



ABN: 58 008 130 336

ASX Half-Yearly Report to 31 December 2014

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 2014 Annual Financial Report.**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

SUMMARY RESULTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2014

The following is a summary of the financial results for the 6 months ended 31 December 2014 (previous corresponding period 31 December 2013).

1. SUMMARY RESULTS

	Increase/ (Decrease) %	Six months ended 31 December 2014 \$	Six months ended 31 December 2013 \$
Revenue from ordinary activities	(99.5)	3,040	469,192
(Loss)/Profit from ordinary activities after tax attributable to members	(4,673.8)	(2,005,035)	43,827
(Loss)/Profit for the period attributable to members (NPAT)	(4,673.8)	(2,005,035)	43,827

2. DIVIDENDS

No interim dividend has been declared for the reporting period.

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

	31 December 2014	31 December 2013
Basic and diluted earnings /(loss) per share	(0.060) cps	0.0015 cps
Weighted average number of shares used in the calculation of basic EPS	3,324,236,730	2,873,310,984

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

4. NET TANGIBLE ASSET BACKING

	31 December 2014	31 December 2013
Net tangible asset backing per ordinary share	0.038 cents	0.09 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 2014

Medibio Limited (formerly BioProspect Limited)

ABN: 58 008 130 336

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Medibio Limited (formerly BioProspect Limited)

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Corporate Information

Directors

V Fayad Non-Executive Chairman
K Knauer Executive Director
J Campbell Non-Executive Director

Auditors

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

Company Secretary

R Lees

Bankers

Westpac Banking Corporation

Registered Office

Suite 605, Level 6
50 Clarence Street
Sydney NSW 2000
Telephone: +61 2 9299 9580
Facsimile: +61 2 9299 9501

Home Exchange

Australian Securities Exchange
2 The Esplanade
Perth WA 6000

Share Register

Computershare Investor Services Pty Ltd
117 Victoria Street
West End QLD 4101
Telephone: 1300 850 505
Facsimile: +61 3 9473 2500

Internet Address

www.medibio.com.au

Medibio Limited (formerly BioProspect Limited)

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Directors' Report

The Directors submit the financial report of Medibio Limited ('MEB' or 'Medibio') (formerly BioProspect Limited) and its controlled entities for the half-year ended 31 December 2014.

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:

Vince Fayad	Non-Executive Chairman
James Campbell	Non-Executive Director - Appointed 8 September 2014
Kris Knauer	Executive Director – Appointed 2 July 2014
Peter May	<i>Non-Executive Director – resigned 2 July 2014</i>
Silvi Elkhouri	<i>Non-Executive Director - resigned 2 September 2014</i>
Claude Solitario	<i>Non-Executive Director - resigned 2 September 2014</i>

REVIEW AND RESULTS OF OPERATIONS

Financials

Results

During the six months to 31 December 2014, the Company recorded a loss of \$2,005,035 (2013 – profit \$43,827).

The loss for the period reflected the following:

- impairment of the investment in Frontier Oil Corporation Limited ("FOC") of \$861,034;
- costs associated with the termination of contracts with consultants;
- certain overheads relating to the marketing and development of the Circadian Heart Rate ('CHR') technology;
- costs in relation to the proposed 100% acquisition of Invatec Health Pty Limited ('Invatec'); and
- operating corporate and administrative overheads for the period.

Statement of financial position

Key factors to note from the statement

- impairment of the investment in FOC;
- cash increased as a result of a capital raising undertaken on 6 October 2014;
- the Company continued to invest in Invatec, with some \$120,000 being directly invested in the half year, plus a further \$377,909 into the development licence;
- significant costs in relation to legal fees and independent expert's report associated with the proposed acquisition of Invatec were incurred, reducing the amount of cash; and

Medibio Limited (formerly BioProspect Limited)

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Directors' Report (continued)

Review and results of operations (continued)

- both the Series A and Series B convertible notes are due for payment on 30 June 2015. However, as set out in "events subsequent to balance date", these notes are likely to be converted into equity on 6 March 2015, as part of the proposed Invatec acquisition and restructure.

Invatec

Full details of the background and objective of the CHR technology have been provided in various announcements by the Company. During the period, the Company has achieved the following significant milestones:

- signing of an agreement with the Black Dog Institute ('BDI'), to complete a clinical validation study of the CHR technology, with Dr Professor Gordon being the Principal Researcher; and
- signing of an agreement with the Johns Hopkins University School of Medicine to undertake a U.S.-based clinical validation study of the CHR technology; and
- appointment of NAMSA a specialist U.S. regulatory consulting firm, which will work with the company's clinical collaborators to ensure that the validation studies are designed to test and satisfy FDA- approved end-points; and
- further development of the e-Health "Bettermind" application.

In addition, the Company made several significant appointments, including:

- Dr James Campbell, as a Non-Executive Director;
- Dr Michael Player; a member of the BDI research team; and
- Stephen Pearce, Chief Financial Officer of Fortescue Metal Group as a member of the Advisory Board; and
- Dr Matt Mesnik, as the USA Chief Medical Officer.

The Board is of the view that the above milestones will form a key basis for the future development of the CHR technology. Full details of the milestones and timing have been provided in various presentations lodged on the ASX.

Agricultural and Human Health

The Group is the owner of various technologies associated with human health and skin care technology. These include *REGEN*® (intellectual property) and *DEMURE*® (trademarks). In Agriculture and Animal Health it has *AGRIPRO*®, and *TERMILONE*®, (patents, registrations and trademark).

As noted in the 30 June 2014 annual report, the Group has appointed former Director, Peter May to conduct a review of this technology. Further details will be made when available.

Frontier Oil Corporation

The Company continues to own a minority interest in an unlisted company FOC. As previously noted, FOC is considering listing on a suitable stock exchange and should this be the case, Medibio intends to dispose of this asset at the appropriate time. In view of the delays in the listing and taking into account current market conditions, the Board has made a provision for impairment of this investment.

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Directors' Report (continued)

EVENTS SUBSEQUENT TO BALANCE DATE

On 8 September 2014, the Company announced that it had agreed terms, subject to shareholder approval, to acquire 100% of the issued capital of Invatec ('Invatec Acquisition'). These terms, amongst others, were incorporated in a Share Sale and Purchase Agreement executed by the Company on 28 January 2015.

On 2 February 2015, the Company despatched a Notice of General Meeting, Explanatory Memorandum and Independent Expert's Report dated 2 February 2015 with a meeting date of 6 March 2015.

In conjunction with and as a condition to the Invatec Acquisition, the Company will undertake a restructure to provide a more suitable and simplified capital structure moving forward ('Restructure'). Under the Restructure, the Company proposes to:

- complete the Invatec Acquisition by acquiring all of the issued capital of Invatec and, as consideration, issue Shares to the security holders of Invatec ('Invatec Shareholders');
- convert all the remaining convertible notes on issue in the Company into Shares;
- appoint new Board members and management team;
- consolidate the issued capital of the Company on a 1 for 100 basis after the Invatec Acquisition is completed (MEB Share Consolidation); and
- raise up to \$3,000,000 of which \$1 million will be via a placement to sophisticated investors ('Placement') to fund clinical trials and working capital of the Group.

The Board is also considering an acquisition of a private group, which may give it the USA patent rights for the CHR technology. The transaction is incomplete. Further details will be made available, as and when information comes to hand.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half-year ended 31 December 2014 under s 307C of the *Corporations Act 2001*, is set out on page 7.

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



Vince Fayad
Chairman
Date 27 February 2015

The Directors
Medibio Limited (formerly BioProspect Limited)
Suite 605, Level 6
50 Clarence Street
Sydney NSW 2000

Auditor's Independence Declaration

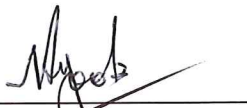
As lead auditor for the review of Medibio Limited (formerly BioProspect Limited) for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there has been:-

- (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.

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

William Buck (Qld)
ABN 11 603 627 400

A handwritten signature in black ink that appears to read 'M Ayoob'.

M Ayoob
A Member of the Firm
Brisbane: 27 February

2015

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Brisbane QLD 4000

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Medibio Limited (formerly BioProspect Limited)

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Condensed Consolidated Statement of Profit or Loss

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	31 December 2014 \$	31 December 2013 \$
Revenues	2	3,040	469,192
Expenses	2		
Finance costs		(96,785)	(70,002)
Employee costs		(153,264)	(90,333)
Impairment		(861,034)	-
Other expenses		(896,992)	(265,030)
(Loss) / Profit before income tax		(2,005,035)	43,827
Income tax		-	-
(Loss) / Profit attributable to members of Medibio Limited		(2,005,035)	43,827
Earnings per share			
Basic (loss)/profit per share (cents per share)		(0.060)	0.0015

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

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Condensed Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 December 2014 \$	31 December 2013 \$
(Loss) / Profit for the period	(2,005,035)	43,827
Other comprehensive income for the period	-	-
Total comprehensive income attributable to members of Medibio Limited	(2,005,035)	43,827

The above condensed consolidated statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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Condensed Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2014

	Notes	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents		302,088	96,249
Trade and other receivables		105,990	132,393
Prepayments		9,091	9,091
Total Current Assets		417,169	237,733
Non-current Assets			
Trade and other receivables		377,909	-
Other financial assets	3	720,000	600,000
Available-for-sale investments	4	3,000,000	3,861,034
Intangible assets	5	343,750	343,750
Total Non-current Assets		4,441,659	4,804,784
TOTAL ASSETS		4,858,828	5,042,517
LIABILITIES			
Current Liabilities			
Trade and other payables		616,425	431,240
Borrowings	6	2,555,000	1,500,000
Other payables		7,167	-
Total Current Liabilities		3,178,592	1,931,240
Non-current Liabilities			
Borrowings	6	-	395,000
Other payables		-	6,006
Total Non-current Liabilities		-	401,006
TOTAL LIABILITIES		3,178,592	2,332,246
NET ASSETS		1,680,236	2,710,271
EQUITY			
Issued capital	7	38,225,977	37,250,977
Accumulated losses		(36,545,741)	(34,540,706)
TOTAL EQUITY		1,680,236	2,710,271

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

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Condensed Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities		
Payments to suppliers and employees	(934,292)	(362,395)
Net cash flows used in operating activities	(934,292)	(362,395)
Cash flows from investing activities		
Interest received	3,040	5,998
Payment for intangible assets	-	(50,000)
Loans to investment (Invatec)	(377,909)	-
Payment for investments	(120,000)	-
Proceeds from sale of available for sale investments	-	1,690,425
Net cash flows (used in) generated from investing activities	(494,869)	1,646,423
Cash flows from financing activities		
Proceeds from share applications received	1,025,000	450
Payments for share issue costs	(50,000)	-
Repayment of convertible notes	-	(1,200,000)
Proceeds from issue of convertible notes	660,000	-
Interest paid	-	(22,532)
Net cash flows generated from (used in) financing activities	1,635,000	(1,222,082)
Net increase in cash and cash equivalents	205,839	61,946
Cash and cash equivalents at beginning of period	96,249	180,937
Cash and cash equivalents at end of period	302,088	242,883

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

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Condensed Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued Capital	Accumulated Losses	Share Option Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2013	36,650,527	(37,024,324)	2,911,950	2,538,153
Comprehensive income				
Profit for the period	-	43,827	-	43,827
Other comprehensive income	-	-	-	-
Total comprehensive income	-	43,827	-	43,827
Transactions with owners				
Shares issued	50,450	-	-	50,450
Share options lapsed	-	2,911,950	(2,911,950)	-
Total transactions with owners	50,450	-	-	50,450
At 31 December 2013	36,700,977	(34,068,547)	-	2,632,430
	\$	\$	\$	\$
At 1 July 2014	37,250,977	(34,540,706)	-	2,710,271
Comprehensive income				
Loss for the period	-	(2,005,035)	-	(2,005,035)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(2,005,035)	-	(2,005,035)
Transactions with owners				
Shares issued	1,025,000	-	-	1,025,000
Share issue costs	(50,000)	-	-	(50,000)
Total transactions with owners	975,000	-	-	975,000
At 31 December 2014	38,225,977	(36,545,741)	-	(1,680,236)

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

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Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

I. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 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 2014, together with any public announcements made since 1 July 2014.

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 2014. 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 2014 the consolidated entity was in a net asset position of \$1,680,236 (30 June 2014: \$2,710,271) and a loss for the period ended 31 December 2014 of \$2,005,035 (2013: Profit \$43,827) and had net cash outflows from operations for the period of \$934,292 (2013: \$362,395).

The consolidated entity's ability to continue as a going concern is dependent upon the following:

- completion of the restructure (as described in note 11), which includes the capitalisation of the Series A and Series B Convertible Notes;
- as part of the Restructuring, raising a minimum \$1 million and potentially up to \$3 million in accordance with shareholder approval; and
- various trade creditors being settled by way of issue of shares in the Company, assuming that the restructure is approved.

The Board is confident that the restructure will be successfully completed and as a result the Company and consolidated entity will be a going concern.

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 December 2014 \$	31 December 2013 \$
2. REVENUE AND EXPENSES		
REVENUE		
Interest received	3,040	5,998
Gain on disposal of Frontier Oil Corporation Shares	-	463,194
Total Revenue	3,040	469,192
EXPENSES		
(i) Finance costs		
Interest payable on convertible notes	96,785	70,002
(ii) Employee benefits expense		
Wages and salaries	60,000	-
Directors' fees	93,264	90,333
	153,264	90,333
(iii) Impairment		
Investment held for resale	861,034	-
(iv) Other expenses		
Consulting and advisory expenses	461,546	104,595
Legal fees	108,478	66,274
Listing fees	43,747	16,464
Provision for doubtful debt	100,000	-
Share registry	20,586	14,124
Sales and marketing	21,793	-
Other administrative expenses	140,842	63,573
	896,992	265,030

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 December 2014	30 June 2014
	\$	\$

3. OTHER FINANCIAL ASSETS

Invatec Health Pty Ltd	720,000	600,000
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During the prior year, the Company entered into a 2 stage transaction to acquire an investment in Invatec. The first was for the right to subscribe for a 35% interest in Invatec (stage 1 subscription). The investment to fund Invatec and independent validation trials is capped to a maximum of \$3,500,000 over 2 years. Accordingly, for every \$50,000 funded by BPO, it will be entitled to a 0.5% interest in Invatec. As at 31 December 2014, the Group was entitled to an approximately 7% shareholding in Invatec.

On 8 September 2014 the company agreed, subject to shareholder approval, to acquire 100% of the issued capital of Invatec – refer to Note 11.

4. AVAILABLE FOR SALE INVESTMENTS

Frontier Oil Corporation - at cost (i)	3,861,034	3,861,034
Provision for impairment	(861,034)	-
Australian listed shares at fair value	2,758	2,758
Provision for impairment	(2,758)	(2,758)
Total available-for-sale investments	3,000,000	3,861,034

(i) Frontier Oil Corporation

The investment is stated at original cost less disposals during the 31 December 2013 half-year. This Group has a 17.8% shareholding in the Company. During the period, the Board has made a provision for impairment of \$861,034. The basis for the provision of impairment is as follows:

- area of the tenements;
- history of the project, including previous drilling undertaken;
- reserves held by FOC; and
- recent comparable transactions.

The transactions indicate that a value of up to \$12 bbl could be achieved for a 1P and 2P reserve and \$0.40 bbl for an unrecoverable reserve. The Board has adopted a discounted value to these prices to reflect the recent decline in market conditions.

The Board has discounted the value reach to reflect the minority status of its investment and lack of marketability.

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 December 2014 \$	30 June 2014 \$
5. INTANGIBLE ASSETS		
Licence		
Heartlink Limited – at cost	300,000	300,000
Development costs		
At cost	43,750	43,750
Additions	-	-
Net carrying amount	43,750	43,750
	343,750	343,750

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

		31 December 2014	30 June 2014
		\$	\$
6. BORROWINGS			
Borrowings – Current	Series A – Convertible Notes	1,500,000	1,500,000
	Series B – Convertible Notes	1,055,000	-
Borrowings – Non Current	Series B – Convertible Notes	-	395,000
	Total Convertible Notes	2,555,000	1,895,000

In August 2013, the Company repaid \$1.2m of maturing Convertible Notes and the holders agreed to accept \$1.2m new series A Convertible Notes for the balance of \$1.2m Notes in multiple series of existing Convertible Notes and \$300,000 for interest payable to 18 August 2013.

Terms of the series A convertible notes are as follows:

- Each note has a face value of \$50,000, total notes issued - 30;
- The notes accrue interest at a rate of 8% per annum;
- Maturity date of the notes is 30 June 2015 - \$1.5m;
- The notes are unsecured;
- Conversion price of the notes is the lower of 0.1 cents or 80% of the 5 day VWAP of Medibio's share price on the ASX immediately prior to the conversion of the notes;
- Each share issued from the conversion of the notes will have a free attaching option or, should the conversion occur after the expiry of these, an option with the same conversion price as the shares and a duration of not less than 36 months; and
- Shareholders approved the convertibility of \$1.2m Convertible Notes at the Company's Annual General Meeting held 15 November 2013.

Terms of the series B convertible notes are as follows:

- Each note has a face value of \$25,000, total notes issued - 42;
- The notes accrue interest at a rate of 8% per annum;
- Maturity date of the notes is 30 June 2015 - \$1.055m;
- The notes are unsecured;
- Conversion price of the notes is the lower of 0.3 cents or 80% of the 5 day VWAP of Medibio's share price on the ASX immediately prior to the conversion of the notes;

Both the Series A and Series B Convertible Notes are likely to be capitalised post balance date – refer to Note 11.

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

7. ISSUED CAPITAL

	31 December 2014	30 June 2014
Issued and paid up capital		
Issued and fully paid	\$38,225,977	\$37,250,977
Number of shares on issue at reporting date	3,514,856,036	3,173,189,372
Number of options on issue at reporting date	-	-

Movements in share capital for the six months ended 31 December 2014

- On 10 October 2014, 333,333,331 ordinary shares at 0.3 cents were allotted to subscribers to raise \$1,000,000 before issue costs.
- On 26 November 2014, 8,333,333 ordinary shares were issued at 0.3 cents on the conversion of a series B Convertible Note;

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

8. OPERATING SEGMENTS

(i) Segment performance

	Agriculture & Human Health	Mining & Gas	Invatec Health	Total
Six months ended 31 Dec 2014	\$	\$	\$	\$
Revenue				
Total segment revenue	-	-	-	-
Unallocated revenue				3,040
Total consolidated revenue				3,040
	Agriculture & Human Health	Mining & Gas	Invatec Health	Total
Six months ended 31 Dec 2014	\$	\$	\$	\$
Segment net loss before tax	(11,540)	(861,034)	(101,793)	(974,367)
<i>Reconciliation of segment result to group net loss before tax</i>				
Amounts not included in segment result but reviewed by the Board:				
Unallocated items:				
• Interest received				3,040
• Other corporate costs				(1,033,708)
Net loss before tax				(2,005,035)

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

8. OPERATING SEGMENTS (continued)

(i) Segment performance (continued)

	Agriculture & Human Health	Mining and Gas	Total
Six months ended 31 Dec 2013	\$	\$	\$
Revenue			
External sales	-	463,194	463,194
Total segment revenue	-	-	463,194
Unallocated revenue			5,998
Total consolidated revenue			469,192

	Agriculture & Human Health	Mining and Gas	Total
Six months ended 31 Dec 2013	\$	\$	\$
Segment net profit before tax	-	463,194	463,194

*Reconciliation of segment
result to group net
loss before tax*

Amounts not included in segment
result but reviewed by the Board:

Unallocated items:

- Interest received 5,998
- Other corporate costs (425,365)

Profit before tax **43,827**

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

8. OPERATING SEGMENTS (continued)

(ii) Segment assets

	Agriculture & Human Health	Mining & Gas	Invatec Health	Total
31 Dec 2014	\$	\$	\$	\$
Segment assets	24,033	3,000,000	1,441,659	4,465,692
Unallocated assets				
• Cash				302,088
• Other				91,048
Total assets				4,858,828

	Agriculture & Human Health	Mining and Gas	Invatec Health	Total
30 June 2014	\$	\$	\$	\$
Segment assets	24,033	3,961,034	943,750	4,928,817
Unallocated assets				
• Cash				96,249
• Other				17,451
Total assets				5,042,517

Medibio Limited (formerly BioProspect Limited)

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Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

8. OPERATING SEGMENTS (continued)

(iii) Segment Liabilities

	Agriculture & Human Health	Mining & Gas	Invatec Health	Total
31 December 2014	\$	\$	\$	\$
Segment liabilities	-	-	-	-
Unallocated liabilities				(3,178,592)
Total liabilities				(3,178,592)
30 June 2014	\$	\$	\$	\$
Segment liabilities	-	-	-	-
Unallocated liabilities				(2,332,246)
Total liabilities				(2,332,246)

9. RELATED PARTY TRANSACTIONS

Purchases

Director related entity - Vince Fayad

During the half-year ended 31 December 2014, the Company incurred \$22,941 (2013: nil) of consulting services provided by an entity in which Mr Fayad has an interest in PKF Lawler Corporate Finance Pty Limited ("PKF"). The consulting services covers assistance with the restructure, accounting and other administrative support.

There was also an amount outstanding to PKF as at 31 December 2014 of \$13,750 (2013: nil).

Terms and conditions of transactions with related parties

Purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. The consulting fees paid to PKF are in accordance with normal charge out rates.

10. COMMITMENTS AND CONTINGENCIES

There were no changes in the Group's commitments and contingencies since 30 June 2014.

Medibio Limited (formerly BioProspect Limited)

ABN: 58 008 130 336

Notes to the Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

11. EVENTS AFTER THE END OF THE REPORTING PERIOD

Since 31 December 2014, the Company announced on 3 February 2015 (by release of the Notice of Meeting) that a General Meeting of Shareholders will be held on Friday 6 March 2015.

The matters to be addressed by shareholders are:

- approval of the 100% acquisition of Invatec by issuing Medibio shares as consideration,
- convert all the Series A and Series B Convertible Notes on issue to shares,
- ratify the appointment of new Board members and management team,
- consolidate every 100 shares issued for 1 share in the Company; and
- approval to raise up to \$3m from sophisticated investors at a price of 30 cents per share (post consolidation).

There have been no other events subsequent to year end which would have a material effect on the company's financial statements at 31 December 2014.

Medibio Limited (formerly BioProspect Limited)

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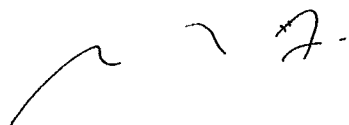
Directors' Declaration

In accordance with a resolution of the directors of Medibio Limited (formerly BioProspect 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 2014 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



Vince Fayad
Chairman
27 February 2014

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Medibio Limited (formerly BioProspect 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 condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed 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 2014 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 (formerly BioProspect 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 (FORMERLY BIOPROSPECT 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 (formerly BioProspect 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 2014 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Emphasis of matter regarding Going Concern

Without qualifying our conclusion, attention is drawn to Note 1 to the financial statements which indicates that as at 31 December 2014 the consolidated entity was in a net asset position of \$1,680,236 (30 June 2014: \$2,710,271) and had a loss for the period ended 31 December 2014 of \$2,005,035 (2013: \$43,827 profit) and had net cash outflows from operations for the period of \$934,292 (2013: \$362,395). These conditions, along with other matters as set out in Note 1 indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Matters Relating to the Electronic Presentation of the Reviewed Half Year Financial Report

This auditor's review report relates to the half year financial report of Medibio Limited for the half year ended 31 December 2014 included on Medibio Limited's web site. The company's directors are responsible for the integrity of the Medibio Limited's web site. We have not been engaged to report on the integrity of the Medibio Limited's web site. The auditor's review report refers only to the half year financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half year financial report to confirm the information included in the reviewed financial report presented on this web site.

William Buck

William Buck (Qld)
ABN 11,603 627 400

M Ayoub

M Ayoub
A Member of the Firm
Brisbane, 27 February 2015

**CHARTERED ACCOUNTANTS
& ADVISORS**

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