

Appendix 4E

Preliminary final report Period ending on 30 June 2015

Name of entity

MEDIBIO LIMITED (formerly BioProspect Limited)
--

ABN or equivalent company
reference

58 008 130 336

The information contained in this report relates to the following years:

Current year ended	30 June 2015
Previous year ended	30 June 2014

Results for announcement to the market

\$'000

Revenue from ordinary activities	na	nil	To	nil
(Loss) from ordinary activities after tax attributable to members	Up	1,768%	To	(7,994)
Net (loss) for the period attributable to members	Up	1,768%	To	(7,994)
Basic loss per share (cents per share)	Up	1,043%	To	(0.1715)
Diluted loss per share (cents per share)	Up	935%	To	(0.1552)
Dividends	Amount per security		Franked amount per security	
<u>Financial year ended 30 June 2015</u>				
Final dividend	-		-	
Interim dividend	-		-	
<u>Financial year ended 30 June 2014</u>				
Final dividend	-		-	
Interim dividend	-		-	

Dividend payments

Date the final 2015 dividend is payable

N/A

Record date to determine entitlements to the dividend

N/A

Date final dividend was declared

N/A

Total dividend per security (interim *plus* final)

Ordinary securities

Current year	Previous year
-	-

Total dividends paid on all securities

Ordinary securities

Total

Current year \$'000	Previous year \$'000
-	-
	-

Net Tangible Assets

Net tangible assets per ordinary security

Current year	Previous year
(9.39 cents)	0.04 cents

Annual meeting

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the annual report will be available

TBA
TBA
TBA
TBA

This report is based on accounts that are unaudited.



Print name: Robert Lees
Company Secretary

Date: 31 August 2015

REVIEW AND RESULTS OF OPERATIONS

Review of Operations

Medibio Limited (formerly BioProspect Limited) and its controlled entities ("Medibio", "MEB" or "the Company") generated a loss after tax of \$7,993,525 (2014: loss of \$428,332). This loss is reduced to approximately \$2,159,649 if the effects of one off items such as the impairment of the legacy investment in Frontier Oil (\$3,861,034), costs associated with the acquisition of the CHR and algorithm development technology (\$1,011,382 and \$444,999), and the amortisation of patents (\$516,461) were removed. Further details are given in the section on Operating Results for the Year.

During the year the company continued to make excellent progress towards commercialising its unique evidenced based objective tests to assist in the diagnosis of depression, other mental health disorders, and chronic stress. Medibio's proprietary technology comprises algorithms for the diagnosis of a number of mental health conditions utilizing the analysis of Circadian Heart Rate ("CHR") variability waveforms. Sleep is the key measurement period when external influences are absent. The technology has multiple commercialisation routes in the medical, corporate and consumer markets. With each vertical representing a multi-billion dollar market opportunity and potential revenue stream.

Key milestones achieved over the past 12 months include:

- the completion of the development of Medibio's cloud based scalable Corporate Stress Product
- execution the first commercial service agreement to provide this product to a major corporation (completed subsequent to 30 June 2015)
- commencement of the first validation study with the UNSW at the Black Dog Institute clinic
- agreement with Johns Hopkins University to undertake a clinical validation study in the US
- lodgement of two provisional patents applications which, once granted, will provide an additional 20 years of exclusivity for the diagnosis of mental health disorders and stress using CHR

United States business development meetings.

Post the end of the financial year the company visited the United States in July to undertake a series of meetings with major corporations which had expressed an interest in partnering with Medibio and to discuss research collaboration with a number of leading universities.

The company executed Non-Disclosure Agreements (NDA's) with four US-based corporations including device manufacturers, integrated health and wellness providers and technology companies. A series of positive meetings were held with a number of the leading universities in the US and Canada, with all institutions visited expressing a desire to collaborate on research.

This research will focus on using CHR for the diagnosis of:

- Depression
- Post-Traumatic Stress Disorder
- Anxiety Disorder
- Mixed depression and anxiety
- Panic Disorder.

Some institutions have existing data that can be used to fast-track blinded validation trials of Medibio's technology. Medibio anticipates it will be in a position to begin to execute formal collaboration agreements and announce additional details of these studies in the coming months.

Australian trial - University of New South Wales

The first study of Medibio's CHR technology being conducted by the University of New South Wales (UNSW) at the Black Dog Institute (BDI) clinic processed its first participant, with 80 planned participants due to complete the assessment by the end of this year. The study is designed to demonstrate that MEB's Circadian Heart Rate Variability technology is the first objective diagnostic tool able to distinguish between the two subsets of depression: melancholic and non-melancholic depression. The study will involve serial monitoring of the participants before and after treatment to validate the technology's use as an objective measure to determine the effectiveness of the treatment.

US-based clinical validation study – Johns Hopkins University of Medicine

Medibio is currently completing an independent clinical validation study of its Circadian Heart Rate Technology in conjunction with the Johns Hopkins University School of Medicine, located in Baltimore, Maryland, USA.

The study will:

- Specifically determine whether CHR can provide objective physiological data to differentiate between individuals with clinical depression and individuals without clinical depression
- Assess the clinical validity of a proprietary software algorithm, developed by Medibio that detects depression by measuring CHR variability clinically.

Data collected from the study will be utilised to support an application for US Food and Drug Administration (FDA) certification of the company's proprietary software algorithm. Data collection is due to be completed towards the end of Q1 2016.

Appointment of NAMSA

Leading US-based regulatory advisory and clinical research organisation NAMSA was appointed to assist with trial design, regulatory discussions, and Medibio's 510(k) submission to the FDA relating to for its depression diagnostic. NAMSA is a global contract research organization (CRO) with a broad depth of experience in the US, EU, South America, Asia, and other geographies. Beginning operations in Toledo Ohio in 1967, NAMSA has over 800 associates, with offices across the US, UK, France, Germany and China, and individual employees in many other countries. NAMSA currently has a customer base of over 5000 clients and have assisted these clients with a wide variety of services, including over 300 successful 510(k) submissions.

NAMSA will work with Johns Hopkins University in the USA and the University of New South Wales in Australia to ensure that Medibio's validation studies are designed to test and satisfy FDA regulatory requirements.

Creation of evidence-based 'stress test'

The company has produced and validated what it believes to be the world's first evidence-based test to measure stress levels and its impact on health and wellbeing using its patented Circadian Heart Rate technology. The product also includes a series of app based intervention (or treatment) modules tailored specifically for employees' stress levels.

A series of new algorithms were developed to measure the type and degree of deviation of the subject's CHR from normal and the significance of this deviation. The new algorithms accurately classify individuals into one of three categories based on the impact stress has had on their health and wellbeing:

- Normal to mild: Where no immediate action needed
- Moderate: The impact of stress is approaching unhealthy levels
- Serious: Stress has had an unhealthy impact & lifestyle changes are recommended

Internal validation testing returned excellent results with sensitivities and specificities in excess of 80% for correctly assessing the subject into one of these three stress categories. This compares favourably to the diagnostic accuracy of traditional self-report questionnaires for assessing stress levels that are typically in the 40-60% range.

Subsequent to the end of the financial year Medibio announced two key milestones related to its corporate stress product.

- 1) The completion of the development and testing its cloud based scalable corporate stress product. This incorporates end-to-end automation including streaming of live data from a range of ECG monitors via the front end app on a range of smart phones; to its cloud based proprietary algorithms and data analytics solution; and near real-time results back to the front-end app.
- 2) The execution of its first commercial service agreement to provide its corporate stress evaluation product with a major Australian corporation with more than 10,000 staff/contractors. Medibio will generate revenue of \$100 per participant from each pilot phase of the program with revenue anticipated this calendar year. Contingent on commercial pilot results, it is anticipated that Medibio's corporate stress product will be rolled out across the organisations entire staff base

There are many potential markets for the 'stress test' that offer for significant benefits to Medibio upon successful commercialisation and the company continues to develop these plans. The company is in discussions with a number potential customers for its stress product ahead of the commercial launch.

MOU with Preventice Solutions

Medibio entered a memorandum of understanding (MOU) with Preventice Solutions. Preventice Solutions is a strategic combination of: eCardio Diagnostics® LLC (a leading provider of remote cardiac monitoring products and services) and Preventice (an innovator in software solutions for remote patient care and developer of the PatientCare Platform and the BodyGuardian® Remote Monitoring Sensor).

Preventice Solution's health data platform is ideal for the commercial delivery of Medibio's Circadian Heart Rate tests to assist clinicians with the diagnosis of depression, and other mental health disorders in the medical setting. Additionally, Preventice Solutions has significant infrastructure in the US including an end to end sales and distribution chain to providers and leading medical organisations and a 24/7 patient call centre which could potentially be leveraged by Medibio.

The MOU provides a framework for how both parties could collaborate, which may lead towards a strategic partnership agreement, and outlines the contemplated aspects of a definitive agreement.

Commercialisation Study completed

In February 2015, the Ametus Group delivered a comprehensive independent commercialisation assessment of Medibio's CHR technology for the US market. The Ametus Group is based in Minnesota, USA and is one of the leading independent medical consulting groups in the United States.

The key points from the assessment were:

- US\$2.3bn revenue opportunity in the US which is likely to be highly profitable
- Existing reimbursement codes which may be leveraged for commercialisation
- Ready acceptance of the technology upon the receipt of FDA approval
- No competing FDA approved evidence-based products to assist clinicians
- Potential market share of 5% within 5 years would generate annual revenue of approximately US\$100 million.

Intellectual property

The company lodged a series of provisional patents throughout the year, including:

- The provisional application titled "Method and System for assessing Mental State", was filed in the US under provisional application serial no. 62/175,796. This patent covers discoveries made over the past 18 months and will, if granted, complement and extend the existing patent suite covering mental health diagnosis held by Medibio
- The provisional application titled "Method and System for Monitoring Stress Conditions", has been filed in the US under provisional application serial no. 62/175,826. This patent covers Medibio's objective test to measure the level of stress and its impact on health and wellbeing.

The company intends to seek patent protection in major jurisdictions including, but not limited to, Australia, the USA, the UK, EU, Japan, China, and Russia. The applications, once granted, will provide 20 years of exclusivity for the diagnosis of mental health disorders using CHR technology and assure the company's monopoly rights in the US.

Board Changes

During the year, the company announced several key board appointments:

- Mr Chris Indermaur – Non Executive Chairman
- Mr Kris Knauer – Executive Director
- Dr James Campbell - Non Executive Director
- Dr Franklyn G. Prendergast (M.D., Ph.D.) - appointed to the company's Advisory Board
- Mr Stephen Pearce - Advisory Board
- Dr Hans Stampfer - Advisory Board
- Dr Stephen Addis - Advisory Board

Mr Vince Fayad retired as a Director, and Non-Executive Chairman of the company.

Operating Results for the Year

Medibio Limited (formerly BioProspect Limited) and its controlled entities ("Medibio", "MEB" or "the Company") generated a loss after tax of \$7,993,525 (2014: loss of \$428,332). This loss would be reduced to approximately \$2,159,649 if the effects of one off items such as the impairment of the legacy investment in Frontier Oil (\$3,861,034), costs associated with the acquisition of the CHR and algorithm development technology (\$1,011,382 and \$444,999), and the amortisation of patents (\$516,461) were removed.

Key highlights include:

- Restructuring the acquisition of Invatec Health Pty Ltd ('Invatec') and the capital structure of Medibio. This proposal was approved by shareholder on 6 March 2015 and its major components were:-
 - The Invatec acquisition was completed by the acquisition all the issued capital of Invatec by the issue of 25,537,506 post consolidation shares, representing 28.4% of the company's issued capital.
 - All Convertible Notes on issue were converted into the Company's securities.
 - Recent capital raisings were ratified reinstating the 15% capacity.
 - The issued capital of the company was consolidated on a 1 for 100 basis.
 - Approval was given to raise up to \$3,000,000 by placement to professional and sophisticated investors.
 - The Group has incurred \$1,011,382 in legal and consulting costs in relation to the acquisition of Invatec and the restructuring of Medibio capital.
- Impairment of the Frontier Oil Corporation ('FOC') investment. This has resulted in \$3,861,034 of the total loss for the year.
- Impairment of the Goodwill on acquisition of a private company acquired during the year. This has resulted in \$444,999 of the total loss for the year.
- Amortisation of patents and intellectual property rights including licences resulted in a charge of \$516,461 in the year.

The Company raised additional equity of \$3,477,000 from 2 capital raisings and \$660,000 from Convertible Note subscriptions converted into equity.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

	Note	CONSOLIDATED 2015 \$	2014 \$
Profit on sale of investment		-	463,194
Other income	5	261,933	6,976
Revenue		261,933	470,170
Finance costs	5	(160,622)	(107,221)
Employee costs	5	(492,435)	(138,833)
Amortisation & Depreciation		(516,461)	-
Impairment of investments		(4,306,033)	-
Research and development expenses		(210,664)	(15,091)
Other expenses	5	(2,569,243)	(637,357)
Loss before income tax		(7,993,525)	(428,332)
Income tax benefit	6	-	-
Loss attributable to members of Medibio Limited		(7,993,525)	(428,332)
Other comprehensive income			
Total other comprehensive income for the period net of tax		-	-
Total comprehensive income attributable to members of Medibio Limited		(7,993,525)	(428,332)
Basic earnings per share (cents per share)	7	(0.171)	(0.015)
Diluted earnings per share (cents per share)	7	(0.155)	(0.015)

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 30 JUNE 2015

	Note	CONSOLIDATED	
		2015	2014
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	8	944,301	96,249
Trade and other receivables	9	232,985	132,393
Prepayments		9,091	9,091
Total Current Assets		1,186,377	237,733
Non-current Assets			
Available for sale investments	10	-	4,461,034
Intangibles assets	12	13,419,790	343,750
Total Non-current Assets		13,419,790	4,804,784
TOTAL ASSETS		14,606,167	5,042,517
LIABILITIES			
Current Liabilities			
Trade and other payables	13	1,845,240	431,240
Borrowings	14	-	1,500,000
Other liabilities		28,516	-
Total Current Liabilities		1,873,756	1,931,240
Non-current Liabilities			
Borrowings	14	3,693,153	395,000
Other payables	15	-	6,006
Total Non-current Liabilities		3,693,153	401,006
TOTAL LIABILITIES		5,566,909	2,332,246
NET ASSETS		9,039,258	2,710,271
EQUITY			
Issued capital	16 (a)	51,093,889	37,250,977
Reserves		479,600	-
Accumulated losses		(42,534,231)	(34,540,706)
TOTAL EQUITY		9,039,258	2,710,271

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2013	36,650,527	(37,024,324)	2,911,950	2,538,153
Comprehensive income				
Loss for the period	-	(428,332)	-	(428,332)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(428,332)	-	(428,332)
Transactions with owners				
Shares issued	600,450	-	-	600,450
Share options lapsed	-	2,911,950	(2,911,950)	-
Total transactions with owners	600,450	-	-	600,450
At 30 June 2014	37,250,977	(34,540,706)	-	2,710,271
At 1 July 2014	37,250,977	(34,540,706)	-	2,710,271
Comprehensive income				
Loss for the period	-	(7,993,525)	-	(7,993,525)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(7,993,525)	-	(7,993,525)
Transactions with owners				
Shares issued	13,843,362	-	-	13,843,362
Share options issued	-	-	479,600	479,600
Total transactions with owners	13,843,362	-	-	13,843,362
At 30 June 2015	51,093,889	(42,534,231)	479,600	9,039,258

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2015

	Note	CONSOLIDATED 2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		-	8,225
Payment to suppliers and employees		(3,363,381)	(619,482)
Net cash flows used in operating activities	8	(3,363,381)	(611,257)
Cash flows from investing activities			
Interest received		6,813	6,976
R&D Grant rebate received		255,120	-
Payments for intangible assets		-	(343,750)
Proceeds from sale of available for sale investments		-	1,690,425
Net cash flows used in investing activities		261,933	1,353,651
Cash flows from financing activities			
Proceeds from issues of shares and options		3,477,000	450
Transaction costs of issue of shares		(187,500)	-
Repayment of convertible notes		-	(1,200,000)
Proceeds from issue of convertible notes		660,000	395,000
Interest paid		-	(22,532)
Net cash flows from financing activities		3,949,500	(827,082)
Net (decrease)/increase in cash and cash equivalents		848,052	(84,688)
Cash and cash equivalents at beginning of the year		96,249	180,937
Cash and cash equivalents at end of the year	8	944,301	96,249

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1. CORPORATE INFORMATION

Medibio Limited (formerly BioProspect Limited) (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial statements cover the consolidated entity of Medibio Limited and its controlled entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general-purpose financial statements which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have also been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments, which have been measured at fair value.

The financial statements have been prepared on a going concern basis.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(b) New accounting standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the consolidated entity has decided not to early adopt.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Medibio Limited and its controlled entities as at 30 June each year (the consolidated entity).

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Segment reporting

Operating segments are identified and segment information is disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Income Statement, Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the annual financial statements have been included.

As a result of the adoption of the revised AASB 8, certain cash generating units have been redefined having regard to the requirements in AASB 136: Impairment of Assets.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Interest income

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.

(iii) Rendering of services

Revenue is recognised immediately when performance of the service has been completed.

(iv) Licence fee

Revenue is recognised when control of the goods has passed to the buyer or performance of the service has occurred.

All revenue is stated net of the amount of GST.

(f) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction and production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended user sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(h) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised as a liability and amortised on a straight line basis in the income statement as an integral part of the total lease expense over the life of the lease term.

(i) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity 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. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Trade and other receivables

Trade receivables, which generally have 30 day terms are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through the profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and Derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in the income statement and the related assets are classified as current assets in the statement of financial position.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables including loan notes and loans to KMP are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current.

(iv) Available-for-sale securities

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not suitable to be classified as any of the three preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets (continued)

(v) Impairment

At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

(m) Investment in associate

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements. The associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes directly in equity and discloses this in the statement of comprehensive income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(n) Income tax

The income tax expense (income) for the year comprises current income tax expense and deferred tax expense (income).

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference cannot be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax (Continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Research and development tax offset claims are recognised as a tax benefit when it is probable that the economic benefits will flow into the entity and the amount can be reliably measured.

Medibio Limited and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated Group.

(o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred. Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows:

Category of plant & equipment	Useful life	Useful life
	2015	2014
Office Equipment	4-5 yrs.	4-5 yrs.
Computer Hardware	2.5 yrs.	2.5 yrs.
Furniture & Fittings	2.5-5 yrs.	2.5-5 yrs.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted, at the end of each reporting period.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(q) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which expenditure is incurred.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed at the end of each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Research and development costs

Research and development costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any finite life expenditure so capitalised is amortised over the period of expected benefits from the related project. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

(r) Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(s) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the reporting period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of the goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis

(t) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employee's services up to the end of reporting period. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities for annual leave and long service leave are recognised in current and non-current provisions and are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting period on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

As of the 30 June 2015, the Group did not have any employees with significant service to necessitate a provision for long service leave.

(w) Share-based payment transactions

Equity settled transactions

The Group provides benefits to its employees and directors in the form of share-based payments, whereby employees and directors render service in exchange for shares or rights over shares (equity-settled transactions).

Issues of shares to directors or executives during the year ended 30 June 2015 were approved at the General Meeting of Shareholder 6 March 2015 and were primarily in relation to the conversion of Convertible Notes.

(w) Contributed equity

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.

(x) Earnings per share

Basic earnings per share (EPS) is calculated as net profit attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

(y) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting date to fair value, recognising each change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the Income Statement.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(z) New accounting standard and interpretations

The AASB has issued new and amended Accounting Standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those requirements and their impact on the Company where the standard is relevant:

Standard Name	Effective date For entity	Requirements	Impact
AASB 15 <i>Revenue from Contracts with Customers</i>	30 June 2018	AASB 15 introduces a five step process for Revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.	The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.
AASB 9 <i>Financial Instruments</i>	30 June 2019	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	The Company does not expect any impact from the new classification, measurement and derecognition rules on its financial assets and financial liabilities.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgment

Impairment of assets and investments

The group determines whether non-current assets should be assessed for impairment based on identified impairment triggers. At the end of each reporting period management assesses the impairment triggers based on their knowledge and judgement. Where an impairment trigger is identified, an estimate of future cash flows or fair value is required.

(ii) Significant accounting estimates and assumptions

Contingent Liabilities and Contingent Assets

The group assesses contingent liabilities and contingent assets at the end of each reporting period and will account for them only if:-

- (a) they can be reliably measured;
- (b) the probability that an asset or liability will eventually be recognised is greater than remote; and
- (c) the items are considered material.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

4. SEGMENT REPORTING

Segment Information

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

Types of products and services by segment

(i) *Mining and Gas Exploration*

This market segment includes the income and expenditures pertaining to the investment opportunity through Frontier Oil Corporation.

(ii) *Invatec/Heartlink*

This market segment includes the income and expenditures pertaining to the investment opportunity through the acquisition of rights to intellectual property and funding of Invatec Health Pty Ltd.

Discontinued products and services – no material expenditure has been incurred on these segments in the last 2 years

Agriculture/Animal Health

This market segment pertaining to Qcide®, the natural insecticide derived from *Eucalyptus cloeziana* and the range of products based on plant extracts derived from coniferous trees (known as Conifer Green Needle Complex or CGNC) that are marketed under the AGRIPRO® and GI-Guard® brands.

Human Health/Skin Care

This market segment pertains to the emu oil based REGEN® product range and the DEMURE® skin care product range.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

4. SEGMENT REPORTING (continued)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

For the reporting period there have not been any inter-segment sales.

Salaries for research and development employees have been allocated to market segments on the basis of time sheets that support claims for the research and development tax offset credit. Corporate employee costs such as directors' fees, salaries and superannuation are allocated to market segments on the basis of direct expenses and research and development salaries as a percentage of total expenses for the Group.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs.

Segment assets

In the majority of instances, segment assets are clearly identifiable on the basis of their nature (i.e. prepayments, inventories, sundry debtors). Corporate fixed assets such as computer equipment and furniture and fittings have not been allocated to market segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the liability incurred and the operations of the segment. Segment liabilities include trade and other payables.

Unallocated Items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Cash and term deposits;
- Interest received;
- Income tax expense or credit;
- Fixed assets;
- Borrowings;
- Unallocated share application funds; and
- Other payables.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

4. SEGMENT REPORTING (continued)

(i) Segment performance

	Mining and Gas	Invatec Health	Total
Twelve months ended 30 June 2015	\$	\$	\$
Revenue			
External sales	-	-	-
R&D Grant	-	255,120	255,120
Total segment revenue	-	-	255,120
Inter-segment elimination	-	-	-
Unallocated revenue			-
Total consolidated revenue			255,120

	Mining and Gas	Invatec Health	Total
Twelve months ended 30 June 2015	\$	\$	\$
Segment net profit/(loss) before tax			
<i>Reconciliation of segment result to group net loss before tax</i>	(3,861,034)	(2,266,038)	(6,127,027)
Amounts not included in segment result but reviewed by the Board:			
• Depreciation			(516,461)
Unallocated items:			
• Interest received			6,813
• Other corporate costs			(1,343,179)
Net loss before tax			(7,993,525)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

4. SEGMENT REPORTING (continued)

Twelve months ended
30 June 2014

	Mining and Gas	Invatec Health	Total
Revenue	\$	\$	\$
External sales	-	-	-
Total segment revenue	-	-	-
Inter-segment elimination	-	-	-
Unallocated revenue			-
Total consolidated revenue			-

	Mining and Gas	Invatec Health	Total
Twelve months ended 30 June 2014	\$	\$	\$
Segment net profit /(loss) before tax	463,194	(82,091)	381,103
<i>Reconciliation of segment result to group net loss before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
• Depreciation			-
Unallocated items:			
• Interest received			6,976
• Other corporate costs			(816,411)
Net loss before tax			(428,332)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

4. SEGMENT REPORTING (continued)

(ii) Segment assets

30 June 2015

	Mining and Gas	Invatec Health	Total
	\$	\$	\$
Segment assets	-	13,652,775	13,652,775
Unallocated assets			
• Cash			944,301
• Other			9,091
Total assets			14,606,167

30 June 2014

	\$	\$	\$
Segment assets	3,861,034	943,750	4,804,784
Unallocated assets			
• Cash			96,249
• Other			141,484
Total assets			5,042,517

(iii) Segment Liabilities

30 June 2015

	\$	\$	\$
Segment liabilities	-	5,566,909	5,566,909
Unallocated liabilities			-
Total liabilities			5,566,909

30 June 2014

	\$	\$	\$
Segment liabilities	-	-	-
Unallocated liabilities			2,332,246
Total liabilities			2,332,246

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

4. SEGMENT REPORTING (continued)

(i) Revenue by geographical region

Australia

Revenue for the 2014 year consisted of \$1,690,425 from the sale of Frontier Oil Corporation shares and bank interest of \$6,976.

(ii) Assets by geographical region

All assets reside in one geographical region being Australia.

	CONSOLIDATED	
	2015	2014
	\$	\$
5. REVENUES AND EXPENSES		
(a) Other Income		
Bank interest received and receivable	6,813	6,976
R&D grant	255,120	-
Gain on disposal of Frontier Oil Corporation Shares	-	463,194
	<u>261,933</u>	<u>470,170</u>
(b) Finance costs		
Interest charges payable under convertible notes	(160,622)	(107,221)
	<u>(160,622)</u>	<u>(107,221)</u>
(c) Employee benefits expense		
Wages and salaries	(82,192)	-
Directors fees	(399,781)	(138,833)
Superannuation	(10,462)	-
	<u>(492,435)</u>	<u>(138,833)</u>
(d) Other expenses		
Consulting and advisory expenses	(1,309,896)	(253,044)
Legal fees	(165,541)	(93,160)
Listing fees	(63,605)	(23,976)
Share registry charges	(86,795)	(27,435)
Sales and marketing	(85,290)	(23,787)
Other administration expenses	(858,116)	(215,955)
	<u>(2,569,228)</u>	<u>(637,357)</u>

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

	CONSOLIDATED	
	2015	2014
	\$	\$
6. INCOME TAX		
Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting loss before tax	(7,993,525)	(428,332)
At the statutory tax rate of 30% (2014: 30%)	(2,398,058)	(128,500)
	(2,398,058)	(128,500)
Tax effect of temporary differences and current year loss not brought to account	2,398,058	128,500
Aggregate income tax benefit	-	-
Deferred tax asset arising from tax losses not brought to account at the end of the reporting period as realisation is not regarded as probable	-	6,804,040

The potential deferred tax asset will only be obtained if:

- (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

The Group's tax losses arising in Australia of \$22,553,530 at 30 June 2014 cannot be carried forward as a result of the March 2015 acquisition and reconstruction of Medibio Limited. The continued availability of these carried forward losses was depended on the ability of the parent to satisfy the requirements of the continuity of ownership test (COT) or alternatively the same business test (SBT). It is unable to satisfy either of these tests.

At 30 June 2015, there is no recognised or unrecognised deferred tax liability (2014: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associate, as the Group has no liability for additional taxation should such amounts be remitted.

Tax consolidation

Effective 1 July 2003, for the purposes of income taxation, Medibio Limited (formerly BioProspect Limited) and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Tax accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding arrangement. The tax funding arrangement provides for the allocation of current taxes to members of the tax consolidated group in accordance with the available fractions belonging to each subsidiary, which is directly linked to prior year losses that have been accumulated. In the event of the company generating future taxable profits, the tax losses will be absorbed according to the available fractions within the group.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, Medibio Limited. The group has applied the stand alone approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

7. EARNINGS PER SHARE

	COMPANY	
	2015 \$	2014 \$
Net loss attributable to equity holders of the company from continuing operations	(7,993,525)	(428,332)
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	46,611,766	2,903,662,2905
Weighted average number of ordinary shares used in calculating diluted earnings per share:	51,507,632	2,903,662,2905
The consolidated entity currently does not have options on issue. Options could potentially dilute basic earnings per share in the future.		

	CONSOLIDATED	
	2015 \$	2014 \$
8. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	210,204	6,343
Short-term deposits	734,097	89,906
	944,301	96,249

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one month and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

	CONSOLIDATED	
	2015 \$	2014 \$
Reconciliation of loss after tax to net cash flows from operations:		
Net loss	(7,993,525)	(428,332)
Adjustments for:		
Amortisation and Depreciation	516,461	-
Interest received	(6,813)	(6,976)
Interest paid convertible notes	112,940	107,221
Impairment of intangibles	444,999	-
Impairment of available for sale investments	3,861,034	-
Securities issued to repay convertible notes	(1,895,000)	-
Share based payments	192,930	-
Profit on sale of investments		(463,194)
Changes in assets and liabilities		
(Increase)/ decrease in trade and other receivables	(100,592)	8,225
(Increase)/ decrease in inventories	-	-
(Decrease) / increase in trade and other payables	1,475,669	171,799
(Decrease) / increase in employee entitlements	28,516	-
Net cash used in operating activities	(3,363,381)	(611,257)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

	CONSOLIDATED	
	2015	2014
	\$	\$
9. TRADE AND OTHER RECEIVABLES		
Trade debtors	-	-
Other debtors	232,985	132,393
	<u>232,985</u>	<u>132,393</u>

Terms and conditions

- (i) Trade debtors are non-interest bearing and generally on 30 day terms. A provision for impairment is made when there is objective evidence that a trade receivable is impaired.
- (ii) Sundry debtors and other receivables are non-interest bearing and have repayment terms of 30 days. A provision for impairment is made when there is objective evidence that a sundry debtor or other receivable is impaired.
- (iii) None of the trade and other receivables are contractually overdue.

Due to the short-term nature of these receivables their carrying amounts are assumed to approximate their fair value.

10. OTHER FINANCIAL ASSET – AVAILABLE FOR SALE FINANCIAL ASSETS

		CONSOLIDATED	
	Notes	2015	2014
		\$	\$
Frontier Oil Corporation – at directors valuation	(i)	3,861,034	3,861,034
Australian listed shares at fair value	(ii)	2,758	2,758
Impairment		(3,863,792)	(2,758)
Invatec Health Pty Ltd		-	600,000
		<u>-</u>	<u>4,461,034</u>

(i) Frontier Oil Corporation

The company acquired 430,000,000 shares in Frontier Oil Corporation ('FOC') for a total investment cost of \$5,161,553 during the year ended 30 June 2013. In September 2013, the Company sold 110,000,000 of its 430,000,000 shares held in FOC for net funds of \$1,690,425.

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

(ii) Listed Shares

As at 30 June 2015, Medibio holds 47,544 Solagran Limited shares. Solagran Limited is in voluntary suspension and the investment has been full impaired. This is the residual balance from a development agreement to commercialise CGNC terminated in 2010.

(iii) Invatec Health Pty Ltd

During 2014, the Company entered into a 2 stage transaction to acquire an investment in Invatec Health Pty Ltd ('Invatec'). The first stage 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 two years. Accordingly, for every \$50,000 funded, it will be entitled to a 0.5% interest in Invatec. As at 30 June 2014, the Group was entitled to an approximately 6% shareholding in Invatec.

As approved by shareholders on 6 March 2015, Medibio acquired 100% of the issued capital of Invatec by the issue of 25,537,506 post consolidation shares (28.4% of the issued capital of Medibio) Refer Note 12 - Business Combination.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

10. OTHER FINANCIAL ASSET – AVAILABLE FOR SALE FINANCIAL ASSETS (continued)

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observed for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

11. BUSINESS COMBINATIONS

	Principal activity	Date of acquisition	Proportion of shares acquired	Consideration \$	Consideration shares issued Number
2015					
Invatec Health Pty Ltd	Patent holder & developer of Depression Algorithm	2 April 2015	100%	7,661,250	25,537,500
Annapanna Pty Ltd	Research & development provider	2 April 2015	100%	445,000	1,450,000
				8,106,250	26,987,500

Invatec Health Pty Ltd was acquired by the issue of 25,537,500 fully paid ordinary shares to its five shareholders. Medibio gained control of the patents, research and the intellectual property including patent data files owned by the entity. As part of the acquisition the Invatec Shareholders are also entitled to 18,000,000 Milestone shares payable in 3 equal tranches. The Milestone objectives must be achieved by 31 December 2019. The Milestones are:

- (i) the Tranche 1 - Milestone Shares will be issued on the completion of a clinical trial conducted by a reputable research organisation either in Australia or in the United States of America or, a body which is not related to either Invatec or the Company which is designed to verify the CHR Technology;
- (ii) the Tranche 2 - Milestone Shares will be issued on the completion of the development of a series of algorithms that are capable of being documented and patented as proprietary intellectual property of sufficient quality, as determined by a reputable research organisation either in Australia or in the United States of America or a body which is not related to either Invatec or the Company to allow automated diagnosis as necessary for the commercialisation of the CHR Technology; and
- (iii) the Tranche 3 - Milestone Shares will be issued on the CHR Technology being granted approval to commercially exploit the CHR Technology so as to commence operations in either Australia and New Zealand and/or either of the:
 - a) US Food and Drug Administration;
 - b) Australian Therapeutic Goods Association; or
 - c) Conformitee European or generally known as "CE Mark" or if necessary, European Medicines Agency.

Annapanna Pty Ltd was the Invatec Health Pty Ltd due diligence contractor responsible for initial investigation of the technology and contacting the researchers who performed data analysis and researched the algorithms developed. Its purchase secured control of all the intellectual property generated in that process.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

11. BUSINESS COMBINATIONS (continued)

Assets acquired and liabilities assumed at the date of acquisition

	Invatec Health Pty Ltd \$	Annapanna Pty Ltd \$	Total \$
Current Assets			
Cash & cash equivalents	392	1	393
Trade and other receivables	26,755	-	26,755
Non-Current Assets			
Intangible – R&D expenditure	1,797,942	-	1,797,942
Non-Current Liabilities			
Trade and other payables	(280,705)	-	(280,705)
Borrowings	(362,843)	-	(362,843)
Other liabilities	(13,410)	-	(13,410)
Non-Current Liabilities			
Borrowings	(395,000)	-	(2,062,033)
	773,131	1	(893,901)

Goodwill arising on acquisition

	Invatec Health Pty Ltd \$	Annapanna Pty Ltd \$	Total \$
Option to acquire costs	400,000	-	400,000
Consideration	7,661,250	445,000	8,096,250
Less fair value of identifiable net assets acquired	733,131	(1)	733,130
Fair value of intangibles acquired	7,328,119		7,328,119
Less Impairment of goodwill	-	(444,999)	(444,999)
Goodwill arising on acquisition	-	-	-

The fair value of the shares issued was determined by reference to the current cost of obtaining the data files. The Invatec data files have been collected over the past 15 years and consist of 24 hours of ECG data and either a corresponding diagnosis or stress rating. Based on the current cost of obtaining these the value range is from \$7.6 million to \$10.1 million. This valuation excludes another \$2 million to \$2.7million of files available but not yet included.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

12. INTANGIBLES	CONSOLIDATED	
	2015 \$	2014 \$
Licence		
<i>Heartlink</i>		
At cost	300,000	-
Additions		300,000
Amortization	(150,000)	-
Impairment	-	-
Net carrying amount	150,000	300,000
 <i>Development costs</i>		
At cost	43,750	-
Additions	2,233,098	43,750
Amortisation	-	-
Impairment	-	-
Net carrying amount	2,276,848	43,750
 Patents		
Net carrying amount at beginning of year	-	-
Additions	3,298,153	-
Amortisation	(366,461)	-
Impairment	-	-
Net carrying amount	2,931,692	343,750
 Invatec Health Pty Ltd		
Net carrying amount at beginning of year	-	-
Reclassified	400,000	-
Additions	7,661,250	-
Amortisation	-	-
Impairment	-	-
Net carrying amount	8,061,250	-
 Reconciliation of carrying amount		
Net carrying amount at beginning of year	343,750	-
Additions	14,437,456	343,750
Accumulated amortisation	(516,461)	-
Impairment	-	-
Net carrying amount	13,419,790	343,750

Heartlink Licence

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

Development Costs

The algorithm and diagnostic system development costs incurred in the year by the development team have been capitalised.

Patents

The company announced in April 2015, its acquisition of the US and Canadian patents which complete the consolidation of granted intellectual property that the company has targeted to support Medibio's commercialisation strategy for its proprietary depression and mental health diagnostic technologies.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

13. TRADE AND OTHER PAYABLES- CURRENT		CONSOLIDATED	
		2015	2014
	Note	\$	\$
Trade payables	(i)	1,473,237	140,884
Other creditors and accruals	(ii)	359,792	152,237
Accrued interest	(iii)	12,211	103,564
		1,845,240	396,685
Related party payables		-	34,555
		1,845,240	431,240

Terms and conditions relating to the above financial instruments

- i. Trade creditors are non-interest bearing and normally settled on 30 day terms.
- ii. Other creditors are non-interest bearing and have repayment terms between 30 and 90 days.
- iii. This amount reflects interest accrual on the convertible notes that have been issued as detailed in Note 13. Interest is only payable on the date of maturity of notes.

Due to the short term nature of these payables their carrying value is assumed to approximate their fair value.

14. BORROWINGS

Borrowings - Current	Convertible Notes (Series A)	-	1,500,000
	Invatec Shareholders loan	197,500	
Borrowings – Non-Current	Convertible Notes (Series B)	-	395,000
	Promissory Note	3,298,153	
	Invatec Shareholders loan	197,500	
		3,495,653	
	Total Borrowings	3,693,153	1,895,000

Convertible Notes

All the Series A and Series B Convertible Notes were converted into securities on 2 April 2015. This was approved by shareholders at the General Meeting held 6 March 2015 for the notes not approved at the earlier 15 November 2013 meeting.

Promissory Note

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

The term of the note is 3 years with 8% interest payable semi-annually. Medibio can extend the period for an additional 2 years incurring an additional 2% interest. The patent owner can elect to be paid in cash or Medibio shares at \$0.31 per share.

Invatec Shareholders loan

Under the terms of the acquisition of the Invatec Health Pty Ltd ('Invatec') the outstanding shareholder loans were reduced to \$395,000, with half payable 13 months after completion (due 2 May 2016) of the acquisition and the balance 26 months after completion.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

15. OTHER PAYABLES (NON-CURRENT)	Note	CONSOLIDATED	
		2015	2014
		\$	\$
Other creditors and accruals		-	6,006

This amount reflects the interest accrual on the convertible notes that have been issued during the year, as detailed in Note 13 above. Interest is only payable on the date of maturity on the notes.

16. ISSUED CAPITAL

(a) Issued and paid up capital

Ordinary shares issued and fully paid

51,093,889 37,250,977

(b) Movements in shares on issue	Number of shares		\$	\$
	2015	2014	2015	2014
Beginning of the financial year	3,173,189,372	2,873,174,372	37,250,977	36,650,527
Issued during the year:				
options exercised	-	15,000	-	450
share issues to Heartlink	-	150,000,000	-	300,000
share issues to Invatec	-	150,000,000	-	300,000
share placements (i)	333,333,331	-	1,000,000	-
Convertible note – Series B (ii)	8,333,333	-	25,000	-
	3,514,856,036			
Share consolidation 100 to 1	35,148,560	-	-	-
- consolidation rounding adj.	387	-	-	-
Post consolidation shares on issue	35,148,947			
share placements (iii)	8,256,668	-	2,477,000	-
share issues to acquire Invatec (iv)	25,537,506	-	7,661,250	-
Convertible note – Series B (v)	3,516,665	-	1,055,000	-
Convertible note – Series A (v)	15,000,000	-	1,500,000	-
Contractor/consultant payments	643,100	-	192,930	-
share issues to acquire Annapanna (vi)	1,450,000	-	435,000	-
Convertible note interest (vii)	113,388	-	34,016	-
Option exercise (viii)	136,658	-	13,666	-
Less share issue costs	-	-	-	-
End of the financial year	89,802,932	3,173,189,372	51,093,889	37,250,977

Notes:

- (i) On 10 October 2014, the Company issued 333,333,331 ordinary shares at an issue price of 0.03 cent per shares. This issue raised \$1,000,000 (before issue costs). This placement was completed post the share consolidation raising a further \$2,477,000 at \$0.30 per share
- (ii) On 24 November 2014, a Convertible note holder, converted \$25,000 of Notes. All the Convertible Notes were converted to securities in April 2015
- (iii) On 2 April 2015 the company raised \$2,477,000 by the placement of 8,256,668 shares to sophisticated and professional investors.,
- (iv) Refer to Note 12 – Business combination – acquisition of Invatec Health Pty Ltd
- (v) Conversion of All Series A and B convertible notes as approved by shareholder at a General Meeting of 6 March 2015.
- (vi) Refer to Note 12 – Business combination – acquisition of Annapanna Pty Ltd
- (vii) Interest on Convertible notes paid by issue of shares at \$0.30 per share.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

16. ISSUED CAPITAL (continued)

(b) Movements in shares on issue

(viii) Option exercised on issue by application of accrued Convertible Notes interest of \$13,666 due to the holder.

All shares issued above rank equally in all respects with the shares on issue at the beginning of the year.

(c) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

(d) Share Options

Options over ordinary shares:

	2015 No of Options	2014 No of Options
Unlisted Options		
Exercisable on or before 1 April 2017 at 30 cents per share		
Outstanding at beginning of year	-	-
Issued during the year	6,666,667	-
Lapsed during the year	-	-
Outstanding at end of year	6,666,667	-
Unlisted Options		
Exercisable on or before 1 April 2018 at 10 cents per share		
Outstanding at beginning of year	-	-
Issued during the year	15,000,000	-
Exercised during the year	(136,658)	-
Outstanding at end of year	14,863,342	-
Unlisted Options		
Exercisable on or before 31 December 2013 at 5 cents per share		
Outstanding at beginning of year	-	29,248,571
Issued during the year	-	-
Lapsed during the year	-	(29,248,571)
Outstanding at end of year	-	-
Exercisable on or before 31 December 2013 at 3 cents per share		
Outstanding at beginning of year	-	19,000,000
Issued during the year	-	-
Lapsed during the year	-	(19,000,000)
Outstanding at end of year	-	-
Listed Options		
Exercisable on or before 31 December 2013 at 3 cents per share		
Outstanding at beginning of year	-	1,270,813,556
Exercised during the year	-	(15,000)
Issued during the year	-	-
Lapsed during the year	-	(1,270,798,556)
Outstanding at end of year	-	-
Total options over unissued ordinary shares	21,530,009	-

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

16. ISSUED CAPITAL (continued)

(d) Share Options (continued)

Movements in share options

- On 31 December 2013 2 series of the unlisted options and 1 series of listed option expired and lapsed.
- On the 2 April 2015, all Series A Convertible Note holders received an option attached to every share issued in the conversion. Option terms are: - the options expire 1 April 2018 and are convertible on payment of 10 cent.
- As part of the April 2015 capital raising shares, certain shares were issued with attached options. Option terms are: - the options expire 1 April 2017 and are convertible on payment of 30 cent.
- On 2 April 2015 a Convertible Note holder receiving options as part of the conversion terms, applied accrued interest payable of \$13,666 and exercised 136,658 options.

(e) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held, after all other creditors have been paid.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Ordinary shares have no par value.

17. AUDITORS' REMUNERATION

The auditor of Medibio Limited is William Buck (Qld)

Amounts received or due and receivable for:

- an audit or review of the financial report of the entity and any other entity in the consolidated entity -

- other services in relation to the entity and any other entity in the consolidated entity -

- tax compliance
- due diligence advice
- AGM attendance

CONSOLIDATED	
2015	2014
\$	\$
29,851	37,779
29,851	37,779
9,375	8,150
-	-
-	-
39,226	45,929

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

18. KEY MANAGEMENT PERSONNEL (continued)

(a) Shareholdings of key management personnel (consolidated)

Shares held in Medibio Limited (post consolidation number)

30 JUNE 2015	BALANCE 1 JULY 14	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE 30 JUNE 15
DIRECTORS					
C Indermaur (a)	-	150,000	-	-	150,000
J Campbell (b)	-	-	-	-	-
K Knauer (c)	-	-	-	2,790,500	2,790,500
P May (d)	26,522	-	-	(26,522)	-
S Elkhouri (e)	40,000	-	-	(40,000)	-
V Fayad (f)	-	-	-	-	-
C Solitario (g)	713,295	-	-	(713,295)	-
Executives					
R Lees	-	-	-	-	-
Total	779,817	150,000	-	2,010,683	2,940,500

- (a) Appointed Director 7 April 2015
- (b) Appointed Director 8 September 2014
- (c) Appointed Director 2 July 2014
- (d) Resigned Director 2 July 2014
- (e) Resigned Director 8 September 2014
- (f) Resigned Director 7 April 2015
- (g) Resigned Director 8 September 2014

Shares held in Medibio Limited (number – pre consolidation)

30 JUNE 2014	BALANCE 1 JULY 13	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE 30 JUNE 14
DIRECTORS					
W Willesee (a)	-	-	-	-	-
B Cooper (b)	-	-	-	-	-
P May (c)	2,652,175	-	-	-	2,652,175
S Elkhouri (d)	-	-	-	4,000,000	4,000,000
V Fayad (e)	-	-	-	-	-
C Solitario (e)	-	-	-	71,329,452	71,329,452
Executives					
R Lees	-	-	-	-	-
DIRECTORS					
Total	2,652,175	-	-	74,329,452	77,981,627

- (a) Resigned 15 November 2013
- (b) Resigned 28 April 2014
- (c) Appointed Director 15 November 2013
- (d) Appointed Director 28 April 2014
- (e) Appointed Director 28 April 2014

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

18. KEY MANAGEMENT PERSONNEL (continued)

(a) Shareholdings of key management personnel (consolidated)

Options held in Medibio Limited (post consolidation number)

30 JUNE 2015	BALANCE 1 JULY 14	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE 30 JUNE 15
DIRECTORS					
C Indermaur (a)	-	-	-	-	-
J Campbell (b)	-	250,000	-	-	250,000
K Knauer (c)	-	-	-	3,000,000	3,000,000
P May (d)	-	-	-	-	-
S Elkhouri (e)	-	-	-	-	-
V Fayad (f)	-	-	-	-	-
C Solitario (g)	-	-	-	-	-
Executives					
R Lees	-	-	-	-	-
Total	-	250,000	-	3,000,000	3,250,000

(h) Appointed Director 7 April 2015

(i) Appointed Director 8 September 2014

(j) Appointed Director 2 July 2014

(k) Resigned Director 2 July 2014

(l) Resigned Director 8 September 2014

(m) Resigned Director 7 April 2015

(n) Resigned Director 8 September 2014

Options held in Medibio Limited (number – pre consolidation)

30 JUNE 2014	BALANCE 1 JULY 13	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE 30 JUNE 14
DIRECTORS					
W Willesee (a)	15,000,000	-	-	(15,000,000)	-
B Cooper (b)	-	-	-	-	-
P May	2,000,000	-	-	(2,000,000)	-
S Elkhouri (c)	-	-	-	-	-
V Fayad (d)	-	-	-	-	-
C Solitario (e)	-	-	-	-	-
Executives					
R Lees	-	-	-	-	-
DIRECTORS					
Total	17,000,000	-	-	(17,000,000)	-

(f) Resigned 15 November 2013

(g) Resigned 28 April 2014

(h) Appointed Director 15 November 2013

(i) Appointed Director 28 April 2014

(j) Appointed Director 28 April 2014

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

18. KEY MANAGEMENT PERSONNEL (continued)

(c) Other transactions and balances with key management personnel and their related parties (continued)

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.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

Amounts recognised at the end of the reporting period in relation to other transactions with KMP:

	Consolidated	
	2015	2014
	\$	\$
<i>Non-current Assets</i>		
Property, plant and equipment	-	-
Accumulated depreciation	-	-
NBV Property, plant and equipment	-	-
<i>Current Liabilities</i>		
Trade and other payables	-	-
Total liabilities	-	-
Expenses		
Sales and marketing	-	-
Consulting and advisory expenses	-	-
Research and development	-	-
Other administration expenses	-	5,000
Total Expenses	-	5,000

(d) Compensation by category (KMP and directors)

	Consolidated	
	2015	2014
	\$	\$
Short-term employee benefits	139,835	138,833
Post-employment benefits	38,774	-
Share-based payments	88,600	-
Total compensation	402,435	138,833

19. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Medibio Limited (the ultimate parent company) and the subsidiaries listed in the following table.

Name	Country of Incorporation	Class of Shares	% Equity Interest		Investment *	
			2015	2014	2015	2014
BioProspect Australia Limited	Australia	Ord	100%	100%	4,024,341	4,024,341
Australian Phytochemicals Limited	Australia	Ord	100%	100%	1,323,464	1,323,464
BioProspect America Pty Ltd	Australia	Ord	100%	100%	2	2
Re Gen Wellness Products Pty Ltd	Australia	Ord	100%	100%	50,000	50,000
Medibio Limited USA	USA - Delaware	Ord	100%	-	1,320	-
Invatec Health Pty Ltd	Australia	Ord	100%	6%	8,151,250	600,000
Annapanna Pty Ltd	Australia	Ord	100%	-	1	-

* Cost before provisioning. Refer to Note 11 and 13 for further investment disclosures.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2015

20. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the activities of the consolidated entity are referred to in the Review of Operations. Other than as referred to in that report, further information as to likely developments in operations of the consolidated entity and likely results of those operations would, in the opinion of the Directors, be speculative and not in the best interests of the consolidated entity.

21. PARENT ENTITY INFORMATION

	2015 \$	2014 \$
Net loss attributable to members of Medibio Limited	(7,374,764)	(430,118)
Change in market value of available for sale financial assets	-	-
Total comprehensive income for the year attributable to members of Medibio Limited	(7,374,764)	(430,118)
Current assets	920,651	213,018
Total assets	14,470,274	5,017,803
Current liabilities	1,420,273	1,812,698
Total liabilities	4,718,427	2,213,704
Issued Capital	51,093,889	37,250,977
Share based payments reserve	479,600	-
Available for sale asset revaluation reserve	-	-
Retained earnings	(41,821,642)	(34,446,878)
Total equity	9,751,847	2,804,099
Contingent liabilities	5,400,000	-
Guarantees in relation to debt of subsidiaries	-	-
Capital and other expenditure commitments not provided for in the financial statements	-	3,000

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no other events subsequent to year end which would have a material effect on the Company's financial statements at 30 June 2015.