



ABN: 58 008 130 336

ASX Half-Yearly Report to 31 December 2016

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 2016 Annual Financial Report.**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

SUMMARY RESULTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2016

The following is a summary of the financial results for the 6 months ended 31 December 2016 (previous corresponding period 31 December 2015).

1. SUMMARY RESULTS

	Increase/ (Decrease) %	Six months ended 31 December 2016 \$	Six months ended 31 December 2015 \$
Revenue from ordinary activities	148%	3,084,778	1,244,469
(Loss)/Profit from ordinary activities after tax attributable to members	142%	(2,489,053)	(1,028,272)
(Loss)/Profit for the period attributable to members (NPAT)	142%	(2,489,053)	(1,028,272)

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 2016	31 December 2015
Basic and diluted earnings /(loss) per share	(2.22) cps	(1.08) cps
Weighted average number of shares used in the calculation of basic EPS	112,050,293	95,272,872

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 2016	31 December 2015
Net tangible asset backing per ordinary share	4.87 cents	(0.026) 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 2016

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

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Corporate Information

Directors

C Indermaur - Non-Executive Chairman
J Cosentino – Managing Director & CEO
K Knauer - Non-Executive Director
F Prendergast - Non-Executive Director
A Maxwell – Non-executive Director

Company Secretary

R Lees

Registered Office

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Share Register

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Facsimile: +61 3 9473 2500

Internet Address

www.medibio.com.au

Auditors

William Buck (Qld)
Level 21, 307 Queen Street
Brisbane QLD 4000

Bankers

Westpac Banking Corporation

Home Exchange

ASX Limited
20 Bridge Street
Sydney NSW 2000

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 2016.

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
Kris Knauer	Executive Director (to 16 February 2017, Non-Executive from 16 February 2017)
Jack Cosentino	Managing Director & CEO (appointed 16 February 2017)
James Campbell	Non-Executive Director (resigned 30 September 2016)
Andrew Maxwell	Non-Executive Director (appointed 1 February 2017)
Frank Prendergast	Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

Financials

Results

During the six months to 31 December 2016, the Company recorded a loss of \$2,489,053 (2015 – loss \$1,028,272).

The loss for the period reflected the following:

- The group received an R&D rebate of \$3 million in November 2016 from the 30 June 2016 income tax return.
- costs associated with the development of the company's Circadian Heart Rate ('CHR') technology for the diagnosis of depression and other mental health disorders;
- amortisation of intangible assets; and
- operating corporate and administrative overheads for the period.

Statement of financial position

Key factors to note from the statement

- cash increased by net \$11.7 million as a result of a capital raising in 2 tranches concluding on 7 December 2016.

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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 several key milestones being achieved. Highlights included:

- I. Depression classification algorithm validated using data sourced in partnership with The University of Ottawa and Johns Hopkins University - a significant milestone in the Company's development of a proprietary objective test for the diagnosis of Major Depressive Disorder (MDD)
 - a. 86% classification accuracy achieved in diagnosing Major Depressive Disorder (MDD) with this Ottawa University data based on 889 patients.
 - b. Excellent performance in the pilot phase of its US Validation Study – 81% diagnostic accuracy and 82% sensitivity for delineating individuals with Major Depressive Disorder.
2. Partnership established with the Sydney University Brain Mind Centre - clinical research study commenced for corporate workplace stress assessment.
3. Partnership established with the Monash Institute of Cognitive and Clinical Neurosciences (MICCN) to explore innovative solutions for improving sleep and mental health outcomes.
4. Entered binding integration and value-added reseller agreement with Medtronic a subsidiary of Medtronic PLC a leading global healthcare solutions company.
5. Partnered with HBF Insurance and Vital Conversations on Australia's biggest mental health check-in.
6. US healthcare firm, LifeQ, and Medibio partnered to deliver scalable mental wellness diagnostics.
7. Raised \$13.5 million at a price of \$0.40 per share enabling the acceleration of several studies and initiatives with the aim of leading to commercialisation of the company's technology.
8. \$3 million from the Australian Taxation Office under the Research and Development Tax Incentive Program on 14 October 2016.
9. Appointment of an experienced US based Med-Tech executive Jack Cosentino as CEO.
10. Appointment of a non-executive Board member – Andrew Maxwell with significant medical device expertise.
11. Appointment of Dr Franklyn Prendergast as head of Advisory Board
12. Repayment on 30 January 2017 of US\$2.5 million Promissory Note.

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Directors' Report (continued)

Review and results of operations (continued)

I. Validation of Depression Diagnostic

During the half-year, the Company achieved two key milestones in the validation of its technology for depression diagnosis. (Depression is estimated to afflict 350 million people worldwide.) These comprised the first set of results from the validation study with Johns Hopkins University and the main phase of the University of Ottawa study. The classification accuracy of 86-81% compares with 70% averages for experienced psychiatrists ⁽¹⁾ and 30-55% for US primary care providers (GP equivalents) ⁽²⁾.

⁽¹⁾ *Psychiatry (Edmont). 2006 Jan; Vol 3(1): 41–50*

⁽²⁾ *Depression in Primary Care Vol 1: US Department of Health*

Johns Hopkins Study – Pilot Stage Results (81% Accuracy)

On 21 December, Medibio announced preliminary results from the pilot phase of its first study of its Depression Diagnostic. The principal investigators were Dr. Naresh Punjabi (Professor, Johns Hopkins Medicine) and Dr. Francis Mondimore (Director, Mood Disorders Clinic Johns Hopkins Medicine).

Subjects underwent heart rate monitoring using a Holter (ECG) monitor for a period encompassing one day's sleep cycle. The subjects were classified as depressed or non-depressed by two independent psychiatrists, each performing M.I.N.I. examination. Agreement between the two psychiatrists and sufficient ECG data quality were the inclusion criteria. The results are based on full datasets from 26 subjects (11 with MDD, 15 healthy controls) which were included in the pilot phase.

Medibio's technology achieved diagnostic accuracy of 81% and sensitivity of 82% for delineating individuals with Major Depressive Disorder (MDD) from non-depressed individuals.

The data provided confidence of the clinical performance expected in the US primary care setting. Of the 15 healthy controls, two had a prior history of depression, one had substance abuse issues and one was on medication for ADHD, and several participants (both normal controls and MDD) had comorbid diabetes.

Further, these results provide a preliminary indication that Medibio's diagnostic is robust in the face of ongoing pharmacological therapy for depression. Seven of the MDD subjects were on medication for depression at the time of CHR data gathering (with 5 of these on multiple medications), and 6 of 7 of these subjects were correctly identified as being actively depressed, for an 86% accuracy, similar to the overall cohort.

University of Ottawa – Main Stage Results (86% Accuracy)

On November 2, Medibio announced successful completion of Stage 2 of its University of Ottawa retrospective study, with diagnostic accuracy increasing to 86% for distinguishing individuals with MDD from non-depressed individuals (previously 83%). The classification algorithm leveraged objective biomarkers computed from overnight heart rate recordings and sleep annotations to distinguish between the clinical groups. The clinical assessments of psychiatric status were conducted by two independent clinicians.

An additional 563 patients (272 with MDD and 291 controls) were processed in the validation study, increasing the study sample size by 300%. The study now includes 889 patients, with 630 (315 MDD & 315 controls) having been used for additional algorithm training and 259 (125 MDD & 134 controls) used

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Directors' Report (continued)

Review and results of operations (continued)

for blind assessment. This validation was a significant milestone in the Company's development of a proprietary objective test for the diagnosis of depression as it was based on a highly significant sample size of almost 900 patients. Importantly, the cohort size is significantly larger than that required in our clinical studies to support FDA clearance and European Medical Devices Directorate (EMDD) approval for a CE Mark.

The final 300 patients from the University of Ottawa will be used to generate an Independent Validation paper (peer reviewed) to be published by the University of Ottawa. Ongoing work includes further identification of discriminating biomarkers to improve the diagnostic accuracy of the algorithm, incorporation of the new data for further algorithm training and validation of additional algorithms. Following this, Medibio will expand and validate its diagnostic algorithm for depression to identify the different presentations of depression, increasing its clinical utility.

2. Sydney University Brain Mind Centre Clinical Study

Medibio is undertaking a trial of its Mental Wellness solution with a major Australian corporate customer. The University of Sydney has partnered with Medibio to use this commercial trial to do a 'Workplace Stress Assessment' clinical research study. The Mental Wellness solution is Medibio's proprietary objective stress assessment test and intervention programme.

The study aims to investigate the potential relationship between an individual's mood and stress levels and Circadian Heart Rate (CHR) patterns. The study also aims to investigate whether symptoms of anxiety and depression are associated with distinctive pattern deviations in CHR. The clinical study involves measuring 150 employees' stress at two separate points. Professor Nick Glozier heads the study done by the University of Sydney's Brain and Mind Centre (BMC).

Results will allow the Company to confidently target markets such as the public service, health insurance providers, the military, aviation and the public health system, where it believes independent validation is a pre-requisite for widespread take-up of its Mental Wellness solution.

3. Medibio-MICCN partnership

During the half, Medibio established a partnership with the Monash Institute of Cognitive and Clinical Neurosciences (MICCN) to innovate approaches for improved sleep and mental health outcomes.

The MICCN is the largest Institute of its type in the Asia Pacific region, uniting more than 200 world-class researchers with cutting-edge research infrastructure. The Institute is dedicated to understanding the brain and mind – specifically in key integrated research programs of attention and memory, sleep and addiction. It seeks directly and actively to support the use of this knowledge in the clinic, the workplace and, also, through collaborations with industry and the community.

The Medibio-MICCN partnership involves a broad range of initiatives focused on further development of Medibio's early detection and monitoring solutions and MICCN's advanced research and treatment approaches for sleep and circadian disorders for the clinical and work setting.

This partnership opens opportunities for access to a wealth of data from sleep disorder and other groups of patients through the Monash Sleep Network.

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Directors' Report (continued)

Review and results of operations (continued)

4. Binding integration/value-added reseller agreement with Medtronic

The Company entered a binding Integration and Value-Added Reseller Agreement with the Health Informatics & Monitoring division of Medtronic. Under the Agreement, Medibio integrated Medtronic's Zephyr BioPatch™ medical products into its Digital Mental Health Platform.

The Agreement provides Medibio non-exclusive rights to purchase and re-sell Medtronic's Zephyr BioPatch™ medical products and accessories as part of its solution. The initial term of the Agreement is 15 months and allows Medibio to resell the Zephyr™ products in the United States of America and in any other countries mutually agreed between the parties in future.

Medtronic and Medibio intend to explore joint opportunities around Medibio's mental health solution with key clients.

5. Mental Health Week Partnership with HBF and Vital Conversations

In October 2016, the Company signed on as a delivery partner alongside corporate wellness consultants Vital Conversations and not-for-profit health insurer HBF. The launch coincided with World Mental Health Day. The partnership launched Australia's Biggest Mental Health Check-in campaign. It encouraged Australians to undertake a mental health check utilising Medibio's device and technology.

The response to the check-in was excellent with more than 1,500 registrations received and several leading corporates participating in the program. Follow-up on participants has shown that improvements in mental health following the check-in have been significant. The campaign resulted in a large workplace trial of Medibio's diagnostic methodology. Other benefits to Medibio were the increased awareness created of its workplace stress product prior to commercial launch, and the data significantly increased the size of Medibio's dedicated overnight CHR file database and corresponding stress assessments.

Feedback from participating corporates has been excellent, on the insight the de-identified data provides as a company snapshot and the ability to provide a cost-effective offering for their employees. Due to this high demand, Medibio is in discussions with Vital Conversations about running the check-in again in Q2, 2017.

6. LifeQ and Medibio to deliver scalable mental wellness diagnostic

Medibio and LifeQ executed a non-binding Memorandum of Understanding (MOU) in December as the first step to a partnership agreement. Together, Medibio and LifeQ aim to deliver mental wellness diagnostic and management solutions to a wide range of users through insurance and corporate programs.

LifeQ comprises a uniquely multi-disciplinary team led by computational systems biologists. Its platform, to track an individual's physiology continuously, requires inputs from wrist-based wearables. LifeQ uses bio-mathematical models to translate these inputs into information with the potential to improve human health.

LifeQ uses real time and predictive data to create digital simulations of human physiology. The power of its platform is providing users with a single source of information helping them understand every aspect of their health.

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Directors' Report (continued)

Review and results of operations (continued)

The partnership combines LifeQ's unique suite of information streams from wrist-based wearables and its systems biology modelling with Medibio's 15 years of mental health research and objective test for mental wellness.

Under the MOU, Medibio shall integrate its solutions with the LifeQ Platform that connects an ecosystem of domain experts, all of whom will now be able to access and use these information outputs. LifeQ technology is empowering people to redefine the way they engage with their unique individual human biology. By leveraging LifeQ's systems biology based approach enabling the extraction of a range of accurate measures and metrics from wrist based wearables, Medibio's solution will be extended through continuous measurement and made available at scale.

7. \$13.5million Capital Raising

During the half, the Company raised \$13.5 million via the placement of 33,750,200 ordinary shares at \$0.40 each. The placement was conducted in two tranches. The placement was oversubscribed from domestic and foreign institutions with Fidelity International, on behalf of various accounts, entering the register and becoming a major shareholder.

Most of the placement proceeds will be committed to fast-tracking clinical studies to support FDA and EMDD filings and the associated regulatory work.

8. \$3 million R& D Rebate

The company received a cash rebate of \$3,074,224 from the Australian Taxation Office under the Research and Development Tax Incentive Program on 14 October 2016. The company anticipates receiving a similar rebate for the current financial year.

9. Appointment of new CEO and Managing Director

Subsequent to the end of the half year the company appointed US-based Jack Cosentino, as CEO and Managing Director, effective the 16th of February 2017. Mr Cosentino's experience includes over 20 years of senior leadership and executive roles in medical device and medical technology companies. Prior to joining Medibio, Mr Cosentino was the Chief Strategy Officer of ASX listed medical device company Impedimed Limited (ASX: IPD).

Other notable roles include:

8 years as CEO of Class IIA medical device company Diversified Medical Corp during which he built the organization from 17 to 320 full-time employees.

Over 10 years as Co-founder designing and developing population health platforms that deliver health informatics solutions used globally today.

Senior leadership at Medtronic (NYSE: MDT) where his role focused on identifying, understanding, and developing enterprise technology solutions to monitor and manage patients across disease states in a variety of patient care environments.

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Directors' Report (continued)

Review and results of operations (continued)

Jack joins Medibio during a transformative growth period to help drive delivery of the strategy that will place Medibio as the leader in objective mental health technology. Key milestones around product development, clinical trials, CE mark and FDA clearance are the Company's critical focus for 2017.

The prior CEO Kris Knauer will take the role as interim CFO while the company undertakes a search for a CFO with medical device experience. Following this Kris will transition to the role of non-executive director of the company ensuring his experience remains available to the company.

10. Appointment of non-executive board member

Subsequent to the end of the half-year the company appointed Andrew Maxwell as Non-Executive to the Medibio Board of Directors. Andrew brings a wealth of Medical Technology experience to the Board of Medibio. For 10 years, Andrew led Global Kinetics Corporation Ltd (GKC) as Managing Director and Chief Executive Officer.

GKC commercialised a research project emanating from the Florey Institute of Neuroscience and Mental Health and created a global medical diagnostics company with a market-leading product for the remote measurement and reporting of the movement disorder symptoms of Parkinson's disease.

11. Appointment of Dr Franklyn Prendergast as head of Advisory Board

Subsequent to the end of the half year Dr Franklyn Prendergast, a current Non- Executive Director of Medibio, was appointed as Chair of Medibio's Advisory Committee. Frank has had a long and distinguished career in the US Healthcare industry with some of his more notable achievements including the role of director for research at Mayo Clinic, member of the Board of Governors for Mayo Clinic and a member of Mayo Clinic's Executive Committee. He has been a member of the Eli Lilly Company Board of Directors since 1995 and has served extensively for the US National Institutes of Health in various capacities.

Dr Prendergast's vision is to use his extensive network in the US healthcare industry to expand Medibio's Advisory Board and use it as a platform to assist in the commercialisation of Medibio's technology for the diagnosis of depression and other mental Health Disorders.

12. Redemption of US\$2.5 million Promissory Note

Subsequent to the end of the half year the company completed the early repayment of a US\$2.5 million Promissory Note (Note). The Note was convertible at A\$0.31 per share or repayable in cash at the noteholder's election on April 2018. The Note was consideration for the April 2015 acquisition of patents covering the use of 24-hour heart rate data for the diagnosis of depression and other mental health disorders. The patents also cover the use of Medibio's technology to determine treatment effectiveness.

Medibio negotiated the early repayment at face value plus interest due until April 2017. The early repayment of the Note was made possible by the November 2016 \$13.5 million capital raising at \$0.40 a share. The Note's early repayment simplifies the Company's balance sheet and capital structure, removes a potential overhang at \$0.31 per share, and saves the Company approximately \$267,000 interest.

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Directors' Report (continued)


EVENTS SUBSEQUENT TO BALANCE DATE

Other than the repayment of the Promissory Note of \$3,298,153 on 30 January 2017, there have been no events subsequent to year end which would have a material effect on the company's financial statements at 31 December 2016.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half-year ended 31 December 2016 under s 307C of the *Corporations Act 2001*, is set out on page 12.

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



Chris Indermaur
Chairman
Date 28 February 2017

The Directors
Medibio Limited
Suite 302, Level 3
17 Castlereagh Street
Sydney NSW 2000

Auditor's Independence Declaration

As lead auditor for the review of Medibio Limited for the half-year ended 31 December 2016, 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: 28 February 2017

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Consolidated Statement of Profit or Loss

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	31 December 2016 \$	31 December 2015 \$
Revenues			
Sales		-	18,500
Other income	2	3,084,778	1,225,969
		<u>3,084,778</u>	<u>1,244,469</u>
Expenses	3		
Amortisation		(875,146)	(533,077)
Finance costs		(133,092)	(182,092)
Employee costs		(804,574)	(147,210)
Research & development		(2,026,623)	(106,368)
Other expenses		(1,734,396)	(1,303,994)
(Loss) / Profit before income tax		<u>(2,489,053)</u>	<u>(1,028,272)</u>
Income tax		-	-
(Loss) / Profit attributable to members of Medibio Limited		<u>(2,489,053)</u>	<u>(1,028,272)</u>
Loss per share			
Basic & diluted (loss) per share (cents per share)		(2.22)	(1.08)

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

Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 December 2016 \$	31 December 2015 \$
(Loss) / Profit for the period	(2,489,053)	(1,028,272)
Other comprehensive income for the period		
Exchange differences on translating foreign controlled entities	-	(5,229)
Total comprehensive income attributable to members of Medibio Limited	(2,489,053)	(1,033,501)

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

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2016

	Notes	31 December 2016 \$	30 June 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents		12,762,265	1,039,944
Trade and other receivables		30,040	263,181
Prepayments		1,233,230	2,620,256
Total Current Assets		14,025,535	3,923,381
Non-current Assets			
Intangible assets	4	12,781,826	13,997,693
Total Non-current Assets		12,781,826	13,997,693
TOTAL ASSETS		26,807,361	17,921,074
LIABILITIES			
Current Liabilities			
Trade and other payables		3,272,789	5,668,770
Borrowings	5	3,443,153	395,000
Other payables		76,820	64,843
Total Current Liabilities		6,792,762	6,128,613
Non-current Liabilities			
Borrowings	5	-	3,298,153
Total Non-current Liabilities		-	3,298,153
TOTAL LIABILITIES		6,792,762	9,426,766
NET ASSETS		20,014,599	8,494,308
EQUITY			
Issued capital	6	68,816,195	55,756,237
Reserves		1,974,236	1,024,850
Accumulated losses		(50,775,832)	(48,286,779)
TOTAL EQUITY		20,014,599	8,494,308

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

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
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
	\$	\$	\$	\$	\$
At 1 July 2016	55,756,237	(48,286,779)	1,024,850	-	8,494,308
Comprehensive income					
Loss for the period	-	(2,489,053)	-	-	(2,489,053)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	(2,489,053)	-	-	(2,489,053)
Transactions with owners					
Shares issued	15,291,380	-	-	-	15,291,380
Share issue costs	(2,231,422)	-	949,386	-	(1,282,036)
Total transactions with owners	13,059,958	-	949,386	-	14,009,344
At 31 December 2016	68,816,195	(50,775,832)	1,974,236	-	20,014,599

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

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities		
Receipts from customers	-	18,500
R&D Grant received	3,074,224	-
Payments to suppliers and employees	(3,984,223)	(1,805,137)
Net cash flows used in operating activities	(909,999)	(1,786,637)
Cash flows from investing activities		
Interest received	10,554	9,841
Payment for intangible assets	-	(173,431)
Payments for property, plant and equipment	-	(13,146)
Net cash flows used in investing activities	10,554	(176,736)
Cash flows from financing activities		
Proceeds from issue of shares	14,286,415	3,298,535
Repayment of shareholder loan	(250,000)	-
Payments for share issue costs	(1,282,036)	(204,074)
Interest paid	(132,613)	(182,092)
Net cash flows generated from financing activities	12,621,766	2,912,369
Net increase in cash and cash equivalents	11,722,321	948,996
Cash and cash equivalents at beginning of period	1,039,944	944,301
Cash and cash equivalents at end of period	12,762,265	1,893,297

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

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

I. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 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 2016, together with any public announcements made since 1 July 2016.

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 2016. 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.

Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 December 2016 \$	31 December 2015 \$
2. REVENUE		
Interest received	10,554	9,841
R&D Grant received	3,074,224	1,216,128
Total Revenue	3,084,778	1,225,969
3. EXPENSES		
(i) Finance costs		
Interest paid	133,092	182,092
	133,092	182,092
(ii) Employee benefits expense		
Wages and salaries	594,427	15,000
Directors' fees	210,147	132,210
	804,574	147,210
(iii) Other expenses		
Consulting and advisory expenses	1,204,328	678,199
Legal fees	14,476	27,598
Listing fees	108,866	88,159
Share registry	14,123	14,123
Sales and marketing	106,987	74,850
Other administrative expenses	285,616	421,065
	1,734,396	1,303,994

Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 December 2016 \$	30 June 2016 \$
4. INTANGIBLE ASSETS		
Licence		
<i>Heartlink Limited</i>		
At cost	300,000	300,000
Accumulated Amortisation	(300,000)	(300,000)
Net carrying amount	-	-
Development Costs		
At cost	3,183,183	3,121,802
Additions	-	61,381
Derecognised	(340,721)	-
Accumulated amortisation	(16,642)	-
Net carrying amount	2,825,820	3,183,183
Patents		
At cost	4,498,153	3,298,153
Additions	-	1,200,000
Accumulated Amortisation	(2,336,790)	(1,478,286)
Net carrying amount	2,161,363	3,019,867
Data files		
At cost	7,794,643	7,794,643
Net carrying amount	7,794,643	7,794,643

Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 December 2016 \$	30 June 2016 \$
4. INTANGIBLE ASSETS (continued)		
Goodwill		
At cost	444,999	444,999
Accumulated impairment losses	(444,999)	(444,999)
Net carrying amount	-	-
Reconciliation of carrying amount		
Net carrying amount at beginning of the year	13,997,693	13,998,137
Additions	-	1,261,382
Derecognised	(340,721)	-
Amortisation	(875,146)	(1,261,826)
Net carrying amount	12,781,826	13,997,693

Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

		31 December 2016 \$	30 June 2016 \$
5. BORROWINGS			
Borrowings - Current	Invatec Shareholders loan	145,000	395,000
	Promissory Note	3,298,153	-
		3,443,153	395,000
Borrowings – Non Current	Promissory Note	-	3,298,153
		-	3,298,153
	Total Borrowings	3,443,153	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 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 at \$0.31 per share. On 30 January 2017, the Promissory Note was repaid together with interest due.

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, payable 26 months after completion (due 2 May 2017) of the acquisition. The carrying value is considered a reasonable approximation to the fair value of the loan. \$250,000 of the shareholder loans have been repaid at 31 December 2016.

Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 December 2016	30 June 2016
	\$	\$

6. ISSUED CAPITAL

Issued and paid up capital

Issued and fully paid	\$68,816,195	\$55,756,237
Number of shares on issue at reporting date	148,368,619	105,446,807
Number of options on issue at reporting date	25,833,335	27,030,009

Movements in share capital for the six months ended 31 December 2016

- On 2 September 2016, 863,341 ordinary shares were allotted on the exercise of options expiring 1 April 2018 and exercisable on the payment of \$0.10. The option exercise raised \$86,334.
- On 6 October 2016, 4,000,000 ordinary shares were allotted on the exercise of options expiring 1 April 2018 and exercisable on the payment of \$0.10. The option exercise raised \$400,000.
- On 24 October 2016, 500,000 ordinary shares were allotted on the exercise of options expiring 1 April 2018 and exercisable on the payment of \$0.10. The option exercise raised \$50,000.
- On 1 November 2016, 833,333 ordinary shares were allotted on the exercise of options expiring 1 April 2017 and exercisable on the payment of \$0.30. The option exercise raised \$250,000.
- Between 25 November and 7 December 2016, Medibio issued in 2 tranches, 33,750,200 ordinary shares at \$0.40. The shares were allotted to sophisticated and professional investors to raise \$13,500,080 before issue costs of \$2,231,422.
- On 7 December 2016, Medibio issued at total of, 2,974,936 ordinary shares at prices of \$0.20 to \$0.40 – totalling \$1,004,965. The shares were allotted to contractors, employees and professional advisors as payment for services amounting to \$1,004,965.
- On 7 December 2016, the Company issued 1,500,000 options expiring 30 November 2018 and exercisable on payment of \$0.40 and 3,500,000 expiring 30 November 2019 and exercisable on payment of \$0.48.

Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

7. 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.

8. COMMITMENTS AND CONTINGENCIES

There were no changes in the Group's commitments and contingencies since 30 June 2016.

9. EVENTS AFTER THE END OF THE REPORTING PERIOD

Other than the repayment of the Promissory Note of \$3,298,153 on 30 January 2017, there have been no events subsequent to year end which would have a material effect on the company's financial statements at 31 December 2016.

10. 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.


Directors' Declaration

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

In the opinion of the directors:

- I. 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 2016 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



Chris Indermaur
Chairman
28 February 2017

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's 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 2016, 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 2016 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 2016 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*.

William Buck

William Buck (Qld)
ABN 11 603 627 400

A handwritten signature in black ink, appearing to read 'J A Latif'.

J A Latif
A Member of the Firm
Brisbane, 28 February 2017

**CHARTERED ACCOUNTANTS
& ADVISORS**

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