune health areas.

Bioxyne is in the consumer dietary supplements and functional foods markets through its proprietary probiotic, *Lactobacillus fermentum* VRI-003 (PCC®), and through an acquisition in New Zealand, now trading as Bioxyne International, the Company is further developing a range of functional food and beauty products containing ingredients sourced exclusively from New Zealand, for our direct sales channel.

Bioxyne's probiotic business 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.

Bioxyne has a distribution agreement for PCC® with Nu-Skin Enterprises (USA) a successful worldwide multilevel marketing company.

The Company's principal operations are to research, develop, market and distribute over the counter dietary supplement products and beauty products.

The Group is organized into two operating segments based on differences in products provided: wholesale sales and direct sales. The operating segments are based on the internal reports that are reviewed and used by Management (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources. The CODM is NH Chua the Chief Executive Officer.

Management have determined that it is appropriate to report by sales channel – i.e. either wholesale or direct sales, and by geographical area i.e. USA, Australia and New Zealand, and Asia.

The following table presents revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 30 June 2020 and 30 June 2019.

2020	Wholesale sales		Direct sales		Unallocated	Total
	USA	Asia	Australia/NZ	Asia		
Sales	2,142,798	13,635	5,375	97,456	-	2,259,264
Cost of sales	(926,580)	(43,814)	(1,302)	(21,749)	(50,737)	(1,044,182)
Gross margin	1,216,218	(30,179)	4,073	75,707	(50,737)	1,215,082
Other income	-	-	-	-	140,595	140,595
Overhead expenses	-	-	-	-	(1,818,529)	(1,818,529)
Research and development	-	-	-	-	(130,243)	(130,243)
Profit/(loss) before tax	1,216,218	(30,179)	4,073	75,707	(1,858,914)	(593,095)
Taxation	-	-	-	-	-	-
Profit/(loss) after tax	1,216,218	(30,179)	4,073	75,707	(1,858,914)	(593,095)
Total assets						
Total liabilities						
	Malaysia	Indonesia	Australia	New Zealand		Total
Cash Balance	392,990	691,049	612,398	51,449		1,747,886
Trade receivables	46	-	290,627	13,756		304,429
Trade and other payables	14,348	-	608,245	36,063		658,656
Inventories	113,455	81,549	34,367	538,571		767,942

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

24 Segment information (continued)

2019	Wholesale sales		Direct sales		Unallocated	Total
	USA	Asia	Australia/NZ	Asia		
Sales	1,839,088	233,298	5,307	54,909	-	2,132,603
Cost of sales	(796,117)	(178,074)	(5,307)	(10,567)	-	(990,066)
Gross margin	1,042,971	55,224	-	44,342	-	1,142,537
Other income	-	-	-	-	206,921	206,921
Overhead expenses	-	-	-	-	(2,529,471)	(2,529,471)
Research and development	-	-	-	-	(85,869)	(85,869)
Profit/(loss) before tax	1,042,971	55,224	-	44,342	(2,408,419)	(1,265,882)
Taxation	-	-	-	-	-	-
Profit/(loss) after tax	1,042,971	55,224	1	44,342	(2,408,419)	(1,265,882)
Total assets	747,741	-	-	2,131,230	1,092,448	3,971,419
Total liabilities	296,421	-	-	116,800	416,102	829,323
	Malaysia	Indonesia	Australia	New Zealand		Total
Cash Balance	792,300	762,055	179,600	33,955		1,767,909
Trade receivables	-	-	759,128	-		759,128
Trade and other payables	83,146	2,623	699,517	24,037		809,323
Inventories	127,542	22,345	93,896	469,835		713,618

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources.

Segment revenues and results

Segment revenue reported above represents revenue generated from external customers.

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.

25 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.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

25 Financial risk management (continued)

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 from 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:

	2020	2019
	\$	\$
Cash and cash equivalents (Note 6)	1,747,886	1,767,909
Trade receivables (Note 7)	304,429	759,128
Research and development tax incentive receivable (Note 9)	34,452	-
	2,086,767	2,527,037

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.

(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.

Consolidated Group	Within 1 year		1 to 5 years		Over 5 years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial liabilities - due for payment:</i>								
Trade and other payables	658,656	809,323	-	-	-	-	658,656	809,323
Lease liabilities	47,462	-	-	-	-	-	47,462	-
Total contractual outflows	706,118	809,323	-	-	-	-	706,118	809,323
Cash and cash equivalents	1,747,886	1,767,909	-	-	-	-	1,747,886	1,767,909
Trade receivables	304,429	759,128	-	-	-	-	304,429	759,128
Total anticipated inflows	2,052,315	2,527,037	-	-	-	-	2,052,315	2,527,037
Net inflow/(outflow) on financial instruments	1,346,197	1,697,714	-	-	-	-	1,346,197	1,697,714

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

25 Financial risk management (continued)

(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.

(d) Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

(e) 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 receivables and payables, with all other variables remaining constant, is expected to be minimal.

The effect on profit and equity as a result changes in the value of the Australian Dollar to the US Dollar, Malaysian Ringgit and Indonesian Rupeah and the effect on movement in interest rates is as follows:

Consolidated	Carrying Amount \$	Interest Rate Risk		Interest Rate Risk	
		-1%		+1%	
		Profit \$	Equity \$	Profit \$	Equity \$
2020					
Financial Assets					
Cash and cash equivalents	1,747,886	(17,478)	(17,478)	17,478	17,478
2019					
Financial Assets					
Cash and cash equivalents	1,767,909	(17,679)	(17,679)	17,679	17,679

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

Consolidated
A\$ 5% stronger /
(weaker)

2020

Financial Assets

Cash in US \$

Cash in Euro

Cash in IDR

Cash in MYR

Cash in NZ\$

2019

Financial Assets

Cash in US \$

Cash in Euro

Cash in IDR

Cash in MYR

Carrying amount in original currency \$	Currency Risk		Currency Risk	
	5%		-5%	
	Profit A\$	Equity A\$	Profit A\$	Equity A\$
311,256	(21,597)	(21,597)	21,597	21,597
8,633	(673)	(673)	673	673
6,753,622,154	(32,907)	(32,907)	32,907	32,907
1,154,368	(18,714)	(18,714)	18,714	18,714
58,547	(2,160)	(2,160)	2,160	2,160
	(76,050)	(76,050)	76,050	76,050
39,037	(2,930)	(2,930)	2,930	2,930
20,286	(1,730)	(1,730)	1,730	1,730
7,552,722,498	(40,108)	(40,108)	40,108	40,108
2,300,917	(41,700)	(41,700)	41,700	41,700
	(86,468)	(86,468)	86,468	86,468

26 Earnings per share

Basic Loss/(Earnings) per share (cents per share)

Diluted Loss/(Earnings) per share (cents per share)*

Weighted average number of shares

Basic earnings per share calculation

Diluted earnings per share calculation*

Loss for the period used in earnings per share

From continuing operations

	2020	2019
	Cents	Cents
Basic Loss/(Earnings) per share (cents per share)	(0.09)	(0.20)
Diluted Loss/(Earnings) per share (cents per share)*	(0.09)	(0.20)
Basic earnings per share calculation	640,145,398	640,145,398
Diluted earnings per share calculation*	640,145,398	640,145,398
From continuing operations	(593,095)	(1,265,882)

*2019 – weighted average number of options outstanding not included in diluted EPS calculation as the options are anti-dilutive in nature

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

27 Share based payments

Options

No share options were issued during the year and no options were outstanding at year end.

Movements in options during the year

	2020	Weighted Average Exercise Price	2019	Weighted Average Exercise Price
	No.		No.	
Options				
Balance at beginning of year	4,750,000	0.0234	4,750,000	0.0234
Granted during the year	-		1,000,000	0.045
Expired during the year	-		(1,000,000)	0.0234
Exercised during the year	(4,750,000)		-	-
Balance at end of year	-		4,750,000	

(d) Performance rights

Shareholders at the Annual General Meeting on 25 November 2019 resolved to cancel 40,000,000 performance rights granted to the Managing Director, Mr NH Chua, on 3 August 2017, and issue 36,000,000 performance rights to Mr NH Chua on the terms outlined in note 17.

The hurdles for the year ended 30 June 2020 were not achieved and no expense has been recorded for this financial year.

Shareholders at a meeting on 29 November 2018 approved the issue of 7,500,000 performance rights to directors and 1,500,000 performance rights to consultants. The rights were issued on 21 December 2018 and had a performance period to 30 June 2020.

None of the hurdles for these performance rights were achieved during the performance period and these performance rights have lapsed.

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

28 Parent entity disclosures

(a) Financial position

	2020	2019
	\$	\$
Total Current Assets	2,862,385	2,670,588
Total Assets	3,659,533	4,131,330
Total Liabilities	797,148	989,234
EQUITY		
Contributed equity	62,177,536	62,177,536
Reserves	-	219,760
Accumulated losses	(59,568,316)	(59,255,200)
Equity	2,609,220	3,142,096

(b) Reserves

Option reserve	-	44,762
----------------	---	--------

(c) Financial performance

Loss for the year	(593,095)	(1,265,882)
Other comprehensive income	-	-
	(593,095)	(1,265,882)

(d) Commitments

	-	-
--	---	---

29 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 2020.

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

	2020	2019
	\$	\$
Short-term employee benefits	416,983	430,986
Post- employment benefits	3,483	28,691
Share based payments	-	111,968
	420,466	571,645

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2020

(b) Transactions with other related parties

During the year the following transactions were undertaken with related parties on an arms' length basis:

- i. \$25,415 (2019-\$32,519) was paid to NH Chua a director of the Company as rental for the Malaysian office;
- ii. \$56,527 (2019-\$25,099) was paid to Jin Chua (a consultant to the Group and daughter of NH Chua a director of the Company) for consulting services.

30 Events subsequent to balance date

No matter or circumstance has arisen since 30 June 2020 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.

31 Economic dependency

The Group has a major customer in the USA, which currently accounts for the majority of the Group's external sales.

32 Company details

Corporate Head Office and Principal Place of Business

Suite 506, Level 5
50 Clarence Street
Sydney NSW 2000