



Medibio Limited

ABN 58 008 130 336

Appendix 4E
Preliminary Final Report
30 June 2020

Provided to the ASX under Listing Rule 4.3A

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1. Company details

Name of entity:	Medibio Limited
ABN:	58 008 130 336
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	77.4% to	932,831
Loss from ordinary activities after tax attributable to the Owners of Medibio Limited	down	41.2% to	(3,872,404)
Loss for the year attributable to the Owners of Medibio Limited	down	41.2% to	(3,872,404)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$3,872,404 (30 June 2019: \$6,587,039).

The loss for the period reflected the following:

- the development of Company's intellectual property, including the depressive burden trial and the development of its sleep staging software, MEBsleep;
- the further development and commercialization of its corporate wellness product, ilumen; and
- the Company reorganization and restructuring, which included the downsizing of the company's US operations, and
- A substantial decrease in the R&D tax rebate reflecting increased activities overseas, a decrease in interest received partly offset by an increase in income from ilumen™.

Subsequent to the end of the year the Group completed a fully underwritten Non-Renounceable Entitlement Offer raising approximately \$1.52 million (before costs).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.04)</u>	<u>(1.23)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial report is in the process of being audited.

At this point in the audit process there have not been any disputes nor issues raised that will be subject to audit qualification.

11. Attachments

Details of attachments (if any):

The Preliminary Final Report of Medibio Limited for the year ended 30 June 2020 is attached.

12. Signed

Signed



Date: 28 August 2020

Claude Solitario
Managing Director

Directors	Mr Claude Solitario (Managing Director and CEO) Mr Peter Carlisle (Non-Executive and Lead Independent Director) Ms Melanie Leydin (Director and Joint Company Secretary)
Company secretaries	Ms Melanie Leydin Mr Mathew Watkins
Registered office	Level 4, 100 Albert Road South Melbourne VIC 3205 Telephone: +61 3 9692 7222 Facsimile: +61 3 9077 9233
Share register	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney, NSW, 2000 Telephone: 1300 850 505
Auditor	William Buck (Qld) Level 21, 307 Queen Street Brisbane QLD 4000 Telephone: +61 7 3229 5100 Facsimile: +61 7 3221 6027
Legal advisors	Gadens Level 25 Bourke Place 600 Bourke Street Melbourne VIC 3000 Telephone: +61 3 9252 2555 Facsimile: +61 3 9252 2500
Bankers	Westpac Banking Corporation
Stock exchange listing	Medibio Limited securities are listed on the Australian Securities Exchange (ASX code: MEB and MEBOB)
Website	www.medibio.com.au

Medibio Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020



	Note	Consolidated 30 June 2020 \$	30 June 2019 \$
Revenue			
Sales	2	133,500	364,628
Other income	3	799,331	3,767,663
Expenses			
Cost of sales		(204,688)	(226,092)
Employee costs		(1,866,489)	(4,535,179)
Research and development expenses		(359,954)	(394,906)
Finance costs		(36,687)	(13,928)
Depreciation and amortisation expense		(148,865)	-
Other expenses		(2,188,552)	(5,549,225)
Loss before income tax expense		(3,872,404)	(6,587,039)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the Owners of Medibio Limited		(3,872,404)	(6,587,039)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		19,157	(9,902)
Other comprehensive income for the year, net of tax		19,157	(9,902)
Total comprehensive income for the year attributable to the Owners of Medibio Limited		<u>(3,853,247)</u>	<u>(6,596,941)</u>
		Cents	Cents
Basic earnings per share		(0.44)	(3.05)
Diluted earnings per share		(0.44)	(3.05)

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

Medibio Limited
Statement of financial position
As at 30 June 2020



	Note	Consolidated 30 June 2020 \$	30 June 2019 \$
Assets			
Current assets			
Cash and cash equivalents	4	812,503	1,333,090
Trade and other receivables	5	32,505	14,874
Other current assets		16,688	184,054
Total current assets		<u>861,696</u>	<u>1,532,018</u>
Non-current assets			
Other assets		78,271	107,228
Right-of-use assets	6	71,440	-
Intangibles	7	13,002,170	11,664,252
Total non-current assets		<u>13,151,881</u>	<u>11,771,480</u>
Total assets		<u>14,013,577</u>	<u>13,303,498</u>
Liabilities			
Current liabilities			
Trade and other payables	8	1,204,221	1,808,382
Convertible notes	9	-	2,753,331
Lease liabilities		76,905	-
Employee benefits	10	123,063	137,315
Total current liabilities		<u>1,404,189</u>	<u>4,699,028</u>
Total liabilities		<u>1,404,189</u>	<u>4,699,028</u>
Net assets		<u>12,609,388</u>	<u>8,604,470</u>
Equity			
Issued capital	11	91,669,201	84,424,838
Reserves	12	5,323,117	4,678,933
Accumulated losses		(84,382,930)	(80,499,301)
Total equity		<u>12,609,388</u>	<u>8,604,470</u>

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

Medibio Limited
Statement of changes in equity
For the year ended 30 June 2020



Consolidated	Issued capital \$	Foreign currency translation reserves \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	83,642,250	(132,274)	4,388,774	(73,912,262)	13,986,488
Loss after income tax expense for the year	-	-	-	(6,587,039)	(6,587,039)
Other comprehensive income for the year, net of tax	-	(9,902)	-	-	(9,902)
Total comprehensive income for the year	-	(9,902)	-	(6,587,039)	(6,596,941)
<i>Transactions with Owners in their capacity as Owners:</i>					
Contributions of equity, net of transaction costs (note 11)	782,588	-	-	-	782,588
Share options issued	-	-	385,455	-	385,455
Foreign Exchange Translation	-	-	46,880	-	46,880
Balance at 30 June 2019	<u>84,424,838</u>	<u>(142,176)</u>	<u>4,821,109</u>	<u>(80,499,301)</u>	<u>8,604,470</u>

Consolidated	Issued capital \$	Foreign currency translation reserves \$	Share based payments reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	84,424,838	(142,176)	4,821,109	(80,499,301)	8,604,470
Adjustment upon adoption of AASB 16 (note 2)	-	-	-	(11,225)	(11,225)
Balance at 1 July 2019 - restated	84,424,838	(142,176)	4,821,109	(80,510,526)	8,593,245
Loss after income tax expense for the year	-	-	-	(3,872,404)	(3,872,404)
Other comprehensive income for the year, net of tax	-	19,157	-	-	19,157
Total comprehensive income for the year	-	19,157	-	(3,872,404)	(3,853,247)
<i>Transactions with Owners in their capacity as Owners:</i>					
Contributions of equity, net of transaction costs (note 11)	7,244,363	-	-	-	7,244,363
Share-based payments	-	-	625,027	-	625,027
Balance at 30 June 2020	<u>91,669,201</u>	<u>(123,019)</u>	<u>5,446,136</u>	<u>(84,382,930)</u>	<u>12,609,388</u>

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

Medibio Limited
Statement of cash flows
For the year ended 30 June 2020



	Consolidated	
Note	30 June 2020	30 June 2019
	\$	\$
Cash flows from operating activities		
Receipts from operations	233,480	550,610
R&D grants received	674,158	3,146,335
Payments to suppliers and employees	<u>(4,496,456)</u>	<u>(10,554,623)</u>
Net cash used in operating activities	<u>(3,588,818)</u>	<u>(6,857,678)</u>
Cash flows from investing activities		
Refund of deposits	28,958	-
Interest received	7,562	54,013
Payments for intangibles	<u>(1,541,468)</u>	<u>(1,111,220)</u>
Net cash used in investing activities	<u>(1,504,948)</u>	<u>(1,057,207)</u>
Cash flows from financing activities		
Proceeds from issue of shares (net of transaction costs)	4,708,647	782,588
Proceeds from issue of convertible notes	-	2,342,200
Payment of lease liabilities	<u>(154,625)</u>	<u>-</u>
Net cash from financing activities	<u>4,554,022</u>	<u>3,124,788</u>
Net decrease in cash and cash equivalents	(539,744)	(4,790,097)
Cash and cash equivalents at the beginning of the financial year	1,333,090	6,123,187
Effects of exchange rate changes on cash and cash equivalents	<u>19,157</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year	<u>4</u> <u>812,503</u>	<u>1,333,090</u>

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

Note 1. Significant accounting policies

The following notes are disclosed to assist with understanding the preliminary financial report and are not intended to include all notes that will accompany the audited financial statements.

Note 2. Sales

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Sales	<u>133,500</u>	<u>364,628</u>

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 3. Other income

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
R&D grant received	674,158	3,712,586
Other income	117,611	-
Interest received	7,562	30,077
Research grant	-	25,000
	<u>799,331</u>	<u>3,767,663</u>

Note 4. Current assets - cash and cash equivalents

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Cash at bank	<u>812,503</u>	<u>1,333,090</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 5. Current assets - trade and other receivables

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Trade receivables	<u>32,505</u>	<u>14,874</u>

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 6. Non-current assets - right-of-use assets

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Right-of-use	581,972	-
Less: Accumulated depreciation	<u>(510,532)</u>	<u>-</u>
	<u>71,440</u>	<u>-</u>

Note 6. Non-current assets - right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	\$	Total \$
Balance at 1 July 2018	-	-
Balance at 30 June 2019	-	-
Additions	581,972	581,972
Depreciation expense	(510,532)	(510,532)
Balance at 30 June 2020	<u>71,440</u>	<u>71,440</u>

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 7. Non-current assets - intangibles

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Goodwill - at cost	444,999	444,999
Goodwill - Acquisition of Vital Conversations Pty Ltd	309,100	309,100
Goodwill - Accumulated impairment losses	(754,099)	(754,099)
	<u>-</u>	<u>-</u>
Capitalized R&D Expenses	<u>3,283,941</u>	<u>2,778,737</u>
ilumen Application Development - at cost	<u>750,772</u>	<u>541,616</u>
MEB-001 Application Development - at cost	<u>1,172,813</u>	<u>549,255</u>
Data files - at cost	<u>7,794,644</u>	<u>7,794,644</u>
	<u>13,002,170</u>	<u>11,664,252</u>

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 7. Non-current assets - intangibles (continued)

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Note 8. Current liabilities - trade and other payables

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Trade payables	<u>1,204,221</u>	<u>1,808,382</u>

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 9. Current liabilities - Convertible notes

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Convertible notes payable	<u>-</u>	<u>2,753,331</u>

On 18 December 2018, the Group issued a total of 30,394,240 Convertible Notes at an issue price of \$0.02 (2 cents) per Note. On 31 January 2019, the Group subsequently issued a total of 107,272,280 Convertible Notes as the same issue price, as approved by shareholders at the 21 January 2019 General Meeting.

On 29 August 2019 all 137,666,250 convertible notes converted into 275,333,040 fully paid ordinary shares, and as a result there is NIL convertible notes outstanding at 30 June 2020.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Note 10. Current liabilities - employee benefits

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
Employee benefits	<u>123,063</u>	<u>137,315</u>

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 11. Equity - issued capital

	Consolidated			
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,094,796,705</u>	<u>248,801,499</u>	<u>91,669,201</u>	<u>84,424,838</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2018	202,628,271		83,642,250
Shares issued	14 March 2019	46,173,228	\$0.020	923,464
Share issue costs		-	\$0.000	(140,876)
Balance	30 June 2019	248,801,499		84,424,838
Share issued	19 July 2019	35,000,000	\$0.010	350,000
Share purchase plan and placement	29 August 2019	435,995,500	\$0.010	4,359,955
Conversion of convertible notes	29 August 2019	275,333,040	\$0.010	2,753,330
Share issued for settlement of debt	2 June 2020	15,000,000	\$0.010	150,000
Share issued for settlement of payables	2 June 2020	1,333,333	\$0.007	9,333
Share issued via placement	18 June 2020	83,333,333	\$0.006	500,000
Share issue costs		-	\$0.000	(878,255)
Balance	30 June 2020	<u>1,094,796,705</u>		<u>91,669,201</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Note 11. Equity - issued capital (continued)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 2019 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 12. Equity - reserves

	Consolidated 30 June 2020	30 June 2019
	\$	\$
Share based payment reserve	5,446,136	4,821,109
Foreign currency translation reserve	(123,019)	(142,176)
	<u>5,323,117</u>	<u>4,678,933</u>

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation reserve \$	Share Based payments reserve \$	Total \$
Balance at 1 July 2018	(132,274)	4,388,774	4,256,500
Foreign currency translation	(9,902)	46,880	36,978
Share options issued	-	385,455	385,455
Balance at 30 June 2019	(142,176)	4,821,109	4,678,933
Foreign currency translation	19,157	-	19,157
Share options issued	-	625,027	625,027
Balance at 30 June 2020	<u>(123,019)</u>	<u>5,446,136</u>	<u>5,323,117</u>

Note 13. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note :

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2020 %	30 June 2019 %
BioProspect Australia Pty Ltd*	Australia	100%	100%
Australian Phytochemicals Pty Ltd*	Australia	100%	100%
BioProspect America Pty Ltd*	Australia	100%	100%
Medibio Limited – USA**	USA - Delaware	100%	100%
Invatec Health Pty Ltd	Australia	100%	100%
Annapanna Pty Ltd**	Australia	100%	100%

* Dormant entities

** Human health – CHR diagnostic development