



ABN: 58 008 130 336

ASX Half-Yearly Report to 31 December 2015

Lodged with the ASX under Listing Rule 4.2A

**The information provided in this Half Yearly Report should be read
in conjunction with the Company's 2015 Annual Financial Report.**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

SUMMARY RESULTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2015

The following is a summary of the financial results for the 6 months ended 31 December 2015 (previous corresponding period 31 December 2014).

1. SUMMARY RESULTS

	Increase/ (Decrease) %	Six months ended 31 December 2015 \$	Six months ended 31 December 2014 \$
Revenue from ordinary activities	815	27,816	3,040
(Loss)/Profit from ordinary activities after tax attributable to members	(48.7)	(1,028,272)	(2,005,035)
(Loss)/Profit for the period attributable to members (NPAT)	(48.7)	(1,028,272)	(2,005,035)

2. DIVIDENDS

No interim dividend has been declared for the reporting period. There are no dividend reinvestment plans in operation.

3. EARNINGS/ (LOSS) PER SHARE (EPS)

	31 December 2015	31 December 2014
Basic and diluted earnings /(loss) per share	(0.0108) cps	(0.060) cps
Weighted average number of shares used in the calculation of basic EPS	95,272,872	3,324,236,730

The amount used in the numerator in calculating basic EPS is the same as the net profit reported in the consolidated statement of profit or loss.

4. NET TANGIBLE ASSET BACKING

	31 December 2015	31 December 2014
Net tangible asset backing per ordinary share	(0.026) cents	0.038 cents

5. COMPLIANCE STATEMENT

The accounts (attached) are not subject to dispute or qualification. This report is based on accounts that have been subject to a review. The entity has a formally constituted audit committee.



INTERIM FINANCIAL REPORT
31 DECEMBER 2015

Provided in accordance with Section 320 of the Corporations Act (2001).

Medibio Limited

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Medibio Limited

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Corporate Information

Directors

C Indermaur - Non-Executive Chairman

K Knauer - Executive Director

J Campbell - Non-Executive Director

F Prendergast - Non-Executive Director

Auditors

William Buck (Qld)

Level 21, 307 Queen Street

Brisbane QLD 4000

Company Secretary

R Lees

Bankers

Westpac Banking Corporation

Registered Office

Suite 605, Level 6

50 Clarence Street

Sydney NSW 2000

Telephone: +61 2 9299 9580

Facsimile: +61 2 9299 9501

Home Exchange

Australian Securities Exchange

2 The Esplanade

Perth WA 6000

Share Register

Computershare Investor Services Pty Ltd

117 Victoria Street

West End QLD 4101

Telephone: 1300 850 505

Facsimile: +61 3 9473 2500

Internet Address

www.medibio.com.au

Medibio Limited

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Directors' Report

The Directors submit the financial report of Medibio Limited ('MEB' or 'Medibio') and its controlled entities for the half-year ended 31 December 2015.

DIRECTORS

The names of the directors who held office during or since the end of the half-year and up to the date of this report are:

Chris Indermaur	Non-Executive Chairman
James Campbell	Non-Executive Director
Frank Prendergast	Non-Executive Director
Kris Knauer	Executive Director

REVIEW AND RESULTS OF OPERATIONS

Financials

Results

During the six months to 31 December 2015, the Company recorded a loss of \$1,028,272 (2014 – loss \$2,005,035).

The loss for the period reflected the following:

- costs associated with the development of the Circadian Heart Rate ('CHR') technology;
- certain overheads relating to the marketing and development of the Circadian Heart Rate ('CHR') technology;
- operating corporate and administrative overheads for the period.

Statement of financial position

Key factors to note from the statement

- cash increased by \$3,094,461, as a result of a capital raising undertaken on 9 September 2015;
- the company received first revenue from trials of its CHR technology;
- the Company continued to invest in the Circadian Heart Rate ('CHR') technology – with first revenue being received in December 2015; and
- The group received an R&D rebate of \$1,216,128 in January 2016 from the 30 June 2015 income tax return.
- A further rebate of approximately \$418,832 is anticipated to be received in the current quarter
- These R&D rebates would have had the effect of increasing the companies cash at bank from approximately \$1.9m to \$3.53 million had they been received prior to the December 31st 2015 balance date.

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Directors' Report (continued)

Review and results of operations (continued)

Review of Operations

During the half year the Company continued to advance its CHR technology for the diagnosis of mental health disorders with a number of key milestones being achieved including first revenue. Highlights included:

- Completion of the development and testing of its Corporate Stress Product - a world first, cloud-based scalable product including real-time ECG Data Streaming and Algorithm Processing.
- First commercial agreement for Corporate Stress Product with an Australian corporation as the foundation customer (10,000+ employees in Australia – with potential to roll out across entire workforce).
- Launched Corporate Wellness Partner Program with an agreement signed with Vital Conversations, one of the largest private corporate mental wellness providers in Western Australia.
- Vital Conversations signed its first multinational customer corporation for Medibio's Corporate Stress Test and enrolments for a 50-100 person commercial pilot with this customer corporation were completed.
- Entered into a Memorandum of Understanding (MOU) with WellNovation Ltd Co - collaboration to introduce Medibio's innovative mental health diagnostics to WellNovation's existing network in Saudi Arabia and the Gulf region.
- Entered into a non-binding MOU with Medtronic - a subsidiary of Medtronic plc. (NYSE: MDT) to explore business opportunities and synergies across both companies.
- Institutional Review Board approval received for Johns Hopkins University School of Medicine allowing study to commence.
- Raised \$3.1M enabling acceleration of a number of studies and initiatives and the commercialisation of the Corporate Stress Product.
- Received first revenue of \$18,500 from Corporate Stress Product during the period

Corporate Stress Product - Development and testing completed

During the half year the Company completed the development and testing of its world first, cloud-based scalable Corporate Stress Product including real-time ECG Data Streaming, Algorithm Processing and Data Analytics. Medibio's corporate stress product is the first objective test to measure the level of stress and its impact on health and wellbeing. The Company successfully tested end-to-end automation including streaming of live data from a range of ECG monitors via the front end App on a range of

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Directors' Report (continued)

Review and results of operations (continued)

Corporate Stress Product - Development and testing completed (continued)

smart phones, to its cloud-based proprietary Algorithms and Data Analytics solution and near real-time results back to the front-end App.

First Commercial Agreements Signed

Following completion of development of its corporate stress evaluation product, the Company signed its first commercial service agreement with a major Australian corporation with in excess of 10,000 employees. The agreement is the first of a series of corporate agreements that Medibio has been progressing for its products. The service agreement covers the application of two Phases within the overall stress evaluation and intervention program and will initially be conducted on a pilot population of employees.

Phase 1 will involve an objective measurement of employee stress symptoms through the use of Medibio's Circadian Heart Rate (CHR) pattern technology.

Phase 2 will involve the development of an online mental health training program/app. This intervention will be specifically designed for the corporation's workforce, and aimed to reduce stress and improve coping skills based upon workplace data and information provided by employees. Stress levels will be assessed twice in Phase 2, at baseline and following the completion of the intervention. Phase 2 will thus provide an objective assessment of changes to stress levels following this purpose-built intervention.

Medibio will generate revenue of \$100 per participant from each Phase of the program. Following completion of Phase 2 of the Commercial Pilot, contingent on Pilot results, it is anticipated that Medibio's Corporate Stress product will be rolled out across the organisation's entire staff base.

Launched Corporate Wellness Partner Program

The Company launched its Corporate Wellness Partner Program with the execution of a Commercial Service Agreement to provide its Corporate Stress Product to mental wellness provider Vital Conversations. Vital Conversations provides proactive psychological health services to some of the largest corporates in Western Australia as well as the public and not for profit sectors. It will offer Medibio's Corporate Stress product to its existing executive and private customers and will also seek to roll out the Company's Corporate Stress product to Corporate and Public sector clients on a pilot basis.

Under the service agreement, Vital Conversations will be responsible for the acquisition of the ECG monitors, any other hardware and the implementation of the test to its client base, while Medibio will provide data analytics and reporting and will be paid on a per-test basis. Vital conversations also reached agreement with its first customer for Medibio's Corporate Stress test. The customer corporation is a leading international professional services company with more than 5,000 employees in Australia and 200,000 worldwide.

The agreement covers a commercial pilot program involving the corporation's Western Australian staff with roll out, conditional upon the results of the pilot, to begin in Western Australia. Pre-registrations for the pilot program in November doubled the planned 50-person pilot program and closed early at 100 participants. The pilot commenced as scheduled in February this year. Under the agreement with Vital, Medibio will provide data analytics and reporting on a per test basis to Vital Conversations, its customer,

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Directors' Report (continued)

Review and results of operations (continued)

Launched Corporate Wellness Partner Program (continues)

and their employees. Revenue net to Medibio is in line with prior guidance of between \$40-60 per staff member per test.

MOU with WellNovation

Medibio entered into two Memorandum of Understandings (MOUs) with WellNovation Ltd Co (WellNovation). WellNovation is a healthcare development company focused on bringing innovative healthcare technologies to Saudi Arabia and the Gulf Cooperation Council (GCC). Under the MOU, Medibio and WellNovation will collaborate to introduce Medibio's innovative mental health diagnostics to WellNovation's existing network in Saudi Arabia and the Gulf region. The initial focus will be on the introduction of Medibio's Corporate Stress product to the state-owned enterprise and military clients of WellNovation.

The MOU also contemplates WellNovation assisting Medibio to achieve regulatory approval for its diagnostic algorithms for depression and other mental health disorders in the Gulf region, with the aim of introducing them as screening tools via its Letter of Intent with the Saudi Ministry of Health.

MOU with Medtronic

A second MOU was entered into with Medtronic, a wholly-owned subsidiary of New York Stock Exchange listed Medtronic plc (NYSE: MDT). The non-binding MOU provides a framework under which Medibio and Medtronic will enter discussions around a proposed strategic agreement covering business opportunities and synergies across both companies.

IRB approval received for Johns Hopkins University School of Medicine study

The Company's study with The Johns Hopkins University School of Medicine (JHM) is underway after it received approval from the JHM Institutional Review Board during the quarter.

The study is intended to clinically validate the use of MEB's Circadian Heart Rate (CHR) technology to differentiate between depressed and non-depressed individuals, and provide clinical data to support FDA certification of the Company's proprietary software algorithm for use as an objective method to differentiate between depressed and non-depressed individuals. The study will comprise approximately 100 subjects, split between participants with Major Depressive Disorder (MDD) and participants without a mental health disorder.

The study will be carried out at The Johns Hopkins University School of Medicine, headquartered in Baltimore, Maryland. JHM is a \$7 billion integrated global health enterprise and one of the leading health care systems in the United States with over 124 years of commitment to community care with ground-breaking research, teaching, and medical services to patients worldwide.

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Directors' Report (continued)

Review and results of operations (continued)

EVENTS SUBSEQUENT TO BALANCE DATE

Other than the receipt of the 30 June 2015 R&D tax rebate of \$1,216,128 in January 2016, there have been no events subsequent to year end which would have a material effect on the company's financial statements at 31 December 2015.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half-year ended 31 December 2015 under s 307C of the *Corporations Act 2001*, is set out on page 9.

This report is signed in accordance with a resolution of the Board of Directors:



Kris Knauer
Executive Director
Date 26 February 2016

The Directors
Medibio Limited
Suite 605, Level 6
50 Clarence Street
Sydney NSW 2000

Auditor's Independence Declaration

As lead auditor for the review of Medibio Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there has been:-

- (a) no contravention of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contravention of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Medibio Limited and the entities it controlled during the period.

William Buck

William Buck (Qld)
ABN 11 603 627 400

J A Latif

J A Latif
A Member of the Firm
Brisbane: 26 February 2016

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Medibio Limited

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Consolidated Statement of Profit or Loss

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	31 December 2015 \$	31 December 2014 \$
Revenues			
Sales		18,500	-
Other income	2	1,225,969	3,040
		<u>1,244,469</u>	<u>3,040</u>
Expenses			
Amortisation/Depreciation	3	(533,077)	-
Finance costs		(182,092)	(96,785)
Employee costs		(147,210)	(153,264)
Impairment		-	(861,034)
Other expenses		(1,410,362)	(896,992)
(Loss) / Profit before income tax		<u>(1,028,272)</u>	<u>(2,005,035)</u>
Income tax		-	-
(Loss) / Profit attributable to members of Medibio Limited		<u>(1,028,272)</u>	<u>(2,005,035)</u>
Loss per share			
Basic & diluted (loss) per share (cents per share)		(0.0108)	(0.060)

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

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Consolidated Statement of Comprehensive Income FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
(Loss) / Profit for the period	(1,028,272)	(2,005,035)
Other comprehensive income for the period		
Exchange differences on translating foreign controlled entities	(5,229)	-
Total comprehensive income attributable to members of Medibio Limited	(1,033,501)	(2,005,035)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2015

	Notes	31 December 2015 \$	30 June 2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,893,297	944,301
Trade and other receivables		1,462,733	232,985
Prepayments		9,091	9,091
Total Current Assets		3,365,121	1,186,377
Non-current Assets			
Property, plant and equipment		13,146	-
Intangible assets	5	13,638,491	13,998,137
Total Non-current Assets		13,651,637	13,998,137
TOTAL ASSETS		17,016,758	15,184,514
LIABILITIES			
Current Liabilities			
Trade and other payables		1,984,118	2,380,280
Borrowings	6	197,500	197,500
Other payables		40,472	-
Total Current Liabilities		2,222,090	2,577,780
Non-current Liabilities			
Borrowings	6	3,622,627	3,495,653
Total Non-current Liabilities		3,622,627	3,495,653
TOTAL LIABILITIES		5,844,717	6,073,433
NET ASSETS		11,172,041	9,111,081
EQUITY			
Issued capital	7	54,188,350	51,093,889
Reserves		474,371	479,600
Accumulated losses		(43,490,680)	(42,462,408)
TOTAL EQUITY		11,172,041	9,111,081

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

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Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities		
Receipts from customers	18,500	-
Payments to suppliers and employees	(1,805,137)	(934,292)
Net cash flows used in operating activities	(1,786,637)	(934,292)
Cash flows from investing activities		
Interest received	9,841	3,040
Payment for intangible assets	(173,431)	-
Loans to investment (Invatec)	-	(377,909)
Payment for investments	-	(120,000)
Payments for property, plant and equipment	(13,146)	-
Net cash flows used in investing activities	(176,736)	(494,869)
Cash flows from financing activities		
Proceeds from share applications received	3,298,535	1,025,000
Payments for share issue costs	(204,074)	(50,000)
Proceeds from issue of convertible notes	-	660,000
Interest paid	(182,092)	-
Net cash flows generated from financing activities	2,912,369	1,635,000
Net increase in cash and cash equivalents	948,996	205,839
Cash and cash equivalents at beginning of period	944,301	96,249
Cash and cash equivalents at end of period	1,893,297	302,088

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

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Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued Capital	Accumulated Losses	Share Option Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2014	37,250,977	(34,540,706)	-	-	2,710,271
Comprehensive income					
Loss for the period	-	(2,005,035)	-	-	(2,005,035)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	(2,005,035)	-	-	(2,005,035)
Transactions with owners					
Shares issued	1,025,000	-	-	-	1,025,000
Share issue costs	(50,000)	-	-	-	(50,000)
Total transactions with owners	975,000	-	-	-	975,000
At 31 December 2014	38,225,977	(36,545,741)	-	-	(1,680,236)
	\$	\$	\$	\$	\$
At 1 July 2015	51,093,889	(42,462,408)	479,600	-	9,111,081
Comprehensive income					
Loss for the period	-	(1,028,272)	-	-	(1,028,272)
Other comprehensive income	-	-	-	(5,229)	(5,229)
Total comprehensive income	-	(1,028,272)	-	(5,229)	(1,033,501)
Transactions with owners					
Shares issued	3,298,535	-	-	-	3,298,535
Share issue costs	(204,074)	-	-	-	(204,074)
Total transactions with owners	3,094,461	-	-	-	3,094,461
At 31 December 2015	54,188,350	(43,490,680)	479,600	(5,229)	11,172,041

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

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Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

I. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

These interim financial statements are intended to provide users with an update on the latest annual financial statements of Medibio Limited and its controlled entities (the consolidated entity). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the consolidated entity. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2015, together with any public announcements made since 1 July 2015.

The same accounting policies and methods of computation have been followed in these interim financial statements as were applied in the most recent annual financial statements.

The consolidated entity has adopted all of the new and revised pronouncements which became mandatory for annual reporting periods beginning on or after 1 July 2015. In adopting these new and revised pronouncements, the consolidated entity has determined that there has been no impact to the consolidated entity's reported position or performance.

Going Concern statement

As at 31 December 2015 the Group had a net asset position of 11,172,041. (June 2015: 9,111,081). However as at 31 December 2015 it had:

Incurring a loss for the period of \$1,028,272 (2014: \$2,005,035)

Cash outflow from operations of \$1,786,637 (2014: \$934,292)

The Group's ability to continue as a going concern is dependent upon the generation of cash from operations, the sufficiency of current cash reserves to meet existing obligations, the ability to reschedule planned research and development activity, raising of further equity and receipt of research and development tax incentives. \$1,216,128 in research and development incentives was received on 12 January 2016 and the group has received an advance finding in relation to its activities. Accordingly, directors believe the Group 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.

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
2. REVENUE		
Interest received	9,841	3,040
R&D Grant received	1,216,128	-
Total Revenue	1,225,969	3,040
3. EXPENSES		
(i) Finance costs		
Interest paid	182,092	96,785
	182,092	96,785
(ii) Employee benefits expense		
Wages and salaries	15,000	60,000
Directors' fees	132,210	93,264
	147,210	153,264
(iii) Impairment		
Investment held for resale	-	861,034
(iv) Other expenses		
Consulting and advisory expenses	678,199	461,546
Legal fees	27,598	108,478
Listing fees	88,159	43,747
Provision for doubtful debt	-	100,000
R&D expenses	106,368	-
Share registry	14,123	20,586
Sales and marketing	74,850	21,793
Other administrative expenses	421,065	140,842
	1,410,362	896,992

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015	30 June 2015
	\$	\$
4. AVAILABLE FOR SALE INVESTMENTS		
Frontier Oil Corporation - at cost (i)	3,861,034	3,861,034
Australian listed shares at fair value (ii)	2,758	2,758
Provision for impairment	(3,863,792)	(3,863,792)
Total available-for-sale investments	<u>-</u>	<u>-</u>

(i) Frontier Oil Corporation

The company acquired 430,000,000 shares in Frontier Oil Corporation ('FOC') for a total investment cost of \$5,188,265 during the year ended 30 June 2013. In September 2013, the Company sold 110,000,000 of its 430,000,000 shares held in FOC for net funds of \$1,690,425.

The investment is carried at original cost less disposals. This is an investment in an unlisted entity and is therefore difficult to obtain fair value. The directors, after reviewing the market and the continued drop in oil prices, fully impaired the investment at 30 June 2015.

(ii) Listed Shares

As at 31 December 2015, Medibio holds 47,544 Solagran Limited shares. Solagran Limited has been in voluntary suspension and on 31 December 2015 was removed from the ASX list. The investment has been fully impaired. This is the residual balance from a development agreement to commercialise CGNC terminated in 2010.

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$	30 June 2015 \$
5. INTANGIBLE ASSET		
Licence		
<i>Heartlink Limited</i>		
At cost	300,000	300,000
Amortisation	(225,000)	(150,000)
Impairment	-	-
Net carrying amount	75,000	150,000
Development Costs		
At cost	3,121,802	43,750
Additions	173,431	3,078,052
Impairment	-	-
Net carrying amount	3,295,233	3,121,802
Patents		
At cost	3,298,153	-
Additions	-	3,298,153
Amortisation	(824,538)	(366,461)
Impairment	-	-
Net carrying amount	2,473,615	2,931,692
Data files		
At cost	7,794,643	-
Additions	-	7,794,643
Impairment	-	-
Net carrying amount	7,794,643	7,794,643

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015	30 June 2015
	\$	\$
5. INTANGIBLE ASSET (continued)		
Goodwill		
At cost	-	-
Additions	-	444,999
Impairment	-	(444,999)
Net carrying amount	-	-
Reconciliation of carrying amount		
Net carrying amount at beginning of the year	13,998,137	343,750
Additions	173,431	14,615,847
Amortisation	(533,077)	(516,461)
Impairment	-	(444,999)
Net carrying amount	13,638,491	13,998,137

Heartlink Licence

Heartlink Limited is an Australian public unlisted company. It is the registered holder of the Patents of an algorithm associated with the HRV technology. The Patents are held in Australia, Israel and New Zealand. These Patents are in relation to technology that provides a method for diagnosing psychiatric disorders by the analysis of heart rate patterns. This Patented Technology, which is complementary to the processes being developed by Invatec.

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Notes to the Financial Statements (continued) FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

		31 December 2015	30 June 2015
		\$	\$
6. BORROWINGS			
Borrowings - Current	Invatec Shareholders loan	197,500	197,500
		197,500	197,500
Borrowings – Non Current	Promissory Note	3,425,127	3,298,153
	Invatec Shareholders loan	197,500	197,500
		3,622,627	3,495,653
	Total Borrowings	3,820,127	3,693,153

Promissory Note

On 21 April 2015 Medibio announced the acquisition of US and Canadian patents which completed the consolidation of granted intellectual property that the company had targeted to support the commercialisation strategy of Medibio's proprietary depression and mental health diagnostic technologies.

The note has a face value of USD 2,500,000 and term of the note is 3 years with 8% interest payable semi-annually. Medibio can extend the period for an additional 2 years incurring an additional 2% interest. The patent owner can elect to be paid in cash or Medibio shares.

Invatec Shareholders loan

Under the terms of the acquisition of the Invatec Health Pty Ltd ('Invatec') the outstanding shareholder loans were reduced to \$395,000, with half payable 13 months after completion (due 2 May 2016) of the acquisition and the balance 26 months after completion. The carrying value is considered a reasonable approximation to the fair value of the loan.

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Notes to the Financial Statements (continued) FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015	30 June 2015
	\$	\$

7. ISSUED CAPITAL

Issued and paid up capital

Issued and fully paid	\$54,188,350	\$51,093,889
Number of shares on issue at reporting date	98,221,347	89,802,927
Number of options on issue at reporting date	21,530,009	21,530,009

Movements in share capital for the six months ended 31 December 2015

- On 10 July 2015, 688,333 ordinary shares at \$0.30 were allotted to subscribers to raise \$206,500 before issue costs.
- On 8 September 2015, 7,730,087 ordinary shares at \$0.40 were allotted to subscribers to raise \$3,092,035 before issue costs of \$204,074.

8. OPERATING SEGMENTS

The Company has one operating segment, being the research, development and commercialisation of its Software as a Service product, and one geographical location, being Australia. It maintains a US based subsidiary to support US and Canadian research and development activities.

9. COMMITMENTS AND CONTINGENCIES

There were no changes in the Group's commitments and contingencies since 31 December 2015.

10. EVENTS AFTER THE END OF THE REPORTING PERIOD

Other than the receipt of the 30 June 2015 R&D tax rebate of \$1,216,128 in January 2016, there have been no events subsequent to year end which would have a material effect on the company's financial statements at 31 December 2015.

11. FAIR VALUE

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements are reasonable approximation of their fair value.

Medibio Limited

ABN: 58 008 130 336

Directors' Declaration

In accordance with a resolution of the directors of Medibio Limited, I state that:

In the opinion of the directors:

1. the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - b. complying with the Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Kris Knauer
Executive Director
26 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MEDIBIO LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Medibio Limited (the Company) and the entities it controlled at the half-year end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

As the auditor of Medibio Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

CHARTERED ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MEDIBIO LIMITED AND CONTROLLED ENTITIES (CONT)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Medibio Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Emphasis of Matter regarding going concern

Without qualifying our conclusion, attention is drawn to Note 1 to the financial statements which indicates that as at 31 December 2015 the consolidated entity was in a net asset position of \$11,172,041 (30 June 2015: \$9,111,081) but had a loss for the period ended 31 December 2015 of \$1,028,272 (2014: \$2,005,035 loss) and had net cash outflows from operations for the period of \$1,786,637 (2014: \$934,292). These conditions, along with other matters as set out in Note 1 indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

William Buck

William Buck (Qld)
ABN 11 603 627 400

J A Latif

J A Latif
A Member of the Firm
Brisbane 26 February 2016

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