BIOXYNE LIMITED

ABN 97 084 464 193

The Companies Announcements Office
The Australian Stock Exchange Limited
SYDNEY

Date: 28 August 2019

APPENDIX 4E

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

1. The reporting period is twelve months to 30 June 2019. The previous reporting period was twelve months to 30 June 2018.

2. Key information relating to the above reporting periods is as follows:-

	30 June 2019 $	**30 June 2018 $**	**% change**
Revenue from ordinary activities	2,339,524	2,260,003	+3.5%
Loss from ordinary activities after tax attributable to members	(1,365,882)	(1,311,840)	(4.1%)
Net loss attributable to members	(1,365,882)	(765,752)	(4.1%)
Proposed dividend	-	-	
Net tangible assets per issued security	0.01	0.01	0%

3 to 9. See attached financials.

10. *Acquisition or disposal of any entities occurring during the financial year.*

The Company acquired a 95% interest in P.T. Gamata Utama, an Indonesian direct selling company.

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 2019. International sales for FY 2019 of $1,839,088 (2018: $1,698,528) were 8.3% up on the prior year with part attributable to a weaker Australian dollar.

The Group acquired a 95% interest in P.T. Gamata Utama, an Indonesian direct selling company during the year. However, registration of the Bioxyne product range in Indonesia remained work in progress as at year end. Delays in product registration and declining economic conditions in Malaysia have resulted in a disappointing sales performance in the direct selling arm of the business in the 2019 year.

The business is continuing to progress product registrations, the development of its distribution channels and upskilling of distributors in the Asian market.

EXPENDITURE

Expenditure increased over the prior year from $2,516,949 (2018) to $2,715,340. Expenditure for 2019 includes legal fees and a settlement in relation to New Image Group litigation (NI) in the amount of $712,771. The matter was settled with no admission of liability by either party, allowing the Company to compete unhindered in the markets that we are in.

Research and development (R&D) expenditure decreased year on year as the company closed out a number of R&D projects during the year.

BALANCE SHEET

The net assets of the group declined to $3,142,096 as at 30 June 2019 (2018: $4,321,505), being attributable to the result for the year, including the NI settlement.

CASHFLOW

The Group reported an improved operating cash outflow for the year of $1,390,362 (2018: outflow $1,855,355), reflecting operating results which included the NI settlement.

Cash at the end of the year was approximately $1.77 million.

OUTLOOK

The 2019 year was unsatisfactory with delays in product registration in Indonesia and declining economic conditions in Malaysia hampering the launch and development of these markets.

Product registrations in key Asian markets are continuing as is the development of sales channels to get these products to market. Where the Group does not have a direct selling license it will continue to build a product presence through alternative wholesale channel relationships.

The Group expects to achieve a meaningful improvement in sales in 2020 with a commensurate positive margin contribution.

Bioxyne Limited and controlled entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Notes	2019 $	2018 $
Revenue from continuing operations			
Sale of goods	3	2,132,603	1,991,776
Other income	4	206,921	268,227
Cost of goods sold		(990,066)	(1,054,894)
Expenses			
Research, development and clinical trial		(85,869)	(324,587)
Personnel costs		(445,287)	(373,523)
Business development		(410,924)	(296,615)
Marketing		(74,784)	(132,426)
Professional fees		(278,873)	(485,458)
Compliance costs		(91,900)	(132,431)
Legal fees		(712,771)	(197,461)
Non-executive director fees		(236,714)	(213,150)
General and administration		(258,718)	(256,870)
Share based payments		(119,500)	(104,428)
Loss before income tax		**(1,365,882)**	**(1,311,840)**
Income tax	5	-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		**(1,365,882)**	**(1,311,840)**
Loss is attributable to:			
Members of Bioxyne Limited		**(1,365,882)**	**(1,311,840)**
Earnings per share			
From continuing operations		**Cents**	**Cents**
- Basic (loss)/earnings per share	26	(0.21)	(0.22)
- Diluted (loss)/earnings per share	26	(0.21)	(0.22)

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 2019

	Notes	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,767,909	3,309,904
Trade receivables	7	759,128	422,673
Current tax receivables	8	19,424	261,240
Other current assets	9	259,379	112,120
Inventories	10	713,618	628,679
Total Current Assets		**3,519,458**	**4,734,616**
Non-Current Assets			
Intangible assets	11	243,231	155,058
Plant and equipment	12	208,730	160,758
Other financial assets	13	-	-
Total Non-Current Assets		**451,961**	**315,816**
Total Assets		**3,971,419**	**5,050,432**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	809,323	708,927
Provisions	15	20,000	20,000
Total Current Liabilities		**829,323**	**728,927**
Total Non-Current Liabilities		**-**	**-**
Total Liabilities		**829,323**	**728,927**
Net Assets		**3,142,096**	**4,321,505**
EQUITY			
Contributed equity	16	62,177,536	62,177,536
Reserves	17	283,467	149,855
Accumulated losses	17	(59,371,768)	(58,005,886)
Capital and reserves attributable to owners of Bioxyne Limited		3,089,235	4,321,505
Non-controlling interests	18	52,861	-
Equity		**3,142,096**	**4,321,505**

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 2019

	Notes	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 income for the year		-	(1,365,882)	-	-	-	(1,365,882)
Movement in foreign translation currency reserve		-	-	-	14,112	-	14,112
Transfer to share based payments		-	-	119,500	-	-	119,500
Acquisition of subsidiary		-	-	-	-	52,861	52,861
At 30 June 2019		**62,177,536**	**(59,371,768)**	**219,762**	**63,705**	**52,861**	**3,142,096**
2018							
At 30 June 2017		60,815,996	(56,695,892)	10,618	-	-	4,130,722
Total comprehensive income for the year		-	(1,311,840)	-	-	-	(1,311,840)
Movement in foreign translation currency reserve		-	-	-	49,593	-	49,593
Shares issued during the year		1,348,602	-	-	-	-	1,348,601
Cost of shares issued		-	-	-	-	-	-
Transfer to share based payments		-	-	104,428	-	-	104,428
Transfer from share based payments		12,938	1,846	(14,784)	-	-	-
At 30 June 2018		**62,177,536**	**(58,005,886)**	**100,262**	**49,593**	**-**	**4,321,505**

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

Bioxyne Limited and controlled entities
Consolidated Statement of Cash Flows
For the year ended 30 June 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Receipts of other income (inclusive of goods and services tax)		1,721,295	1,840,235
Payments to suppliers and employees (inclusive of goods and services tax)		(3,340,110)	(3,953,837)
		(1,618,815)	**(2,113,602)**
Research and development tax rebate		179,883	220,915
Interest received		48,570	37,332
Net cash outflow from operating activities	23	**(1,390,362)**	**(1,855,355)**
Cash flow from investing activities			
Purchase of plant and equipment		(63,667)	(171,402)
Acquisition of subsidiary company		(131,531)	-
Cash acquired on acquisition of subsidiaries		22,833	-
Net cash outflow from investing activities		(172,365)	(171,402)
Cash flows from financing activities			
Proceeds from the issue of shares		-	1,348,602
Cost of raising capital		-	-
Net cash inflow from financing activities		**-**	**1,348,602**
Net decrease in cash and cash equivalents		(1,562,727)	(678,155)
Cash and cash equivalents at the beginning of the financial year		3,309,904	3,875,864
Foreign exchange adjustment to cash balance		20,732	112,195
Cash and cash equivalents at end of the year	6	**1,767,909**	**3,309,904**

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

Bioxyne Limited
Notes to the Financial Statements
For the year ended 30 June 2019

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 financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2019. 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 2019 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'.

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.

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.

Notes to the Financial Statements (continued)

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

Notes to the Financial Statements (continued)

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

Leases where the lessor retains substantially all of the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss on a straight-line basis over the period of the lease.

(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.

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.

Notes to the Financial Statements (continued)

1 Summary of significant accounting policies (continued)

(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.

(q) 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.

1 Summary of significant accounting policies (continued)

(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.

(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.

1. Summary of significant accounting policies (continued)

(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 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.

1 Summary of significant accounting policies (continued)

(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) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

1 Summary of significant accounting policies (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(x) Effects of changes in accounting policy

The nature of the adjustments resulting from the adoption of AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments are described below:

AASB 15 Revenue from Contracts with Customers

The new standard AASB 15 addresses how the Company must account for revenue related to contracts with its customers, including new and amended requirements with respect to, but not limited to: i) whether revenue is recognised over-time or at a point-in-time; ii) the indicators to determine when revenue is to be recognised;

The adoption of AASB 15 has not resulted in a material change in the timing or amount of reported revenue and therefore the Group has adopted AASB 15 on a fully retrospective basis, with no change to prior period comparative figures.

AASB 9 Financial Instruments

New standard AASB addresses: (i) The classification, measurement and de-recognition of financial assets and financial liabilities; (ii) Impairment of financial assets; and (iii) Hedge accounting.

Based on the nature of the Company's financial asset and liability balances and non-application of hedge accounting, there has been no material impact to the financial statements upon transition. The only change in the classification of financial assets and financial liabilities is that other current receivables and prepayments were previously presented together with trade receivables but are now presented as other financial assets at amortised cost (receivables) and other current assets (prepayments) in their balance sheet to reflect their different nature.

The adoption of AASB 9 has not resulted in a material change with respect to classification and measurement (including impairment) requirements, therefore there is no change to prior period comparative figures.

AASB 16 – Leases

AASB 16 is applicable to reporting periods commencing on or after 1 January 2019. Rental expense arises from the monthly payment on one short term premises lease. The Group has elected to treat these as a short-term leases (as defined in AASB 16) and does not apply the recognition requirements of AASB 16. As the Group has no other arrangements that may be classified as lease, the introduction of AASB 16 has had no effect on the financial statements.

There are no other standards, amendments or interpretations that are not yet effective that would be expected to have a material impact on the Group.

Notes to the Financial Statements (continued)

2 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(i) Business combinations

As discussed in note 1(u), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

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

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

(iii) Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1(s). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

(iv) Research and development expenditure

The Group has expensed research and development expenditure incurred during the year, where applicable, as the costs relate to the initial expenditure for research and development of biopharmaceutical products where generation of future economic benefits are not considered certain. It was considered appropriate to expense these research and development costs as they did not meet the criteria to be capitalised under AASB 138 Intangible assets.

Notes to the Financial Statements (continued)

2 Critical accounting estimates and judgements (continued)

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

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

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

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

(vi) 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.

(vii) 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.

(viii) 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 consolidate 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.

Notes to the Financial Statements (continued)

	2019 $	2018 $
3 Revenue from continuing operations		
Revenue from continuing operations	2,132,603	1,991,776
Revenue from contracts with customers and disaggregation		
Sales of PCC® to USA	1,839,088	1,698,528
Wholesale sales nutritional supplements to Asia	241,453	235,480
	2,080,541	1,934,008
Sale of goods		
Direct sales nutritional supplements to Asia	52,062	57,768

Timing of revenue recognition
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.

Geographic regions
See note 24.

4 Other Income

	2019	2018
Research and development tax Incentive	38,907	144,516
Interest received	41,087	38,051
Income from royalties	30,772	15,083
Foreign exchange gain	96,155	70,577
	206,921	**268,227**

5 Income tax

	2019	2018
(a) Income tax		
Deferred tax	-	-
	-	-

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

	2019	2018
Loss from continuing operations before income tax expense	(1,365,882)	(1,311,840)
Tax (benefit)/expense at the Australian tax rate of 27.5% (2018 – 27.5%)	**(375,617)**	**(360,756)**
Difference in overseas tax rates	9,694	8,967
Tax effect of amounts which are deductible/not taxable in calculating taxable income	138,152	21,052
Tax effect of adjustments in the prior year	21,423	(31,552)
Carried forward tax benefit not recognised	206,348	362,289
Total income tax expense	-	-

	2019	2018
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	28,959,685	28,367,035
Potential tax benefit @ 27.5% (2018:27.5%)	**7,963,913**	**7,800,934**

Notes to the Financial Statements (continued)

	2019	2018
	$	$
6 Cash at bank and in hand	1,767,909	3,309,904
	1,767,909	**3,309,904**

7 Trade Receivables

Trade receivables	759,128	422,673
Less: Allowance for expected credit losses	-	-
	759,128	422,673

	Expected credit loss rate		Carrying Amount	
	2019 %	2018 %	2019 $	2018 $
Not overdue	0	0	524,729	158,033
0 – 3 months overdue	0	0	234,399	264,640
	0	0	759,128	422,673

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

Research and development tax offset receivable	-	140,976
GST receivable	19,424	120,264
	19,424	**261,240**

9 Current assets – Other current assets

Accrued Income and other debtors	36,258	22,942
Prepayments	223,121	89,178
	259,379	**112,120**

10 Current assets – Inventories

Work in progress	406,246	573,068
Finished goods	307,372	55,611
	713,618	**628,679**

Notes to the Financial Statements (continued)

	2019	2018
	$	$
11 Non-current assets – Intangible assets		
Product development costs	61,783	105,144
Direct selling licence	30,269	-
Goodwill	151,179	49,915
	243,231	**155,059**

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

The goodwill acquired relates to the knowledge of key personnel of the product development and direct sales business recently acquired. Goodwill is not considered to be impaired as at 30 June 2019 and will be tested annually.

	Product Development Costs	**Goodwill**	**Direct Selling Licence**	**Total**
	$	$	**$**	**$**
Opening balance 1 July 2017	173,481	49,915	-	223,396
Acquired through acquisition	-	-	-	-
Written off	(68,337)	-	-	(68,337)
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

Notes to the Financial Statements (continued)

12 Plant and equipment

	Plant and equipment	Software	Leasehold improvements	Total
Cost				
Opening balance, 1 July 2018	82,397	37,734	55,191	175,322
Additions	-	63,667	-	63,667
Foreign exchange adjustment	4,648	-	1,512	6,160
Closing balance, 30 June 2019	87,045	101,401	56,703	245,149
Opening balance, 1 July 2017	3,920	-	-	3,920
Additions	78,477	37,734	55,191	171,402
Closing balance, 30 June 2018	82,397	37,734	55,191	175,322
Depreciation				
Opening balance, 1 July 2018	(10,152)	(268)	(4,144)	(14,564)
Depreciation	(11,565)	(1,183)	(5,784)	(19,068)
Foreign exchange adjustment	(3,323)	-	-	(3,323)
Closing balance, 30 June 2019	(25,040)	(1,451)	(9,928)	(36,419)
Opening balance, 1 July 2017	(1,000)	-	-	(1,000)
Depreciation	(9,152)	(268)	(4,144)	(13,564)
Closing balance, 30 June 2018	(10,152)	(268)	(4,144)	(14,564)
Written Down Value 30 June 2018	72,245	37,466	51,047	160,758
Written down value 30 June 2019	62,005	99,950	46,775	208,730

13 Other financial assets

Non-current

	2019 $	2018 $
Available-for-sale financial assets	325,000	325,000
Less impairment	(325,000)	(325,000)
	-	-

Available-for-sale financial assets		
Unlisted investments, at cost:		
- shares in other corporations	-	-
Total available-for-sale investments at cost	-	-

Bioxyne

Notes to the Financial Statements (continued)

14 Current liabilities - Trade and other payables

	2019 $	2018 $
Trade creditors	433,316	416,530
Accrued Expenses	367,970	288,907
Other payables	8,037	3,490
	809,323	**708,927**

15 Current liabilities - Provisions

	2019 $	**2018 $**
Provision for annual leave, opening balance	20,000	12,000
Provided during the year	-	8,000
Provision for annual leave, closing balance	**20,000**	**20,000**

16 Contributed equity

(a) Share capital

	2019 Shares	2019 $	2018 Shares	2018 $
Ordinary Shares Fully Paid	640,145,398	62,177,536	640,145,398	62,177,536

(b) Movements in ordinary share capital

		Number of Shares	Issue price	$
Balance	**30 June 2017**	**507,565,250**		**60,815,996**
Opening balance				
Shares issued on exercise of options	10 July 2017	650,000	0.01	6,500
Shares issued on exercise of options	21 Sep 2017	4,447,787	0.01	44,478
Shares issued on exercise of options	11 Oct 2017	4,687,500	0.01	46,875
Shares issued on exercise of options	17 Oct 2017	921,000	0.01	9,210
Shares issued on exercise of options	26 Oct 2017	5,953,203	0.01	59,532
Shares issued on exercise of options	5 Dec 2017	80,607,371	0.01	806,074
Shares issued on exercise of options	11 Dec 2017	550,000	0.021	12,978
Shares issued on exercise of options	11 Dec 2017	1,250,000	0.0234	40,760
Shares issued on exercise of options	11 Dec 2017	24,960,599	0.01	249,606
Shares issued on exercise of options	15 Dec 2017	8,552,688	0.01	85,527
Closing balance 30 June 2018 & 2019		640,145,398		62,177,536

Bioxyne

Notes to the Financial Statements (continued)

16 Contributed equity (continued)

(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.

(d) Options

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

Details	No of options	Issue date	Date of expiry	Conversion price ($)
Director options	2,750,000	23/12/16 & 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**			

Options	2019 No.	2018 No.
Balance at beginning of year	4,750,000	137,808,336
Granted during the year	1,000,000	-
Expired during the year	(1,000,000)	(478,188)
Exercised during the year	-	(132,580,148)
Balance at end of year	**4,750,000**	**4,750,000**

(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 2018 Annual Report.

Notes to the Financial Statements (continued)

17 Reserves and accumulated losses

	2019	2018
(a) Reserves	**$**	**$**
Total reserves	**283,467**	**149,855**

Share based payments reserve

Movements in share based payments reserve were as follows:		
Balance 1 July	100,262	10,618
Transfer to share based payments reserve	119,500	104,428
Options lapsed	-	(1,846)
Transfer from share option reserve on exercise of options	-	(12,938)
Balance 30 June	**219,762**	**100,262**
Movements in foreign currency translation reserve		
Balance 1 July	**49,593**	**-**
Movement in foreign currency translation reserve	**14,112**	**49,593**
Balance 30 June	**63,705**	**49,593**
Total reserves	**283,467**	**149,855**

(b) Accumulated losses

Movements in accumulated losses were as follows:		
Opening accumulated losses	(58,005,886)	(56,695,892)
Loss for the year	(1,365,882)	(1,311,840)
Transfer from share based payments reserve	-	1,846
Balance 30 June	**(59,371,768)**	**(58,005,886)**

(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.

18. Non-Controlling Interest

	2019	2018
	$	$
Issued capital	52,861	-
Retained profits[1]	-	-
	52,861	**-**

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

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

Notes to the Financial Statements (continued)

19 Interests in other entities

Name of Entity	Country of Incorporation	Ownership Interest 2019 %	Ownership Interest 2018 %	Principal Activities
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
Pan Global Treasure 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

20 Remuneration of auditors

Audit services

	2019 $	2018 $
Audit of financial reports – RSM Australia Partners	56,590	52,250
Total remuneration for audit services	**56,590**	**52,250**

21 Commitments

Capital commitments

As at 30 June 2019, the Company has no capital commitments (2018: $nil).

22 Business combination

On 7 September 2018 the Group acquired a 95% interest P.T. Gamata Utama, an Indonesian direct selling company.

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

Purchase consideration:	
Cash	$131,531

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

Goodwill	$101,262
Direct Selling Licence	30,269
	$131,531

The Company is awaiting registration of the complete suite of Bioxyne products. Once registration is achieved the forecast supports the position taken not to impair goodwill at balance date.

Notes to the Financial Statements (continued)

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

	2019 $	2018 $
Loss for the year	(1,365,882)	(1,311,840)
Non-cash employee benefits expense - share based payments	119,500	104,428
Depreciation	19,068	13,564
Other non cash items	49,281	76,337
Unrealised foreign exchange loss/(gain)	14,112	(70,602)
Change in operating assets and liabilities		
Increase in trade and other receivables	(241,898)	(259,223)
Increase in inventory	(84,939)	(527,330)
Increase in trade and other payables	100,396	119,311
Net cash outflow from operating activities	**(1,390,362)**	**(1,855,355)**

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 2019 and 30 June 2018.

Biaxyne

Notes to the Financial Statements (continued)

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	-	-	-	-	(2,629,471)	(2,629,471)
Research and development	-	-	-	-	(85,869)	(85,869)
Profit/(loss) before tax	1,042,971	55,224	-	44,342	(2,508,419)	(1,365,882)
Taxation	-	-	-	-	-	-
Profit/(loss) after tax	1,042,971	55,224	1	44,342	(2,508,419)	(1,365,882)
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

2018	Wholesale sales		Direct sales		Unallocated	Total
	USA	Asia	Australia	Asia		
Sales	1,698,528	230,930	4,550	57,768	-	1,991,776
Cost of sales	(788,515)	(158,889)	(3,977)	(19,360)	(84,153)	(1,054,894)
Gross margin	910,013	72,041	573	38,408	(84,153)	936,882
Other income	-	-	-	-	268,227	268,227
Overhead expenses	-	-	-	-	(2,192,362)	(2,192,362)
Research and development	-	-	-	-	(324,587)	(324,587)
Profit/(loss) before tax	910,013	72,041	573	38,408	(2,332,875)	(1,311,840)
Taxation	-	-	-	-	-	-
Profit/(loss) after tax	910,013	72,041	573	38,408	(2,332,875)	(1,311,840)
Total assets	422,673	-	-	1,331,865	3,295,894[1]	5,050,432
Total liabilities	189,953	-	-	21,410	517,564	728,927

[1]Substantially cash held in parent entity $2,298,418

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.

24 Segment information (continued)

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.

Credit risk
The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The receivable balances are monitored on an ongoing basis. The Group's exposure to bad debts is not significant.
There is considerable concentration of credit risk within the Company as it only has one major customer at this stage of its development.

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

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

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

	2019	**2018**
	$	**$**
Cash and cash equivalents (Note 6)	1,767,909	3,309,904
Trade receivables	759,128	422,673
Research and development tax incentive receivable (Note 8)	-	140,976
Other current assets	259,379	112,120
	2,786,416	3,985,673

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.

Notes to the Financial Statements (continued)

25 Financial risk management (continued)

(b) Financial instrument composition and maturity analysis

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

Consolidated Group	Within 1 year		1 to 5 years		Over 5 years		Total	
	2019 $	2018 $	**2019 $**	2018 $	**2019 $**	2018 $	**2019 $**	2018 $
Financial liabilities - due for payment:								
Trade and other payables	**809,323**	708,927	-	-	-	-	**809,323**	708,927
Total contractual outflows	**809,323**	708,927	**-**	**-**	**-**	**-**	**809,323**	708,927
Cash and cash equivalents	**1,767,909**	3,309,904	-	-	-	-	**1,767,909**	3,309,904
Trade receivables	**759,128**	422,673	-	-	-	-	**759,128**	422,673
Total anticipated inflows	**2,527,037**	3,732,577	**-**	**-**	**-**	**-**	**2,527,037**	3,732,577
Net inflow/(outflow) on financial instruments	**1,697,714**	3,023,650	**-**	**-**	**-**	**-**	**1.697,714**	3,023,650

(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.

Notes to the Financial Statements (continued)

25 Financial risk management (continued)

(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 -1%**		**Interest Rate Risk +1%**	
		Profit	**Equity**	**Profit**	**Equity**
2019	**$**	**$**	**$**	**$**	**$**
Financial Assets					
Cash and cash equivalents	**1,767,909**	**(17,679)**	**(17,679)**	**17,679**	**17,679**
2018					
Financial Assets					
Cash and cash equivalents	**3,309,904**	**(33,099)**	**(33,099)**	**33,099**	**33,099**

Consolidated A$ 5% stronger / (weaker)	**Carrying amount in original currency**	**Currency Risk 5%**		**Currency Risk -5%**	
		Profit	**Equity**	**Profit**	**Equity**
2019	**$**	**A$**	**A$**	**A$**	**A$**
Financial Assets					
Cash in US $	**39,037**	(2,930)	(2,930)	2,930	2,930
Cash in Euro	**20,286**	(1,730)	(1,730)	1,730	1,730
Cash in IDR	**7,552,722,498**	(40,108)	(40,108)	40,108	40,108
Cash in MYR	**2,300,917**	(41,700)	(41,700)	41,700	41,700
		(86,468)	(86,468)	86,468	86,468
2018					
Financial Assets					
Cash in US $	899,200	(57,934)	(57,934)	57,934	57,934
Cash in MYR	2,942,819	(44,544)	(44,544)	44,544	44,544
		(102,478)	(102,478)	102,478	102,478

Notes to the Financial Statements (continued)

26 Earnings per share

	2019	2018
	Cents	Cents
Basic Loss/(Earnings) per share (cents per share)	(0.21)	(0.22)
Diluted Loss/(Earnings) per share (cents per share)*	(0.21)	(0.22)
Weighted average number of shares		
Basic earnings per share calculation	640,145,398	587,804,514
Diluted earnings per share calculation*	640,145,398	587,804,514
Loss for the period used in earnings per share		
From continuing operations	(1,365,882)	(1,311,840)

**2019/2018 – weighted average number of options outstanding not included in diluted EPS calculation as the options are anti-dilutive in nature*

27 Share based payments

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

Details	No of options	Issue date	Date of expiry	Conversion price ($)	Fair Value at grant date
Director options issued under employee share option plan	1,000,000	21/12/2018	24/11/2019	0.045	$9,801

	Director Options
Expected volatility	100%
Risk- free interest rate	1.51%
Expected life of option (years)	0.93
Exercise price (cents)	4.5
Grant date share price	3.4 cents

b) Options at year end

Details	No of options	Issue date	Date of expiry	Conversion price ($)
Director options issued under employee share option plan	2,750,000	23/12/2016	24/11/2019	0.0234
Options issued under employee share option plan	1,000,000	2/2/2017	24/11/2019	0.0234
Director options issued under employee share option plan	1,000,000	21/12/2018	24/11/2019	0.045
Total outstanding and exercisable	**4,750,000**			

The weighted average remaining contractual life of options outstanding at the end of the year was 0.5 years (2018: 1.4 years). All outstanding options are vested and exercisable.

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Notes to the Financial Statements (continued)

27 Share based payments (continued)

c) Movements in options during the year

	2019 No.	Weighted Average Exercise Price	2018 No.	Weighted Average Exercise Price
Options				
Balance at beginning of year	4,750,000	0.0234	4,550,000	0.0231
Granted during the year	1,000,000	0.045	2,000,000	0.0234
Expired during the year	(1,000,000)	0.0234	-	-
Exercised during the year	-	-	(1,800,000)	0.0227
Balance at end of year	**4,750,000**		**4,750,000**	**0.0234**

(d) Performance rights

Shareholders at a General Meeting on 3 August 2017 approved the grant of 40,000,000 performance rights to the Chief Executive Officer (CEO). The performance rights were valued by 22 Corporate Advisory Pty Limited, at between 6.8 cents and 6.1 cents a share being the share price on grant date discounted for lack of marketability. Vesting occurs at the end of the Performance Period ended 30 June 2020, if the following performance conditions are met:

(i) The CEO remaining employed by the Company or one of its subsidiaries for the duration of the Performance Period; and

(ii) The CEO meeting the following performance hurdles during the Performance Period, in respect of the percentage of Rights allocated to each hurdle:

For the year ended 30 June 2018 – 8 million shares on the basis of:

a. Share price hurdle, if the Volume Weighted Average Price is 2.5 cents for 10 consecutive days in the year to 30 June 2018, the provision of (a)(ii) shall apply.
b. If Export Sales exceed A$1.5m then 6 million shares plus 4 shares for every A$ of export revenue up to $2million.
c. The maximum performance shares issued shall be 8 million shares

For the year ended 30 June 2019 – 12 million shares on the basis of:

a. Share price hurdle, if the Volume Weighted Average Price is 4.5 cents for 10 consecutive days in the twenty four months preceding 30 June 2019, the provision of (b)(ii) shall apply.
b. If Export Sales exceed A$3m then 9 million shares plus 3 shares for every A$1 of sales up to A$4million.
c. The maximum performance shares issued shall be 12 million shares
d. Where cumulative Export Sales for the two years ended 30 June 2019 is more than $6 million; any vesting shortfall of Performance Rights pursuant to clause 6.2 (a) (ii) and 6.2 (b) (ii) shall vest.
e. For the avoidance of doubt the maximum vesting of shortfall per 6.2 (b) (iii) and 6.2 (a) (ii) and 6.2 (b) (ii) shall be 20,000,000 Performance Rights.

Notes to the Financial Statements (continued)

27 Share based payments (continued)

For the year ended 30 June 2020 – 20 million shares on the basis of:

a. Share price hurdle, if the Volume Weighted Average Price is 6.5 cents for 10 consecutive days in the thirty six months ended 30 June 2020, the provision of (c)(ii) shall apply,

b. If export sales exceed A$6m then 15 million shares plus 2.5 shares for every A$1 of sales up to A$8million.

c. The maximum performance shares issued shall be 20 million

An expense of $75,000 was recognised for the period ended 30 June 2019 in relation to these performance rights.

The Company issued a further 9,000,000 performance rights on 21 December 2018 on the following terms;

(a) The Performance Period commences on 1 July 2018 and ends at 5.00pm (Sydney time) on 30 June 2020.

(b) The Rights expire at 5.00pm (Sydney time) on 30 September 2020. Rights will expire before this date if Vesting Conditions are not satisfied or waived.

(c) Performance will be assessed by the Board or a committee of the Board formed for this purpose.

(d) The Rights are subject to the following Performance Hurdles which must be satisfied to the satisfaction of the Board:

Market Based	Share Price Hurdle[1]	Share Price Hurdle[2]	Total
	Tranche 1	Tranche 2	
	4,500,000	4,500,000	9,000,000

[1]Share price exceeds a 10 day VWAP of 7.5 cents in the year to 30 June 2019

[2]Share price exceeds a 10 day VWAP of 10 cents in the period to 30 June 2020

Once the share price hurdle has been achieved, the following performance based hurdles will be applied.

Performance Based (Actions below relate to each tranche)

Action A – 1. Sales in year to 30 June 2019 >$3m then 35% of tranche, sales in year to 30 June 2020 > $5m then 35% of tranche - or if sales for both years aggregated >$8m the 70% in total.

Action B – 3. Grant of a Direct Selling License in China 30% of Total.

The share price hurdle for Tranche 1 was not achieved and as these rights have now lapsed no expense has ben recognised in the year. An expense of $25,870 has been recognised in relation to the remaining performance rights.

28 Parent entity disclosures

(a) Financial position

	2019 $	2018 $
Total Current Assets	**2,670,588**	2,973,062
Total Assets	**4,131,330**	5,003,579
Total Liabilities	**989,234**	682,074
EQUITY		
Contributed equity	62,177,536	62,177,536
Reserves	219,760	100,262
Accumulated losses	(59,255,200)	(57,956,293)
Equity	**3,142,096**	**4,321,505**

(b) Reserves

Option reserve	219,760	100,262

(c) Financial performance

Loss for the year	(1,365,882)	(1,311,840)
Other comprehensive income	-	-
	(1,365,882)	(1,311,840)

(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 2019.

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

	2019 $	2018 $
Short-term employee benefits	430,986	449,683
Post- employment benefits	28,691	7,719
Share based payments	111,968	98,822
	571,645	556,224

(b) Transactions with other related parties

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

i. $32,519 was paid to NH Chua a director of the Company as rental for the Malaysian office;

ii. $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 2019 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