



ABN: 58 008 130 336

ASX Half-Yearly Report to 31 December 2017

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 2017 Annual Financial Report.**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

SUMMARY RESULTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2017

The following is a summary of the financial results for the 6 months ended 31 December 2017 (previous corresponding period 31 December 2016).

1. SUMMARY RESULTS

	Increase/ (Decrease) %	Six months ended 31 December 2017 \$	Six months ended 31 December 2016 \$
Revenue from ordinary activities	(1)%	3,066,469	3,084,778
(Loss)/Profit from ordinary activities after tax attributable to members	128%	(5,670,587)	(2,489,053)
(Loss)/Profit for the period attributable to members (NPAT)	128%	(5,670,587)	(2,489,053)

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 2017	31 December 2016
Basic and diluted loss per share	(3.36) cps	(2.22) cps
Weighted average number of shares used in the calculation of basic EPS	168,792,889	112,050,293

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 2017	31 December 2016
Net tangible asset backing per ordinary share	6.39 cents	4.87 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 2017

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



ABN: 58 008 130 336

Contents	Page
Corporate Information	3
Directors' Report	4
Auditor's Independence Declaration	10
Consolidated Statement of Profit or Loss and Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Financial Statements	15
1. Basis of preparation	15
2. Revenue	16
3. Expenses	16
4. Intangible Assets	17
5. Borrowings	19
6. Issued Capital	20
7. Operating Segments	21
8. Commitments and contingencies	21
9. Events after the end of the reporting period	21
10. Fair Value	21
Directors' Declaration	22
Independent Review Report	23



ABN: 58 008 130 336

Corporate Information

Directors

C Indermaur - Non-Executive Chairman
J Cosentino – Managing Director & CEO
F Prendergast - Non-Executive Director
A Maxwell - Non-Executive Director
M Phelps – Non-Executive Director
P Kennedy – Non-Executive Director
P Carlisle –Non-Executive Director

Company Secretary

R Lees

Registered Office

Suite 302, Level 3
17 Castlereagh Street
Sydney NSW 2000
Telephone: +61 2 9299 9580
Facsimile: +61 2 9299 9501

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

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 2017.

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

Dr Adam Darkins

Andrew Maxwell

Frank Prendergast

Michael Phelps

Patrick Kennedy

Peter Carlisle

Jack Cosentino

Kris Knauer

Non-Executive Chairman

Non-Executive Deputy Chairman (resigned 19 January 2018)

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director (appointed 4 July 2017)

Non-Executive Director*

Managing Director & CEO

Executive Director (resigned 13 October 2017)

*Appointed to permanent Board position on 22 January 2018; previously an Alternate Non-Executive Director for M Phelps.

REVIEW AND RESULTS OF OPERATIONS

Financials

Results

During the six months to 31 December 2017, the Company recorded a loss of \$5,670,587 (2016 – loss \$2,489,053).

The loss for the period reflected the following:

- The Company received an R&D rebate of \$3.3 million in October 2017 from the 30 June 2017 income tax return. The Company recorded a \$0.5 million allowance in the period for potential amendments associated with the termination of contracts included in the original tax return;
- costs associated with the development of the Company's technology for use of objective biometrics to assist in the screening, diagnosing, monitoring, and management of depression and other mental health conditions;
- 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 \$10.1 million, reflecting additional capital raised, receipt of an R&D rebate, operating activities, and investing activities that occurred during the period.

Directors' Report (continued)

Review and results of operations (continued)**Operations**

During the half year, the Company made significant progress in the steps towards commercialization of the Company's mental health diagnostic system and completed a risk assessment of the Company enhancing the quality management systems. Highlights included:

Quality and Regulatory Update

- CE Mark submission.
- ISO 13485 certification achieved post balance date.
- FDA pre-submission file closed and confirmatory studies active at eight sites.
- Secured two further patents underpinning the Company's Intellectual Property (IP) position.

Corporate Development

- Commercial agreement established with Otsuka Pharmaceutical Development and Commercialization, Inc. (Otsuka).
- Continued relationship with Vital Conversations.
- Post balance date strategic partnership with Striiv.

Clinical Update

- Treatment monitoring studies currently underway at Monash University, Mayo Clinic and The Melbourne Clinic.
- Confirmatory FDA studies currently underway at eight sites, including U.S. Veterans Affairs hospital located in White River Junction, Vermont.

Management Update

- Internalisation of management team, including appointment of key high-profile addition Jeremy Schroetter.

Board and Board Related Matters

- Appointment of Patrick Kennedy to the Board on 4 July 2017
- Medibio's Scientific Advisory Board establishment is underway led by Board member Dr. Franklyn Prendergast.
- Post balance date appointment of Peter Carlisle to permanent Board position following Dr Adam Darkins decision to step down from the Board

Financial and Capital Highlights

- Successful capital raise of \$13.9 million
- R&D tax incentive refund of \$3.3 million received
- Completion of unmarketable parcel share sale facility

Directors' Report (continued)

Review and results of operations (continued)*CE Mark and ISO 13485*

The Company completed design history documentation for the Analytics Platform and Depression Diagnostic product, which was signed-off in four successive phase reviews. The required audit checks were completed in preparation for ISO 13485 and CE Mark certification.

Post balance date, the Company received a Certificate of Compliance, certifying that the Company's Quality Management System (QMS) complies with the requirements of ISO 13485. This signifies that the Company has established a comprehensive QMS for the design and manufacturing of medical devices. ISO 13485 is a critical prerequisite to securing CE Mark and other regulatory certifications. The ISO certificate includes conformance with the Canadian Medical Device Conformity Assessment System. The certificate was issued by DQS Med, the Notified Body appointed to assess Medibio's submission for CE Mark. CE Mark certification is anticipated to be received in third quarter of financial year 2018.

FDA submission

The Company established the required confirmatory clinical studies in addition to the quality management systems required and has closed the pre-submission file. The confirmatory clinical study is active at eight sites (six in the U.S. and 2 in Australia). The study sites include U.S. Department of Veteran Affairs (White River Junction, VA, USA); the Epworth Hospital and The Melbourne Clinic (Melbourne, VIC, AUS), and Lindner Center of HOPE (Mason, OH, USA). Study enrolment is anticipated near the end of the third quarter of financial year 2018. Once completed, the FDA submission will be submitted to the FDA with their feedback from our pre-submission to inform the De Novo application.

Patents

The Company completed the issuance of two additional patents. Medibio's Intellectual Property (IP) position is critical and our intent is to increase our IP position over the coming periods.

Corporate Development*Otsuka Pharmaceutical Development & Commercialization, Inc.*

Medibio entered into an agreement with Otsuka on 9 October 2017. The agreement relates to the application of Medibio's advanced proprietary analytic platform to Otsuka clinical data to characterize key circadian, autonomic, and sleep biomarkers related to serious mental illness. Under the terms of the agreement, Medibio will receive payments for services provided.

Post balance date, the agreement with Otsuka was extended. We are currently working to an internal target to formally present to Otsuka in the latter part of third quarter or early part of the fourth quarter of financial year 2018.

Vital Conversations

Medibio continued the partnership with Vital Conversations through the implementation of Australia's Biggest Mental Health Check-in in October 2017. The Company has partnered with Vital Conversations over the past three years with an aligned focus on reducing the \$11 billion annual cost to Australian businesses through programs that increase employee awareness and engagement in mental health by utilizing the Australia's Biggest Mental Health Check-in to achieve this goal. As a large-scale, corporate health program that uses a technology-driven approach to engage the workplace in talking about and assessing mental wellness, the Check-in delivers a corporate wellness initiative utilising wearable technology and online psychological health software.

Directors' Report (continued)

Review and results of operations (continued)

Engagement from companies has increased year on year with continued involvement from prior year participants and new companies showing very strong interest in the program. The last Check-in was completed at the end of calendar year 2017 and, in conjunction with Vital Conversations, Medibio will release the results of the Check-in in the fourth quarter of financial year 2018.

The Check-in continues to see significant increase in volume, making it one of the world's largest scale corporate wellness initiatives utilizing wearable technology and online psychological health software.

Striiv Strategic Partnership (Post balance date)

The strategic partnership with Striiv is intended to allow for the integration of Medibio's proprietary, personal mental health evaluation technology into its mobile app and assessment services, which has a user base of over one million subscribers. This partnership provides the opportunity for Medibio's technology to be used for longer term patient monitoring and management through the use of Striiv's wearable devices. Medibio anticipates completing integration with Striiv in this financial year.

In addition to the partnership with Medibio, Striiv has a history of successful collaborations with healthcare partners and corporate clients such as UnitedHealth Group Inc., Qualcomm Life, and Pfizer Inc. Striiv also creates custom wearable solutions for healthcare partners, helping healthcare providers discover new ways to care for patients and empowering them to lead healthier lives.

Clinical Update

The Company's treatment monitoring studies are making good progress.

The Melbourne Clinic ECT Monitoring Study

MB-DEPMON02 Electroconvulsive Therapy (ECT) compares longitudinal physiological data with serial, structured clinical assessments for subjects undergoing ECT for depression. Nine of the ten subjects enrolled as part of the initial phase have completed the study thus far.

The Mayo Clinic Pharmaceutical Monitoring Study

MB-DEPMON01 "Pharma" study has been initiated and pending the first subject enrolment. The study is similar in design to the ECT study but will follow individuals initiating standard pharmacologic therapy for either unipolar or bipolar depression. This is the first look at identifying and characterize differentiating physiological biomarkers of unipolar from bipolar depression episodes. It is also hoped that the mid-study time point may provide physiological indicators, in advance of the subject clinical assessment, for treatment response.

Monash University Study

Transcranial Magnetic Stimulation (TMS) investigator-initiated study has enrolled sixteen subjects thus far and uses Medibio technology to characterise progress of individuals undergoing TMS and the effects of TMS treatment on heart-rate and circadian patterns.

Management Update

This half has been transformative for Medibio's business and the technology platform, and products. We have completed a comprehensive product roadmap for the platform, data science approach, and applications development. This roadmap drives our strategy of agile development and kicked off our product development cadence and versioning. The team is being assembled while development of both the platform and products are in the development-to-production stage.

Directors' Report (continued)

Review and results of operations (continued)

Driving this initiative, we included a major addition to our internal capabilities with the addition of Jeremy Schroetter to the Medibio leadership team. Prior to joining Medibio, Jeremy was with Qualcomm Life as Senior Director of Engineering where he led teams building IoT platforms for medical devices and technical leadership for acquisitions such as Capsule and the UnitedHealthcare Motion program. His career in technology has also included the roles of Chief Technical Officer for the Medical Device and Healthcare business unit at GlobalLogic, program management for Park Nicollet and Prime Therapeutics and various leadership roles at Medtronic developing software for implantable medical devices. He graduated with a Bachelor of Science in Biomedical Engineering from Case Western Reserve University and a Master of Business Administration in Healthcare Information Technology from the University of St. Thomas

Board and Board Related Matters*Scientific Advisory Board*

Medibio is in the process of establishing a Scientific Advisory Board that will be led by Board member Dr. Franklyn Prendergast.

Board Movements

The Board welcomed the appointment of Patrick Kennedy on 4 July 2017.

Post balance date the Board appointed Peter Carlisle to a permanent Board position following Dr Adam Darkins decision to step down from the Board.

Financial and Capital Highlights*\$13.9 million Capital Raising*

During the half, the Company raised \$13.9 million via the placement of 38,736,640 ordinary shares at \$0.36 each. The placement was oversubscribed from domestic and foreign institutions with Fidelity International, on behalf of various accounts, following on to maintain a 10% ownership in the Company.

Most of the placement proceeds will be committed to accelerating commercialisation efforts including build out of organisational infrastructure, establishment of requirements and testing of products for future market verticals, development of technology platforms to support commercialisation and positioning of the Company for regulatory approvals and future products.

\$3.3 million R& D Rebate

The Company received a cash rebate of \$3,266,998 from the Australian Taxation Office under the Research and Development Tax Incentive Program on 24 October 2017. The Company recorded a \$500,000 allowance in the period for potential amendments associated with the termination of contracts included in the original tax return.

Unmarketable parcel sale facility

Established and completed an unmarketable parcel sale facility improving shareholder registry management through the reduction of the shareholder base at the time by 47%.

Directors' Report (continued)

EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to year end which would have a material effect on the Company's financial statements at 31 December 2017.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half-year ended 31 December 2017 under s 307C of the Corporations Act 2001, is set out on page 10.

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

A handwritten signature in black ink, appearing to read 'Chris Indermaur', is written over a faint, dotted rectangular grid.

Chris Indermaur
Chairman
Date 27 February 2018

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 2017, 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 21 559 713 106

J A Latif

J A Latif
A Member of the Firm
Brisbane: 27 February 2018

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 21, 307 Queen Street
Brisbane QLD 4000
GPO Box 563
Brisbane QLD 4001
Telephone: +61 7 3229 5100
williambuck.com

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	31 December 2017 \$	31 December 2016 \$
Revenues	2		
Sales		53,498	-
Contract milestone achievement		226,000	-
Other income		2,786,971	3,084,778
		<u>3,066,469</u>	<u>3,084,778</u>
Expenses	3		
Amortisation		(858,503)	(875,146)
Finance costs		(3,403)	(133,092)
Employee costs		(2,531,230)	(804,574)
Research & development		(1,536,644)	(2,026,623)
Other expenses		(3,807,276)	(1,734,396)
Loss before income tax		<u>(5,670,587)</u>	<u>(2,489,053)</u>
Income tax		-	-
Loss attributable to members of Medibio Limited		<u>(5,670,587)</u>	<u>(2,489,053)</u>
Other comprehensive income for the period		-	-
Total comprehensive loss attributable to members of Medibio Limited		<u>(5,670,587)</u>	<u>(2,489,053)</u>
Loss per share			
Basic & diluted loss per share (cents per share)		(3.36)	(2.22)

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 31 DECEMBER 2017

	Notes	31 December 2017 \$	30 June 2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents		15,115,866	5,010,052
Trade and other receivables		350,554	220,276
Prepayments		81,730	2,134,875
Total Current Assets		15,548,150	7,365,203
Non-current Assets			
Intangible assets	4	11,018,221	11,884,855
Total Non-current Assets		11,018,221	11,884,855
TOTAL ASSETS		26,566,371	19,250,058
LIABILITIES			
Current Liabilities			
Trade and other payables		2,378,328	5,699,200
Borrowings	5	120,000	132,500
Other payables		300,892	104,278
Total Current Liabilities		2,799,220	5,935,978
TOTAL LIABILITIES		2,799,220	5,935,978
NET ASSETS		23,767,151	13,314,080
EQUITY			
Issued capital	6	83,454,487	68,999,845
Reserves		4,055,102	2,386,086
Accumulated losses		(63,742,438)	(58,071,851)
TOTAL EQUITY		23,767,151	13,314,080

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 2017

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total Equity
	\$	\$	\$	\$
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
	\$	\$	\$	\$
At 1 July 2017	68,999,845	(58,071,851)	2,386,086	13,314,080
Comprehensive income				
Loss for the period	-	(5,670,587)	-	(5,670,587)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(5,670,587)	-	(5,670,587)
Transactions with owners				
Shares issued	16,126,976	-	-	16,126,976
Share options issued	-	-	1,048,222	1,048,222
Share issue costs	(1,672,334)	-	620,794	(1,051,540)
Total transactions with owners	14,454,642	-	1,669,016	16,123,658
At 31 December 2017	83,454,487	(63,742,438)	4,055,102	23,767,151

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 2017

	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities		
Receipts from customers	5,185	-
R&D grant received	3,266,998	3,074,224
Contract milestone achievement	226,000	-
Payments to suppliers and employees	(7,143,492)	(3,984,223)
Net cash flows used in operating activities	(3,645,309)	(909,999)
Cash flows from investing activities		
Interest received	19,973	10,554
Net cash flows generated from investing activities	19,973	10,554
Cash flows from financing activities		
Proceeds from issue of shares	14,795,190	14,286,415
Repayment of shareholder loan	(12,500)	(250,000)
Payments for share issue costs	(1,051,540)	(1,282,036)
Interest paid	-	(132,613)
Net cash flows generated from financing activities	13,731,150	12,621,766
Net increase in cash and cash equivalents	10,105,814	11,722,321
Cash and cash equivalents at beginning of period	5,010,052	1,039,944
Cash and cash equivalents at end of period	15,115,866	12,762,265

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 2017

I. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 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 2017, together with any public announcements made since 1 July 2017.

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 2017. 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 2017, the Group had a net asset position of \$23,767,151 (30 June 2017: \$13,314,080). However, as at 31 December 2017 it had:

- Incurred a loss for the period of \$5,670,587 (31 December 2016: \$2,489,053)
- Net cash outflows from operations of \$3,645,309 (31 December 2016: \$909,999)
- Cash at bank of \$15,115,866 (30 June 2017: \$5,010,052)
- Current assets exceed current liabilities by \$12,748,930 (30 June 2017: \$1,429,225)

The Directors have assessed the Group's operating and research costs along with future research and development activities in order to establish future funding requirements. Based on this assessment there are indications that current working capital may not be sufficient to enable the Group to carry out planned operations. As such, 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.

On 20 October 2017, Medibio Limited issued 38,736,640 shares, raising \$13,945,190 before issue costs. The Directors of Medibio Limited are confident that the Company is able to raise further equity from its shareholders and sophisticated and professional investors, if required.

As at 31 December 2017, Medibio has 4,650,000 partly paid contributing shares (with 29 cents to pay). The Directors expect the contributing shares will become fully paid in 2018.

Accordingly, the 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.

Notes to the Financial Statements (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$	31 December 2016 \$
2. REVENUE		
Sales	53,498	-
Contract milestone achievement	226,000	-
Interest received	19,973	10,554
R&D grant received, net of allowance	2,766,998	3,074,224
Total Revenue	3,066,469	3,084,778
3. EXPENSES		
(i) Finance costs		
Interest paid	-	133,092
Leasing costs	3,403	-
	3,403	133,092
(ii) Employee benefits expense		
Wages and salaries	2,267,238	594,427
Directors' fees	263,992	210,147
	2,531,230	804,574
(iii) Other expenses		
Consulting and advisory expenses	1,401,277	1,204,328
Legal fees	172,466	14,476
Listing fees	137,070	108,866
Share registry	14,123	14,123
Sales and marketing	241,561	106,987
Other administrative expenses	1,840,779	285,616
	3,807,276	1,734,396

Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$	30 June 2017 \$
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	2,797,103	3,183,184
Foreign currency changes to asset cost	(8,131)	-
Derecognised	-	(386,081)
Accumulated amortisation	(14,786)	(14,786)
Net carrying amount	2,774,186	2,782,317
Patents		
At cost	4,498,153	4,498,153
Additions	-	-
Accumulated Amortisation	(4,048,761)	(3,190,258)
Net carrying amount	449,392	1,307,895
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 2017

	31 December 2017 \$	30 June 2017 \$
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	11,884,85	13,997,69
Foreign currency changes to asset cost	(8,131)	-
Derecognised	-	(386,080)
Amortisation	(858,503)	(1,726,758)
Net carrying amount	11,018,221	11,884,8

Notes to the Financial Statements (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

		31 December 2017	30 June 2017
		\$	\$
5. BORROWINGS			
Borrowings - Current	Invatec Shareholders loan	120,000	132,500
		120,000	132,500

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. During the period \$12,500 was repaid with the balance outstanding at 31 December 2017 being \$120,000. The carrying value is considered a reasonable approximation to the fair value of the loan.

Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017	30 June 2017
6. ISSUED CAPITAL		
Issued and paid up capital		
Issued and fully paid	\$83,454,487	\$68,999,845
Number of shares on issue at reporting date	199,907,497	148,718,619
Number of partly paid shares on issue at reporting date	4,650,000	4,650,000
Number of options on issue at reporting date	27,500,000	20,000,000

Movements in share capital for the six months ended 31 December 2017

- On 24 August 2017, the Company issued at total of, 329,805 ordinary shares at prices of \$0.30 to \$0.34 – totalling \$101,077. The shares were allotted to contractors and directors as payment for services amounting to \$101,077.
- On 9 September 2017, 5,500,000 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 \$550,000.
- On 28 September 2017, the Company issued at total of, 1,648,136 ordinary shares at prices of \$0.30 to \$0.35 – totalling \$555,088. The shares were allotted to contractors, advisors, employees and directors as payment for services amounting to \$555,088.
- On 20 October 2017, the Company issued 38,736,640 ordinary shares at \$0.36. The shares were allotted to sophisticated and professional investors to raise approximately \$13,945,190 before issue costs of \$1,051,540.
- On 10 November 2017, the Company issued 10,000,000 unlisted options expiring 15 February 2022 and exercisable on payment of \$0.45 subject to vesting terms. Included in the Company's financial statements for the period is \$226,315 of expense associated with the vested portion of these options.
- On 13 November 2017, 3,000,000 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 \$300,000.
- On 30 November 2017, the Company issued 3,000,000 unlisted options expiring 30 November 2019 and exercisable on payment of \$0.40 and 3,000,000 unlisted options expiring 30 November 2020 and exercisable on payment of \$0.40.
- On 4 December 2017, the Company issued at total of, 1,974,297 ordinary shares at prices of \$0.30 to \$0.35 – totalling \$675,622. The shares were allotted to contractors and directors as payment for services amounting to \$675,622.
- Included in the Company's financial statements for the period is \$212,287 of expense associated with the vested portion of incentive options pending issue to various employees. Options pending issue amounted to 9,700,000 subject to vesting terms.
- 4,650,000 options were converted to partly paid shares on 31 March 2017, approved by shareholders on 11 September 2017.

Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

7. OPERATING SEGMENTS

The consolidated entity 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 consolidated entity's commitments and contingencies since 30 June 2017.

9. EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no events subsequent to year end which would have a material effect on the consolidated entity's financial statements at 31 December 2017.

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:

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 2017 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
27 February 2018

Medibio Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

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) on pages 11 to 22, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other 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.

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 on pages 11 to 22 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 2017 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.

Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a loss of \$5,670,587 (31 December 2016: \$2,489,053) and had net cash outflows from operations of \$3,645,309 (31 December 2016: \$909,999) during the half year ended 31 December 2017. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors' 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

CHARTERED ACCOUNTANTS & ADVISORS

Level 21, 307 Queen Street
Brisbane QLD 4000
GPO Box 563
Brisbane QLD 4001
Telephone: +61 7 3229 5100
Williambuck.com

Auditor's Responsibilities for the Review of the Half-Year Financial Report

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:

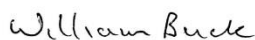
- giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Medibio Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

A handwritten signature in black ink that reads 'William Buck'.

William Buck (Qld)
ABN: 21 559 713 106

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

J A Latif
Brisbane 27 February 2018

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 21, 307 Queen Street
Brisbane QLD 4000
GPO Box 563
Brisbane QLD 4001
Telephone: +61 7 3229 5100
Williambuck.com