

Bod Australia enters key period of distribution growth and product expansion

Quarterly operational report and Appendix 4C

Highlights:

- *Driving strategy focused on building distribution channels and sales of existing product portfolio while adding complementary product lines*
- *Bod secures distribution in more than 100 pharmacies*
- *Significant distribution growth anticipated in the second half – meetings with various banner groups representing a combined ~ 1,700 stores underway*
- *Early traction achieved with Good Price Pharmacy Warehouse (45 stores)*
- *International sales commence – distribution channels secured in China to allow export of Bod Australia products ahead of schedule*
- *Existing brands Dr Roebuck's and BIOEFFECT continue to gain traction in the market*
- *Sales of Natural Remedy products to commence in March into growing distribution platform – manufacturing initiated December quarter*
- *Received approval to commence manufacturing Pinpoint*
- *Reached agreement with Belgian herbal medicine manufacturer Tilman S.A to distribute its products in Australia and Asia. First product, turmeric-based Flexofytol, to be launched in March*
- *Achieved \$233,000 cash receipts for the first half, already 232% growth on full year FY16 (\$140,442) on an annualised basis*

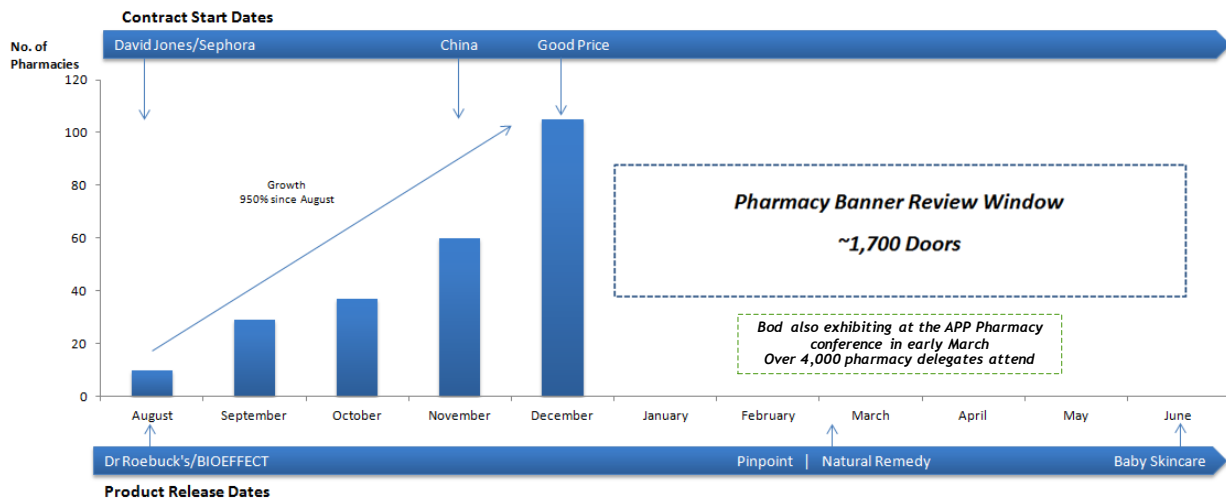
Sydney, Australia – 31 January 2017 – Developer and distributor of natural, evidence-based skin care and health products, Bod Australia Limited (“**Bod**” or the “**Company**”) (ASX: BDA) is pleased to provide an overview of its activities for the quarter ended 31 December 2016. After listing on the Australian Securities Exchange in October 2016, the company has continued rollout of its business plan with a focus on building the Company’s distribution capability, growing sales of its existing products and adding new, complementary products to its portfolio.

Distribution developments

Bod has now achieved distribution into more than 100 pharmacies. With product reviews for the pharmacy industry occurring in the first half of each calendar year, Bod has reached an important period in building its distribution capability and has commenced meetings with key banner groups. Over the coming months Bod’s management will meet with banner groups representing approximately 1,700 stores.

In addition to this Bod Australia will be exhibiting at the APP Pharmacy conference in early March where over 4,000 pharmacy delegates attend.

Refer Graph below



The domestic pharmacy channel is the largest segment (26%) and is a key focus for the Company as success provides credibility which can then be leveraged into other distribution channels and internationally.

Bod has already gained early traction with the banner groups, securing a distribution partnership with Good Price Pharmacy Warehouse covering its 45 store network. With stores across six Australian states, Good Price is one of Australia’s fastest growing pharmacy brands and stocks brand names in vitamins, skincare, hair care, sun care, cosmetics, perfumes, prescriptions and medicines.

Good Price marked the first orders secured by Bod with a pharmacy chain with in-store sales expected in mid to late April, initially across natural medicines, Flexofytol and Pinpoint.

In a further distribution achievement, Bod has secured two distribution channels in China and has commenced export sales ahead of schedule. This covers several brands represented by Bod, including skincare and its own branded natural medicine products Pinpoint and Flexofytol.

Existing product sales

Sales of Dr Roebuck’s and BIOEFFECT products in the quarter progressed steadily in line with Bod’s growing distribution channels.

Feedback from various parties including many of Bod’s distribution partners have indicated the very positive response to both Dr Roebuck’s and BIOEFFECT products, with the former providing a modestly priced yet higher quality alternative to some notable competitors.

Bod expects to see a significant lift in sales across many of their existing customers in addition to expanding into the banner groups.

Product portfolio – Natural Remedy sales to commence in the current quarter

During the quarter, Bod received notification that its Pinpoint product was approved for manufacturing. Pinpoint uses a specific extract of the herb Bacopa Monnieri, which trials have shown to improve mental performance in adults and children from seven years and older including improved memory and recall, clear thinking, focus and mental calmness.

Pinpoint will be manufactured for Bod by Sphere Healthcare in Sydney, and Sphere received delivery of a sample batch in November. Approval of manufacture allowed for final product specifications

and for Bod to prepare for Therapeutic Goods Administration (TGA) listing on the Australian Register of Therapeutic Goods.

Pinpoint is expected to be ready for sale in March, retailing at \$39.95 for 60 capsules, and Bod has received strong interest for the product from retailers, with first orders for the product secured in January.

Bod announced in December it had reached an agreement with Belgian herbal medicine manufacturer Tilman S.A to distribute its products through Asia and Australia through Daigou and e-commerce platforms under the Bod Australia brand.

The first product Bod will launch is turmeric-based Flexofytol[®], a natural anti-inflammatory to treat conditions such as arthritis. Flexofytol[®] is Belgium's number one selling joint care product, 1.8 million capsules sold per month, annual sales of ~€7.2 million (~A\$10.4 million). Bod expects to launch the product in March, and has secured orders for it. The Flexofytol[®] product will be sold as a blister pack of 60 capsules for an approximate retail price of A\$49.95, with a margin of more than 50 per cent.

Corporate overview

Bod listed on the ASX on 27 October 2016 after raising A\$6 million in its Initial Public Offering (IPO), issuing 30m shares at A\$0.20 with indicative market capitalisation upon listing of A\$9.1m.

The company achieved cash receipts of \$233,000 cash receipts for the first half, already 232% growth on full year FY16 (\$140,442) on an annualised basis while holding a cash balance of \$4.45 million at the end of the period.

Bod's Appendix 4C report follows this summary.

-ends-

About Bod Australia

Bod Australia Limited operates a skin care and health products business focused on all natural, evidence based products. Bod Australia has exclusive rights to distribute Dr Roebuck's in Australia, New Zealand and the export market to China, and BIOEFFECT in Australia. Lead by an experienced sales team which includes ex-Bellamy's sales representatives, the Company is focused on distribution of brands in the skin care segment and intends to develop new products across baby skin care and natural remedies for the enhancement of memory and recall.

For more information please contact:

Jo Patterson
Bod Australia
+61 2 9199 5018

Matthew Wright
matt@nwrcommunications.com.au
+61 451 896 420

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

BOD AUSTRALIA LIMITED

ABN

89 601 225 441

Quarter ended ("current quarter")

31 DECEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	104	233
1.2 Payments for		
(a) research and development	(17)	(17)
(b) product manufacturing and operating costs	(126)	(147)
(c) advertising and marketing	(198)	(237)
(d) leased assets		
(e) staff costs	(287)	(507)
(f) administration and corporate costs	(162)	(276)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(687)	(954)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(30)	(42)
(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 (provide details if material)		
2.6 Net cash from / (used in) investing activities	(30)	(42)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	6,000	6,000
3.2 Proceeds from issue of convertible notes		50
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(701)	(791)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	(191)	(191)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	5,108	5,068

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	64	383
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(687)	(954)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(30)	(42)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	5,108	5,068

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	4,455	4,455

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,455	64
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,455	64

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	89
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	

--

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

--

8. Financing facilities available <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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	38
9.2 Product manufacturing and operating costs	229
9.3 Advertising and marketing	256
9.4 Leased assets	
9.5 Staff costs	247
9.6 Administration and corporate costs	67
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	837

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	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 business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


(Company Secretary)

Date: 31 January 2017

Print name: **ANDREW BURSILL**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.