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Appendix 4E

Preliminary final report
Period ending on 30 June 2013

Name of entity

BIOPROSPECT LIMITED

ABN or equivalent company reference

58 008 130 336

The information contained in this report relates to the following years:

Current year ended	30 June 2013
Previous year ended	30 June 2012

Results for announcement to the market

				$'000
Revenue from ordinary activities	Down	76%	To	29
(Loss) from ordinary activities after tax attributable to members	Down	67%	To	(1,097)
Net (loss) for the period attributable to members	Down	67%	To	(1,097)
Basic loss per share (cents per share)	Down	76%	To	(0.04)
Diluted loss per share (cents per share)	Down	76%	To	(0.04)

Dividends	Amount per security	Franked amount per security
Financial year ended 30 June 2013		
Final dividend	-	-
Interim dividend	-	-
Financial year ended 30 June 2012		
Final dividend	-	-
Interim dividend	-	-

Dividend payments

Date the final 2012 dividend is payable	N/A
Record date to determine entitlements to the dividend	N/A
Date final dividend was declared	N/A

Total dividend per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	-	-

Total dividends paid on all securities

	Current year $'000	Previous year $'000
Ordinary securities	-	-
Total	-	-

Net Tangible Assets

	Current year	Previous year
Net tangible assets per ordinary security	0.1 cents	0.34 cents

Annual meeting

The annual meeting will be held as follows:

Place	TBA
Date	TBA
Time	TBA
Approximate date the annual report will be available	TBA

This report is based on accounts that are in the process of being audited.

Date: 30 August 2013

Print name: Robert Lees
Company Secretary

REVIEW AND RESULTS OF OPERATIONS

Operating Results for the Year

The consolidated entity generated a loss after tax of $1,096,713 (2012: loss of $3,326,955). Sales of REGEN products for the year were $19,230, significantly lower than the 2012 result of $49,000. This reflected the final disposal of health care raw material and product and a focus on minimising all non-essential expenditure. Significant items are:-

- Research and development costs of $2,573 were significantly below the 2012 expenditure of $388,000 as the company finalised the UAE *AGRIPRO®* development trial in July 2011 and restructured its further research and development programs;

- Employee costs at $241,000 were $549,000 below 2012 due to operational reorganisation and the reduction of management personnel;

- Sales and marketing expenses decreased in line with the reduction in activities associated with the *REGEN®* portfolio, promoting the *AGRIPRO®* and *GI-GUARD®* brands, and corporate advertising;

- Other administration costs were $1,163,000 lower than 2012 primarily due to the closure of the offices and a reductions in other appropriate areas; and

- Inventories have been full provided for and all stock holdings either sold or disposed.

The consolidated entity holds available for sale investments of $5,188,265. In August 2013, the sale of 25.58% of its holding in Frontier Oil Corporation for $1.79 million after costs released cash to redeem convertible notes of $1,200,000. The balance of convertible notes of $1,200,000 and accumulated interest of $300,000 will be converted to a new series of convertible notes, with residual interest being paid to the note holders on 18 August 2013. These new convertible notes will incur interest at 8% and have a maturity date of 30 June 2015. The notes are convertible at the lower of 0.1 cents per share or a discount to the 5 day VWAP of shares traded on ASX prior to the conversion. The issue of the new convertible notes and approval for conversion will be subject to shareholder approval.

Valuing the remaining post sale 74.42% of the Frontier Oil Corporation shares at the August 2013 sale price values the remaining holding at $5,208,509.

Review of Financial Condition

Capital Structure

During the last twelve months the company has been able to raise capital when needed due to an excellent relationship with several major shareholders and underwriters, particularly Novus Capital Limited. Rights issues and placements raised $1,176,533 before costs and an additional $150,000 was raised from the issue of additional convertible notes. Please refer to note 21 for specific details of placements and other initiatives that occurred during the year ended 30 June 2013.

Cash Reserves

The company's cash reserves at the end of the financial year amounted to $180,937.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED 2013 $	2012 $
Sale of goods		19,230	49,147
Other income	5	9,353	72,036
Revenue		28,583	121,183
Cost of sales		(24,164)	(442,662)
Gross Profit/ (Loss)		4,419	(321,479)
Finance costs	5	(193,564)	(103,817)
Depreciation	5	(3,531)	(22,774)
Employee costs	5	(241,055)	(789,645)
Impairment of intangibles	12	-	(300,000)
Impairment of financial assets	13	-	(2,758)
Inventory written off		(174,701)	-
Research and development expenses		(2,573)	(388,192)
Other expenses	5	(485,708)	(1,648,640)
Loss before income tax		(1,096,713)	(3,577,305)
Income tax benefit	6	-	250,350
Loss attributable to members of BioProspect Limited		(1,096,713)	(3,326,955)
Other comprehensive income			
Net loss on revaluation of available for sale financial assets		-	(23,908)
Total other comprehensive income for the period net of tax		-	(23,908)
Total comprehensive income attributable to members of BioProspect		(1,096,713)	(3,350,863)
Basic earnings per share (cents per share)	7	(0.04)	(0.21)
Diluted earnings per share (cents per share)	7	(0.04)	(0.21)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
AS AT 30 JUNE 2013

	Note	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	180,937	85,321
Trade and other receivables	9	40,618	47,752
Inventories	10	-	169,034
Prepayments		9,091	9,091
Total Current Assets		230,646	311,198
Non-current Assets			
Available for sale investments	13	5,188,265	5,161,553
Property, plant and equipment	14	-	3,532
Total Non-current Assets		5,188,265	5,165,085
TOTAL ASSETS		5,418,911	5,476,283
LIABILITIES			
Current Liabilities			
Trade and other payables	15	441,382	653,881
Borrowings	17	1,950,000	-
Provisions	16	-	24,258
Total Current Liabilities		2,391,382	678,139
Non-current Liabilities			
Borrowings	17	450,000	2,250,000
Other payables	18	39,375	103,817
Total Non-current Liabilities		489,375	2,353,817
TOTAL LIABILITIES		2,880,758	3,031,956
NET ASSETS		2,538,153	2,444,327
EQUITY			
Issued capital	20 (a)	36,650,527	35,459,988
Reserves		2,911,950	2,911,950
Accumulated losses		(37,024,324)	(35,927,611)
TOTAL EQUITY		2,538,153	2,444,327

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital	Accumulated Losses	Available for Sale Financial Assets Revaluation Reserve	Share Based Payments Reserve	Total Equity
	$	$	$	$	$
At 1 July 2011	**31,210,774**	**(32,600,656)**	**23,908**	**2,543,511**	**1,177,537**
Comprehensive income					
Loss for the period	-	(3,326,955)	-	-	(3,326,955)
Other comprehensive income					
Available for sale financial assets	-	-	(23,908)	-	(23,908)
Total comprehensive income	-	(3,326,955)	(23,908)	-	(3,350,863)
Transactions with owners					
Shares issued	4,296,400	-	-	-	4,296,400
Share issue costs	(47,186)	-	-	-	(47,186)
Share options issued	-	-	-	368,439	368,439
Total transactions with owners	4,249,214	-	-	368,439	4,617,653
At 30 June 2012	**35,459,988**	**(35,927,611)**	**-**	**2,911,950**	**2,444,327**
At 1 July 2012	**35,459,988**	**(35,927,611)**	**-**	**2,911,950**	**2,444,327**
Comprehensive income					
Loss for the period	-	(1,096,713)	-	-	(1,096,713)
Other comprehensive income					
Available for sale financial assets	-	-	-	-	-
Total comprehensive income	-	(1,096,713)	-	-	(1,096,713)
Transactions with owners					
Shares issued	1,261,004	-	-	-	1,261,004
Share issue costs	(70,465)	-	-	-	(70,465)
Share options issued	-	-	-	-	-
Total transactions with owners	1,190,539	-	-	-	-
At 30 June 2013	**36,650,527**	**(37,024,324)**	**-**	**2,911,950**	**2,538,153**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED 2013 $	2012 $
Cash flows from operating activities			
Receipts from customers		19,230	52,397
Grants Received		-	55,383
Payment to suppliers and employees		(1,162,538)	(1,654,666)
Research and development expenditure		-	(216,647)
Income tax R&D offset received		-	250,350
Net cash flows used in operating activities	8 (a)	(1,143,308)	(1,513,183)
Cash flows from investing activities			
Interest received		9,353	32,719
Purchase of plant and equipment		-	(3,633)
Proceeds from sale of available for sale investments		-	37,649
Investment in Frontier Oil	13	(26,712)	(2,625,000)
Net cash flows used in investing activities		(17,359)	(2,558,265)
Cash flows from financing activities			
Proceeds from issues of shares and options		1,176,533	198,000
Transaction costs of issue of shares		(70,250)	(9,250)
Proceeds from issue of convertible notes		150,000	2,250,000
Net cash flows from financing activities		1,265,636	2,438,750
Net (decrease)/increase in cash and cash equivalents		95,616	(1,632,698)
Cash and cash equivalents at beginning of the year		85,321	1,718,019
Cash and cash equivalents at end of the year	8	180,937	85,321

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

BioProspect Limited (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial statements cover the consolidated entity of BioProspect Limited and its controlled entities.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general-purpose financial statements which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have also been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments, which have been measured at fair value.

The financial statements have been prepared on a going concern basis. As disclosed in note 21 the consolidated entity's ability to continue as a going concern is dependent upon its ability to generate sufficient cash from future operations and to raise additional capital.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements 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. The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(b) New accounting standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the consolidated entity has decided not to early adopt.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of BioProspect Limited and its controlled entities as at 30 June each year (the consolidated entity).

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of BioProspect Limited and its subsidiaries is Australian dollars (A$). Each entity in the Group determines its own functional currency using the currency of the primary economic environment in which the entity operates and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency at 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. All exchange differences are taken to profit and loss when incurred.

(e) Segment reporting

Operating segments are identified and segment information is disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Income Statement, Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the annual financial statements have been included.

As a result of the adoption of the revised AASB 8, certain cash generating units have been redefined having regard to the requirements in AASB 136: Impairment of Assets.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Interest income
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Rendering of services
Revenue is recognised immediately when performance of the service has been completed.

(iv) Licence fee
Revenue is recognised when control of the goods has passed to the buyer or performance of the service has occurred.

All revenue is stated net of the amount of GST.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

(h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction and production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended user sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

(I) Leases (continued)

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised as a liability and amortised on a straight line basis in the income statement as an integral part of the total lease expense over the life of the lease term.

(j) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity 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. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Trade and other receivables

Trade receivables, which generally have 30 day terms are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(m) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through the profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and Derecognition
All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i)Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in the income statement and the related assets are classified as current assets in the statement of financial position.

(ii)Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(iii)Loans and receivables
Loans and receivables including loan notes and loans to KMP are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Investments and other financial assets (continued)

(iv) Available-for-sale securities
Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not suitable to be classified as any of the three preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(v) Impairment
At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

(n) Investment in associate

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements. The associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes directly in equity and discloses this in the statement of comprehensive income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax

The income tax expense (income) for the year comprises current income tax expense and deferred tax expense (income).

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference cannot be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Research and development tax offset claims are recognised as a tax benefit when it is probable that the economic benefits will flow into the entity and the amount can be reliably measured.

BioProspect Limited and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except when the GST incurred on a 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 as applicable. 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred. Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows:

Category of plant & equipment	Useful life 2013	Useful life 2012
Office Equipment	4-5 yrs	4-5 yrs
Computer Hardware	2.5 yrs	2.5 yrs
Furniture & Fittings	2.5-5 yrs	2.5-5 yrs

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted, at the end of each reporting period.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(r) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which expenditure is incurred.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed at the end of each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Intangible assets (continued)

Research and development costs
Research and development costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any finite life expenditure so capitalised is amortised over the period of expected benefits from the related project. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

(s) Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(t) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the reporting period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of the goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis

(u) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(w) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employee's services up to the end of reporting period. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities for annual leave and long service leave are recognised in current and non-current provisions and are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting period on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

As of the 30 June 2013, the Group did not have any employees with significant service to necessitate a provision for long service leave.

(x) Share-based payment transactions

Equity settled transactions
The Group provides benefits to its employees and directors in the form of share-based payments, whereby employees and directors render service in exchange for shares or rights over shares (equity-settled transactions).

There were no issues of shares to directors or executives during the year ended 30 June 2013.

During the year ended 30 June 2012 there were issues of 19,000,000 ordinary shares and 34,000,000 options (BPOO) expiring 31 December 2013 at an exercise price of 3 cents per share, to directors and senior executives.

(y) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Earnings per share

Basic earnings per share (EPS) is calculated as net profit attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(aa) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting date to fair value, recognising each change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the Income Statement.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) *Significant accounting judgment*

Impairment of assets and investments

The group determines whether non-current assets should be assessed for impairment based on identified impairment triggers. At the end of each reporting period management assesses the impairment triggers based on their knowledge and judgement. Where an impairment trigger is identified, an estimate of future cash flows or fair value is required.

(ii) *Significant accounting estimates and assumptions*

Contingent Liabilities and Contingent Assets

The group assesses contingent liabilities and contingent assets at the end of each reporting period and will account for them only if:-
(a) they can be reliably measured;
(b) the probability that an asset or liability will eventually be recognised is greater than remote; and
(c) the items are considered material.

4. SEGMENT REPORTING

Segment Information
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 (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- The products sold and/or services provided by the segment;
- The manufacturing process;
- The type or class of customer for the products or service;
- The distribution method; and
- External regulatory requirements.

Types of products and services by segment

(i) Agriculture/Animal Health

This market segment includes the income and expenditures pertaining to Qcide®, the natural insecticide derived from *Eucalyptus cloeziana* and the range of products based on plant extracts derived from coniferous trees (known as Conifer Green Needle Complex or CGNC) that are marketed under the *AGRIPRO®* and *GI-Guard®* brands.

4. SEGMENT REPORTING (continued)

(ii) Human Health/Skin Care

This market segment includes the income and expenditures pertaining to the emu oil based *REGEN®*product range and the *DEMURE®* skin care product range.

(iii) Mining and Gas Exploration

This market segment includes the income and expenditures pertaining to the investment opportunity through Frontier Gasfields Pty Ltd and subsequently Frontier Oil Corporation.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

For the reporting period there have not been any inter-segment sales.

Salaries for research and development employees have been allocated to market segments on the basis of time sheets that support claims for the research and development tax offset credit. Corporate employee costs such as directors' fees, salaries and superannuation are allocated to market segments on the basis of direct expenses and research and development salaries as a percentage of total expenses for the Group.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs.

Segment assets

In the majority of instances, segment assets are clearly identifiable on the basis of their nature (i.e. prepayments, inventories, sundry debtors). Corporate fixed assets such as computer equipment and furniture and fittings have not been allocated to market segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the liability incurred and the operations of the segment. Segment liabilities include trade and other payables.

Unallocated Items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Cash and term deposits;
- Interest received;
- Income tax expense or credit;
- Fixed assets;
- Borrowings;
- Unallocated share application funds; and
- Other payables.

Notes to the Financial Statements (continued)

4. SEGMENT REPORTING (continued)

(i) Segment performance

	Human Health/Skin Care	Agriculture/ Animal Health	Mining and Gas	Total
Twelve months ended 30 June 2013	**$**	**$**	**$**	**$**
Revenue				
External sales	19,230	-	-	19,230
Total segment revenue	19,230	-	-	19,230
Inter-segment elimination	-	-	-	-
Unallocated revenue				9,353
Total consolidated revenue				28,583

	Human Health/Skin Care	Agriculture/ Animal Health	Mining and Gas	Total
Twelve months ended 30 June 2013	**$**	**$**	**$**	**$**
Segment net profit/(loss)before tax	-	-	-	-
Reconciliation of segment result to group net loss before tax				
Amounts not included in segment result but reviewed by the Board:				
• Depreciation				(3,531)
Unallocated items:				
• Interest received				9,353
• Other corporate costs				(1,090,891)
Net loss before tax				**(1,096,713)**

4. SEGMENT REPORTING (continued)

Twelve months ended 30 June 2012	Human Health/Skin Care	Agriculture/ Animal Health	Mining and Gas	Total
Revenue	$	$	$	$
External sales	49,147	3,250	-	52,397
Export market grant received	55,383	-	-	55,383
Total segment revenue	104,530	3,250	-	107,780
Inter-segment elimination	-	-	-	-
Unallocated revenue				13,403
Total consolidated revenue				121,183

	Human Health/Skin Care	Agriculture/ Animal Health	Mining and Gas	Total
Twelve months ended 30 June 2012	$	$	$	$
Segment net loss before tax	(1,058,068)	(869,550)	(495,600)	(2,423,218)
Reconciliation of segment result to group net loss before tax				
Amounts not included in segment result but reviewed by the Board:				
• Depreciation				(22,774)
Unallocated items:				
• Interest received				13,403
• Other corporate costs				(1,144,716)
Net loss before tax				**(3,577,305)**

4. SEGMENT REPORTING (continued)

(i) Segment assets

30 June 2013	Human Health/Skin Care	Agriculture/ Animal Health	Mining and Gas	Total
	$	$	$	$
Segment assets	-	-	5,188,265	5,188,265
Unallocated assets				
• Cash				180,937
• Other				49,709
Total assets				**5,418,911**

30 June 2012	$	$	$	$
Segment assets	171,105	24,338	5,161,553	5,356,996
Unallocated assets				
• Cash				85,321
• Other				33,966
Total assets				**5,476,283**

(ii) Segment Liabilities

30 June 2013	$	$	$	$
Segment liabilities	-	-	-	-
Unallocated liabilities				2,880,758
Total liabilities				**2,880,758**

30 June 2012	$	$	$	$
Segment liabilities	21,952	273,558	922	296,432
Unallocated liabilities				2,735,524
Total liabilities				**3,031,956**

4. SEGMENT REPORTING (continued)

(ii) Revenue by geographical region

Australia

Revenue for the 2013 year consisted of $19,230 of *REGEN*® product sales and bank interest of $9,353.

For the 2012 year revenue consisted of $49,147 of *REGEN*® product sales, sales of surplus *Eremophila mitchellii* timber of $3,250, an export market development grant of $55,383 and bank interest of $13,403.

(iii) Assets by geographical region

All assets reside in one geographical region being Australia.

	CONSOLIDATED 2013 $	2012 $
5. REVENUES AND EXPENSES		
(a) Other Income		
Sale of surplus timber	-	3,250
Bank interest received and receivable	9353	13,403
EMDG Grant received	-	55,383
Profit on sale of investments	-	-
	9,353	72,036
(b) Finance costs		
Interest charges payable under convertible notes	(193,564)	(103,817)
	(193,564)	(103,817)
(c) Depreciation		
Plant and Equipment	(3,531)	(22,774)
	(3,531)	(22,774)
(d) Employee benefits expense		
Wages and salaries	(53,044)	(483,853)
Directors fees	(183,583)	(131,502)
Superannuation	(4,428)	(23,195)
Allowances/leave	-	905
Share based payments	-	(152,000)
	(241,055)	(789,645)
(e) Other expenses		
Consulting and advisory expenses	(118,664)	(862,598)
Legal fees	(78,300)	(217,234)
Listing fees	(28,541)	(63,095)
Share registry charges	(58,482)	(21,966)
Sales and marketing	(51,225)	(204,793)
Other administration expenses	(150,496)	(278,954)
	(485,708)	(1,648,640)

	CONSOLIDATED 2013 $	2012 $
6. INCOME TAX		
Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting loss before tax	(1,096,713)	(3,577,305)
At the statutory tax rate of 30% (2012: 30%)	(329,014)	(1,073,192)
Research and development deduction	-	-
Entertainment	-	1,159
Share based payments	-	227,805
Other	-	-
	(329,014)	(844,228)
Tax effect of temporary differences and current year loss not brought to account	329,014	844,228
Add back R&D tax offset received (see note 2 (o))	-	250,350
Aggregate income tax benefit	-	250,350
Deferred tax asset arising from tax losses not brought to account at the end of the reporting period as realisation is not regarded as probable	6,637,510	6,308,496

The potential deferred tax asset will only be obtained if:

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

The Group has tax losses arising in Australia of $22,125,034 (2012: $21,028,321) with a further $2,738,991 capital losses as at 30 June 2013 (2012: $2,738,991). The continued availability of these losses depends on the ability of the parent to satisfy the requirements of the continuity of ownership test (COT) or alternatively the same business test (SBT).

At 30 June 2013, there is no recognised or unrecognised deferred tax liability (2012: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associate, as the Group has no liability for additional taxation should such amounts be remitted.

Tax consolidation

Effective 1 July 2003, for the purposes of income taxation, BioProspect Limited and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. However, as the Group has accumulated tax losses of $21,396,427 with the majority of this in the hands of the head entity, it will be some time before the Group will actually incur a tax liability.

6. INCOME TAX (continued)

Tax accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding arrangement. The tax funding arrangement provides for the allocation of current taxes to members of the tax consolidated group in accordance with the available fractions belonging to each subsidiary, which is directly linked to prior year losses that have been accumulated. In the event of the company generating future taxable profits, the tax losses will be absorbed according to the available fractions within the group.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, BioProspect Limited. The group has applied the stand alone approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

7. EARNINGS PER SHARE

	COMPANY	
	2013 $	2012 $
Net loss attributable to equity holders of the company from continuing operations	(1,096,713)	(3,326,955)
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	2,505,057,995	1,573,132,096

Due to the consolidated entity incurring an operating loss, options do not have a dilutive effect. The share options on issue as detailed in Note 20 are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2013. These options could potentially dilute basic earnings per share in the future.

	CONSOLIDATED 2013 $	2012 $
8. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	29,222	85,321
Short-term deposits	151,715	-
	180,937	85,321

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one month and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

	CONSOLIDATED 2013 $	2012 $
(a) Reconciliation of loss after tax to net cash flows from operations:		
Net loss	(1,096,713)	(3,326,955)
Adjustments for:		
Depreciation	3,531	22,774
Impairment of intangibles	-	300,000
Impairment of available for sale investments	-	2,758
Interest received	(9,353)	(13,403)
Interest paid convertible notes	193,564	103,817
Share based payments to directors and KMP	-	152,000
Share based payments to consultants	94,919	607,350
Loss on sale of available for sale investments	-	14,073
Changes in assets and liabilities		
(Increase)/ decrease in trade and other receivables	7,134	80,383
(Increase)/ decrease in inventories	169,034	469,911
(Increase)/ decrease in prepayments	-	699
(Decrease) / increase in trade and other payables	(276,941)	93,750
(Decrease) / increase in employee entitlements	(24,258)	(20,340)
Net cash used in operating activities	(1,143,308)	(1,513,183)

(b) Non cash financing and investing activities

	CONSOLIDATED 2013 $	2012 $
Issue of 49,390,000 shares to Doward International for services rendered	49,390	-
Issue of 45,528,840 shares to Novus Capital for services rendered	45,529	-
Issue of 56,000,000 shares to consultants for services rendered	-	438,400
Issue of 100,000,000 options to consultants for services rendered	-	168,950
Issue of 19,000,000 shares to Directors and KMP	-	152,000
Issue of 19,000,000 options to Directors and KMP	-	33,590
Issue of 15,000,000 options to Winton Willesee	-	4,345
Issue of 250,000,000 shares to Frontier Gasfields shareholders as part of acquisition cost	-	2,000,000
Issue of 100,000,000 options to Frontier Gasfields shareholders as part of acquisition cost	-	161,553
	94,919	2,958,838

	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $
9. TRADE AND OTHER RECEIVABLES		
Trade debtors	-	-
Other debtors	40,618	47,752
	40,618	47,752

Terms and conditions

(i) Trade debtors are non-interest bearing and generally on 30 day terms. A provision for impairment is made when there is objective evidence that a trade receivable is impaired.
(ii) Sundry debtors and other receivables are non-interest bearing and have repayment terms of 30 days. A provision for impairment is made when there is objective evidence that a sundry debtor or other receivable is impaired.
(iii) None of the trade and other receivables are contractually overdue.

Due to the short-term nature of these receivables their carrying amounts are assumed to approximate their fair value.

		CONSOLIDATED 2013 $	CONSOLIDATED 2012 $
10. INVENTORIES			
Finished goods			
REGEN® finished goods		-	268,336
Plant extracts at cost		-	-
Stock provision		-	(161,002)
Total finished goods		-	107,334
Raw materials			
REGEN® raw materials and work in progress		-	267,010
CGNC and other raw materials		-	66,049
Stock provision		-	(271,359)
Total raw materials		-	61,700
Total inventories		-	169,034
11. INVESTMENT IN ASSOCIATE HELD FOR SALE			
Investment in Astrum	(a)	-	-

11. INVESTMENT IN ASSOCIATE HELD FOR SALE (continued)

	Ownership interest 2013	Ownership interest 2012
(a) Astrum Therapeutics Pty Ltd – Ordinary shares	**28.76**%	28.76%

(i) Astrum Therapeutics Pty Ltd is an unlisted Australian drug discovery company focused on Type 2 Diabetes Mellitus ("T2DM").

The following table illustrates summarised financial information relating to the Group's investment in Astrum Therapeutics Pty Ltd.

	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $
(i)*Share of associate's profits (losses).*		
Revenue	-	-
Profit / (loss) before income tax	-	-
Income tax expense	-	-
Profit / (loss) after income tax expense	-	-
(ii)*Carrying amount of investment in associate*		
Balance at the beginning of the financial year	-	-
- share of associates net profit (losses) for the financial year	-	-
- impairment write down	-	-
Carrying amount of investment in associate at the end of the year (1)	-	-
(iii)*Accumulated losses of the consolidated entity attributable to associate*		
Balance at the beginning of the financial year	596,762	596,762
Share of associates net profit (losses)	-	-
Balance at the end of the financial year	596,762	596,762
(iv)*Share of associate's statement of financial position*		
Current assets	-	-
Non-current assets	-	-
	-	-
Current Liabilities	-	-
Net assets	-	-

(1) As the carrying value of the investment is recorded as nil, no further share of loss was taken up in 2013 or 2012.

(b) Current Asset classification

The directors of BioProspect have resolved that in the absence of a sufficiently attractive offer BioProspect will retain its current 28.76% shareholding in Astrum Therapeutics.

12. INTANGIBLES

	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $
Licence		
Nova Vita licence		
At cost	-	250,000
Accumulated amortization	-	-
Impairment	-	(250,000)
Net carrying amount	-	-
Goodwill		
Re Gen Wellness Products Pty Ltd		
At cost	-	50,000
Additions	-	-
Impairment	-	(50,000)
Net carrying amount	-	-
Reconciliation of carrying amount		
Net carrying amount at beginning of year	-	300,000
Additions	-	-
Amortisation	-	-
Impairment	-	(300,000)
Net carrying amount	-	-

Nova Vita Licence

As announced on 19 January 2011, the Company issued 25,000,000 ordinary shares to Nova Vita Pty Ltd in consideration of their assignment of their rights to manufacture and supply the *L'AZURE*™ range of cosmetics based on natural plant extracts.

Under the terms of the agreement, BioProspect has been assigned ownership of all intellectual property related to the *L'AZURE*™ products. This includes formulas, brands and trademarks, and exclusive rights to the supply of *Bioeffectives*® from Solagran Limited for use in cosmetics for the specific areas of China, Malaysia and Singapore, with non-exclusive rights to the supply of *Bioeffectives*® for use in cosmetics globally.

Directors conducted an impairment test on the Nova Vita licence during 2012 and as the Company was no longer actively pursuing this market decided to write off this licence.

Goodwill

As announced on 10 August 2009, the company acquired 100% of Re Gen Wellness Products Pty Ltd, facilitating the company's expansion into natural healthcare and skin care products, which was a new market segment for the business.

Under the Share Sale Agreement, an upfront payment of $50,000 was made, with additional payments contingent on sales performance and contribution to cash flow over a six year period ending 30 June 2015.

Directors conducted an impairment test in 2012 to ensure that the goodwill was valued at its recoverable amount and due to the slow progress with sales of Re Gen Wellness products, directors decided to write down the value of goodwill to zero.

13. OTHER FINANCIAL ASSET – AVAILABLE FOR SALE FINANCIAL ASSETS

	Notes	CONSOLIDATED 2013 $	2012 $
Frontier Gasfields Pty Ltd – at cost	(i)	-	5,161,553
Frontier Oil Corporation – at directors valuation		5,188,265	-
Australian listed shares at fair value	(ii)	2,758	2,758
Impairment		(2,758)	(2,758)
		5,188,265	5,161,553

(i) Frontier Gasfields

During the period June 2012 through to June 2013 the Company issued ordinary shares ($2,000,000), listed options ($161,553) and made cash payments of $3,000,000 for a total investment cost of $5,161,553 to acquire 50% of the issued capital (2,500,000) of Frontier Gasfields Pty Ltd (Frontier).

On 13 June 2012, BioProspect executed a share sale agreement with Frontier Oil Corporation (FOC) whereby BioProspect woudl receive 430,000,000 shares in FOC for its 2,500,000 shares held in Frontier. The sale agreement was subject to various conditions including FOC obtaining shareholder and Philippines Securities Exchange approval for FOC to increase its share capital to allow the 430,000,000 shares to be issued to BioProspect. FOC shareholder approval was received on 26 June 2012. The Philippines Securities Exchange approval was obtained in January 2013 and the company incurred a cost of $26,712 to process the transfer.

(II) Listed Shares

During the year ended 30 June 2013, BioProspect had disposed 560,000 shares in Solagran Limited due to the completion of the development agreement and the 2010 legal dispute whereby BioProspect and Solagran agreed to commercialise CGNC on their own terms.

As at 30 June 2013, BioProspect still owned 47,544 shares. However, on 3 March 2012 Solagran Limited went into voluntary suspension and ceased trading leaving BioProspect directors with no option but to impair the investment down to zero.

	CONSOLIDATED 2013 $	2012 $
14. PROPERTY, PLANT & EQUIPMENT		
Plant and equipment		
At cost	-	20,706
Accumulated depreciation	-	(17,174)
Net carrying amount	-	3,532
(a) Reconciliations		
Plant and equipment		
Carrying amount at beginning	3,532	22,673
Additions	-	3,633
Depreciation expense	(3,532)	(22,774)
Net carrying amount	-	3,532

	Note	2013 $	2012 $
15. TRADE AND OTHER PAYABLES- CURRENT			
Trade payables	(i)	108,114	108,114
Other creditors and accruals	(ii)	160,792	160,792
		268,906	268,906
Related party payables	(iii)	384,975	384,975
		653,881	653,881

Terms and conditions relating to the above financial instruments

(i) Trade creditors are non-interest bearing and normally settled on 30 day terms.
(ii) Other creditors are non-interest bearing and have repayment terms between 30 and 90 days.
(iii) Details of the terms and conditions of related party payables are set out in Note 22.

Due to the short term nature of these payables their carrying value is assumed to approximate their fair value.

16. PROVISIONS - CURRENT

	CONSOLIDATED 2013 $	2012 $
Annual Leave		
At 1 July	24,258	32,665
Charged to income statement	-	18,753
Utilised	(24,258)	(27,160)
	-	24,258

17. BORROWINGS

		2013	2012
Borrowings - Current	Convertible Notes	1,950,000	-
Borrowings – Non-Current	Convertible Notes	450,000	2,250,000
	Total Convertible Notes	2,400,000	2,250,000

The Company has issued 12 convertible notes with a face value of $100,000 and 24 with a face value of $50,000 during the last financial year. Some have been issued to related parties with the majority of the funds raised ($1,950,000) used to finance the investment in Frontier Gasfields Pty Ltd. Terms of the convertible notes are as follows:

- The notes accrue interest at a rate of 8% per annum;
- Maturity date of the notes range from 18 August 2013 to 20 April 2017;
- The notes are unsecured;
- Conversion price of the notes is the lower of 1 cent per share or 80% of the 5 day VWAP of BioProspect's share price on the ASX immediately prior to the conversion of the notes; and
- Each share issued from the conversion of the notes will have a free attaching listed option (ASX:BPOO) or, should the conversion occur after the expiry of these, an option with a conversion price of 3 cents and a duration of not less than 24 months.
- The convertible notes were partly redeemed and or restructured after the end of the reporting period. Refer note 26.

	Consolidated 2013 $	2012 $
18. OTHER PAYABLES (NON-CURRENT)		
Other creditors and accruals	39,375	103,817

This amount reflects the interest accrual on the convertible notes that have been issued during the year, as detailed in Note 17 above. Interest is only payable on the date of maturity on the notes.

19. PROVISIONS (NON-CURRENT)		
Long Service Leave		
At 1 July	-	11,933
Credited to income statement	-	(11,933)
Utilised	-	-
Closing Balance	-	-

20. ISSUED CAPITAL	2013 $	2012 $
(a) Issued and paid up capital		
Ordinary shares issued and fully paid	36,650,527	35,459,988

(b) Movements in shares on issue		Number of shares 2013	2012	$ 2013	$ 2012
Beginning of the financial year		1,612,170,347	1,116,570,347	35,459,988	31,210,774
Issued during the year:					
- options exercised	(i)	8	-	-	-
- share placements	(ii)	240,000,000	170,600,000	240,000	1,706,000
- rights Issue	(iii)	926,085,177	-	926,085	-
- payment to Frontier Gasfields shareholders		-	250,000,000	-	2,000,000
- share issues to KMP		-	19,000,000	-	152,000
- share issues to consultants	(iv)	94,918,840	56,000,000	94,919	438,400
Less share issue costs		-	-	(70,465)	(47,186)
End of the financial year		2,873,174,372	1,612,170,347	36,650,527	35,459,988

Notes:

(i) On 15 August 2012, the company issued 8 ordinary shares on the exercise of an option raising 24 cents.

(ii) On 16 August 2012, the Company issued 240,000,000 ordinary shares at an issue price of 0.01 cent per shares. This issue raised $240,000 (before issue costs)

(iii) On 19 October 2012, the Company completed its rights issue of 926,085,177 shares at an issue price of 0.01 of a cent. This issue raised $926,085 (before issue costs)

(iv) On 28 February 2013, the Company issued 49,390,000 ordinary shares to Doward International in consideration for marketing expenses and 45,528,840 ordinary shares to Novus Capital as payment for underwriting commission on the October 2012 rights issue. Both issues were at .01cents per share.

All shares issued above rank equally in all respects with the shares on issue at the beginning of the year.

200. ISSUED CAPITAL (continued)

(c) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Going concern statement
As at 30 June 2013 the company was in a net asset position of $2,538,153 (2012: $2,444,327) and had incurred losses of $1,096,713 (2012: $3,326,955) and had cash outflow from operations of $95,616 (2012: cash outflow $1,513,183) for the year then ended.

The consolidated entity's ability to continue as a going concern is dependent upon the generation of cash from operations and from its investments,

Based on the above factors and the company's history of being able to adequately raise funds the directors believe the consolidated entity will be able to pay its debts as and when they fall due for a period of at least 12 months from the date of these financial statements.

(d) Share Options

Options over ordinary shares:	**2013 No of Options**	**2012 No of Options**
Unlisted Options		
Exercisable on or before 31 December 2013 at 5 cents per share		
Outstanding at beginning of year	29,248,571	29,248,571
Issued during the year	-	-
Outstanding at end of year	29,248,571	29,248,571
Exercisable on or before 31 December 2013 at 3 cents per share		
Outstanding at beginning of year	-	-
Issued during the year	19,000,000	19,000,000
Outstanding at end of year	19,000,000	19,000,000
Listed Options		
Exercisable on or before 31 December 2013 at 3 cents per share		
Outstanding at beginning of year	1,270,813,564	711,113,564
Exercised during the year	(8)	-
Issued during the year	-	559,700,000
Outstanding at end of year	1,270,813,556	1,270,813,564
Total options over unissued ordinary shares	1,319,062,127	1,319,062,135

Movements in share options for the twelve months ended 30 June 2013

- On the 15 August 2012, an option holder exercised 8 – 3 cent options raising $0.24.;

20. ISSUED CAPITAL (continued)

(e) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held, after all other creditors have been paid.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Ordinary shares have no par value.

	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $
21. AUDITORS' REMUNERATION		
The auditor of BioProspect Limited is William Buck (Qld)		
Amounts received or due and receivable for:		
- an audit or review of the financial report of the entity and any other entity in the consolidated entity -	40,765	43,107
	40,765	43,107
- other services in relation to the entity and any other entity in the consolidated entity –		
- tax compliance	8,490	7,200
- due diligence advice	-	-
- AGM attendance	-	777
	49,255	51,084

22. KEY MANAGEMENT PERSONNEL

(a) Option holdings of key management personnel (consolidated)

30 June 2013		Balance at 1 July 12	Granted As Remuneration	Options Forfeited	Net Change Other	Balance At 30 June 13	Vested at 30 June 13 Total
Directors							
W Willesee		15,000,000	-	-	-	15,000,000	15,000,000
C Pellegrino	(a)	6,000,000	-	-	(6,000,000)	-	-
B Cooper		-	-	-	-	-	-
J Khouri	(b)	3,000,000	-	-	(3,000,000)	-	-
P May	(c)	-	-	-	2,000,000	2,000,000	2,000,000
Executives							
P May	(c)	2,000,000	-	-	(2,000,000)	-	-
C Johnston	(d)	2,000,000	-	-	(2,000,000)	-	-
R Lees	(e)	-	-	-	-	-	-
Total		**28,000,000**	**-**	**-**	**(11,000,000)**	**17,000,000**	**17,000,000**

(a) Resigned 19 November 2012
(b) Resigned 18 September 2012
(c) Appointed Director 19 November 2012 – resigned as CEO 19 November 2012
(d) Resigned 30 September 2012
(e) Appointed 30 September 2012

22. KEY MANAGEMENT PERSONNEL (continued)

(a) Option holdings of key management personnel (consolidated-continued))

30 June 2012	Balance at 1 July 11	Granted As Remuneration	Options Forfeited	Net Change Other	Balance At 30 June 12	Vested at 30 June 12 Total
Directors						
W Willesee (a)	-	15,000,000	-	-	15,000,000	15,000,000
C Pellegrino	-	6,000,000	-	-	6,000,000	6,000,000
B Cooper (b)	-	-	-	-	-	-
A Langdon (c)	-	3,000,000	-	(3,000,000)	-	-
J Khouri	-	3,000,000	-	-	3,000,000	3,000,000
E Khouri (d)	-	-	-	-	-	
Dr M Quinlan(e)	883,382	3,000,000	-	(3,883,382)	-	-
Executives						
P May	-	2,000,000	-	-	2,000,000	2,000,000
C Johnston	-	2,000,000	-	-	2,000,000	2,000,000
Total	**883,382**	**34,000,000**	**-**	**(6,883,382)**	**28,000,000**	**28,000,000**

(a) Appointed 16 September 2011
(b) Appointed 10 April 2012
(c) Resigned 16 September 2011
(d) Resigned 15 August 2011
(e) Resigned 30 November 2011

(b) Shareholdings of key management personnel (consolidated)

Shares held in BioProspect Limited (number)

30 June 2013		Balance 1 July 12	Granted as remuneration	On exercise of options	Net change other	Balance 30 June 13
Directors						
W Willesee		-	-	-	-	-
C Pellegrino	(a)	6,000,000	-	-	(6,000,000)	-
B Cooper		-	-	-	-	-
J Khouri	(b)	3,000,000	-	-	(3,000,000)	-
P May	(c)	-	-	-	2,652,175	2.652,175
Executives						
P May	(c)	2,652,175	-	-	(2,652,175)	-
C Johnston	(d)	2,434,783	-	-	(2,434,783)	-
R Lees	(e)	-	-	-	-	-
Total		**14,086,958**	**-**	**-**	**(7,325,072)**	**5,652,175**

(a) Resigned 19 November 2012
(b) Resigned 18 September 2012
(c) Appointed Director 19 November 2012 – Resigned as CEO 19 November 2012
(d) Resigned 30 September 2012
(e) Appointed 30 September 2012

22. KEY MANAGEMENT PERSONNEL (continued)

(b) Shareholdings of key management personnel (consolidated-continued))

Shares held in BioProspect Limited (number)

30 June 2012		Balance 1 July 11	Granted as remuneration	On exercise of options	Net change other	Balance 30 June 12
Directors						
W Willesee	(a)	-	-	-	-	-
C Pellegrino		-	6,000,000	-	-	6,000,000
B Cooper	(b)	-	-	-	-	-
J Khouri		-	3,000,000	-	-	3,000,000
M Quinlan	(c)	1,325,072	3,000,000	-	(4,325,072)	-
A Langdon	(d)	-	3,000,000	-	(3,000,000)	-
Executives						
P May		652,175	2,000,000	-	-	2,652,175
C Johnston	(e)	434,783	2,000,000	-	-	2,434,783
Total		**2,412,030**	**19,000,000**	**-**	**(7,325,072)**	**14,086,958**

(a) Appointed 16 September 2011
(b) Appointed 10 April 2012
(c) Resigned 16 September 2011
(d) Resigned 15 August 2011
(e) Resigned 30 November 2011

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(c) Other transactions and balances with key management personnel and their related parties

Purchases

Pellegrino Travel Centre
During the year ended 30 June 2013, the company incurred $ nil (2012: $1,790) of travel expenses through Pellegrino Travel Centre, a company which is owned by a relative of Mr C Pellegrino, a former non-executive director of BioProspect Limited. The amount outstanding to Pellegrino Travel Centre as at 30 June 2013 was nil (2011: nil).

Gun Capital Corporate
During the year ended 30 June 2013, the company incurred $27,000 (2012: $157,000) in consulting services provided by Gun Capital Corporate Pty Ltd, a company which is owned by Mr Leo Khouri, (father of former non-executive director Mr Jacob Khouri). The consulting services covered the provision of corporate advice on acquisitions, strategic alliances, broker presentations, capital raisings and information technology infrastructure services and advice including the purchase of computer equipment. The amount outstanding to Gun Capital Corporate Pty Ltd as at 30 June 2013 was $nil (2012: $115,500).

Obelisk SAL
During the year ended 30 June 2013, the company incurred $2,573 (2012: $311,077) of consulting services provided by Obelisk SAL, a company which is owned by Mr Leo Khouri, father of non-executive director Mr Jacob Khouri. The consulting services covered the access to and supply of CGNC for trials associated with *GI-Guard®* Oral Paste and other *AGRIPRO®* products for use in animal health and nutrition. Obelisk SAL also provided consulting services in relation to establishing European markets for the *REGEN®* therapeutic and *DEMURE®* skin care product ranges. The amount outstanding to Obelisk SAL as at 30 June 2013 was $nil (2012: $153,486).

22. KEY MANAGEMENT PERSONNEL (continued)

(c) Other transactions and balances with key management personnel and their related parties (continued)

Azalea Consulting
During the year ended 30 June 2013, the company incurred $12,000 (2012: $5,309) of consulting services provided by Azalea Consulting Pty Ltd, a company owned by Mr Winton Willesee, Chairman and non-executive director. The consulting services exclude directors fees and covered the use of secretarial and other office costs pertaining to the Perth, WA registered office address. The amount outstanding to Azalea Consulting as at 30 June 2013 was $3,000 (2012: $5,225).

Cooper Consulting
During the year ended 30 June 2013, the company incurred $86,167 (2012: $4,200) of consulting services provided by Cooper Corporate Consulting Pty Ltd, a company owned by Mr Benjamin Cooper, a non-executive director. The consulting services were for Benjamin being appointed as the Company's representative on Frontier Gasfields Pty Ltd / Frontier Oil Corporation board and includes Directors fees. The amount outstanding to Cooper Corporate as at 30 June 2013 was $nil (2012: $4,620).

Terms and conditions of transactions with related parties

Purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

Amounts recognised at the end of the reporting period in relation to other transactions with KMP:

	Consolidated	
	2013	2012
	$	$
Non-current Assets		
Property, plant and equipment	-	-
Accumulated depreciation	-	-
NBV Property, plant and equipment	-	-
Current Liabilities		
Trade and other payables	-	281,756
Total liabilities	-	281,756
Expenses		
Sales and marketing	-	82,743
Consulting and advisory expenses	-	168,820
Research and development	-	226,022
Other administration expenses	21,900	20,404
Total Expenses	21,900	497,989

(d) Compensation by category (KMP and directors)

	Consolidated	
	2013	2012
	$	$
Short-term employee benefits	306,392	603,936
Post-employment benefits	4,428	22,249
Share-based payments	-	152,000
Total compensation	310,820	778,185

23. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of BioProspect Limited (the ultimate parent company) and the subsidiaries listed in the following table.

Name	Country of Incorporation	Class of Shares	% Equity Interest 2013	% Equity Interest 2012	Investment * $ 2013	Investment * $ 2012
BioProspect Australia Limited	Australia	Ord	100%	100%	4,024,341	4,024,341
Australian Phytochemicals Limited	Australia	Ord	100%	100%	1,323,464	1,323,464
BioProspect America Pty Ltd	Australia	Ord	100%	100%	2	2
Re Gen Wellness Products Pty Ltd	Australia	Ord	100%	100%	50,000	50,000

* - Cost before provisioning. Refer to Note 11 and 13 for further investment disclosures.

During the year BioProspect Limited issued convertible notes amounting to $1,500,000 to a related party which has accrued $68,350 interest at a rate of 8%. These notes have a maturity date ranging from 2013 through to 2017.

Refer to Note 22 for further disclosures regarding related parties.

	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $
24. EXPENDITURE COMMITMENTS		
Gun Capital Corporate	3,000	3,000
Due not later than one year	3,000	3,000

Corporate services

Gun Capital Corporate Pty Ltd (GCC) 2013 $3,000 2012 $3,000

On 1 March 2012 executed a new agreement with GCC for the provision of similar services at $3,000 per month. The agreement can be terminated by either party with just one month's notice.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign exchange risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring the levels of exposure to interest rates and assessments of market forecast for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts which are tabled and reviewed at each board meeting.

Risk exposures and responses

Credit risk
Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's maximum exposures to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. The Group minimises concentrations of credit risk in relation to trade receivables by having payment terms of 30 days and receivable balances are monitored on an ongoing basis with the result that the Group has currently never had an exposure to bad debts.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Term deposits are placed with major financial institutions to minimise the risk of default of counterparties.

Interest rate risk
The Group's exposure to market interest rates relates primarily to the Group's funds held on term deposit. At the end of the reporting period the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	CONSOLIDATED	
	2013 $	2012 $
Financial assets		
Cash and cash equivalents	180,937	85,321

The Group's policy is to place funds on interest-bearing term deposit that are surplus to immediate requirements. The Group's interest rate exposure is reviewed near the maturity date of term deposits, to assess whether more attractive rates are available without increasing risk. The following sensitivity analysis is based on the interest rate exposures in existence at the end of the reporting period:

At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

	Post tax loss Higher/ (lower)		Equity Higher/ (lower)	
	2013 $	2012 $	2013 $	2012 $
Consolidated				
+ 1% (100 basis points)	3,401	10,086	(3,401)	(10,086)
- 0.5 % (50 points)	(1,700)	(5,043)	1,700	5,043

The movements in losses are due to higher/ (lower) interest income from cash balances. There is no impact on equity other than impact on accumulated losses.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's objective is to maintain sufficient funds to finance its current operations and additional funds to ensure its long-term survival. The Group has no finance facilities in place and therefore it is currently dependent on capital raisings and government tax incentives for short term survival. Refer to note 21 for further details.

Foreign exchange risk

The Group has minor exposure to foreign currency exchange movements. The consulting arrangements with Obelisk SAL are in US$.

Fair value

The carrying amount of all recognised financial assets and financial liabilities is considered a reasonable approximation of their fair value due to their short term nature.

26. EVENTS AFTER THE REPORTING PERIOD

Financing

On the 7 August 2013 the Company announced the sale of 25.58% of its holding in Frontier Oil Corporation for $1.79 million after costs. The proceeds of the sale were used to redeem convertible notes and accumulated interest of $1,200,000 and $172,625 respectively. The balance of convertible notes of $1,200,000 and accumulated interest of $172,625 were converted to a new series of convertible notes which will incur interest at 8% and have a maturity date of 30 June 2015. The notes are convertible at the lower of 0.1 cents per share or a discount to the 5 day VWAP of shares traded on ASX prior to the conversion.

Given the improved investment climate for the biotech industry and the developments in the circumstances surrounding the Company's investment in Frontier Oil Corporation, the directors are reviewing their strategy for the Company's investment in Frontier Oil Corporation including whether or not an in-specie distribution of its shares in Frontier Oil Corporation is in the best interests of the Company and its shareholders.

27. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the activities of the consolidated entity are referred to in the Review of Operations. Other than as referred to in that report, further information as to likely developments in operations of the consolidated entity and likely results of those operations would, in the opinion of the Directors, be speculative and not in the best interests of the consolidated entity.

28. SHARE-BASED PAYMENT PLANS

(1) Recognised share-based payment expenses

(a) The expense recognised for employee services received during the year is shown below.

	CONSOLIDATED 2013 $	2012 $
Expense arising from equity-settled share-based payment transactions	-	152,000

Director and KMP options
2012
At the company's EGM held on 8 July 2011, shareholders approved the issue of 19,000,000 shares and free attaching listed options (BPOO) to directors and key management personnel. The $152,000 was the market value of the shares at the time of issue.

Refer to note 22 for option holdings by directors.

(b)The cost recognised for consulting services rendered during the year.

	2013 $	2012 $
49,390,000 shares issued to Doward International	49,390	-
45,528,840 shares issued to Novus Capital Limited	45,529	-
2,000,000 shares issued to Howard Fox	-	12,800
2,000,000 shares issued to Boambee Sciences Pty Ltd	-	12,800
2,000,000 shares issued to Wayne Loh	-	12,800
50,000,000 shares issued to Novus Capital Limited	-	400,000
50,000,000 options issued to Novus Capital Limited	-	83,242
50,000,000 options issued to Obelisk SAL	-	85,703
	94,919	607,350

(c)The cost recognised for investment in Frontier Gasfields Pty Ltd.

	2013 $	2012 $
250,000,000 shares issued to Frontier Gasfields shareholders	-	2,000,000
100,000,000 options issued to Frontier Gasfields shareholders	-	161,553
	-	2,161,553
TOTAL SHARE-BASED PAYMENTS	94,919	2,920,903

28. SHARE-BASED PAYMENT PLANS (continued)

(2) Weighted average remaining contractual life

The remaining contractual life of existing options (BPOO) is 0.5 years.

(3) Range of exercise price

The range of exercise price for options outstanding at the end of the year was 3 cents.

(4) Option pricing model

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Sholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2013:

	Black-Scholes
Dividend yield (%)	0.000
Expected volatility (%)	24.540
Risk-free interest rate (%)	4.910
Expected life of options (years)	0.5
Option exercise price ($)	0.030
Weighted average share price at measurement date $	0.006

29. PARENT ENTITY INFORMATION

	2013 $	2012 $
Net loss attributable to members of BioProspect Limited	(1,131,730)	(3,326,955)
Change in market value of available for sale financial assets	-	(23,908)
Total comprehensive income for the year attributable to members of BioProspect Limited	**(1,131,730)**	**(3,350,863)**
Current assets	206,287	115,625
Total assets	**5,394,552**	**5,280,709**
Current liabilities	2,271,409	482,206
Total liabilities	**2,760,785**	**2,836,023**
Issued Capital	36,650,527	35,459,988
Share based payments reserve	2,911,950	2,911,950
Available for sale asset revaluation reserve	-	-
Retained earnings	(37,024,324)	(35,927,252)
Total equity	**2,538,153**	**2,444,686**
Contingent liabilities	-	-
Guarantees in relation to debt of subsidiaries	-	-
Capital and other expenditure commitments not provided for in the financial statements	3,000	3,000
Future operating leases not provided for in the financial statements	-	-