Medibio
Limited

ANNUAL REPORT 2015

Medibio redefines

mental health

by making the

intangible,

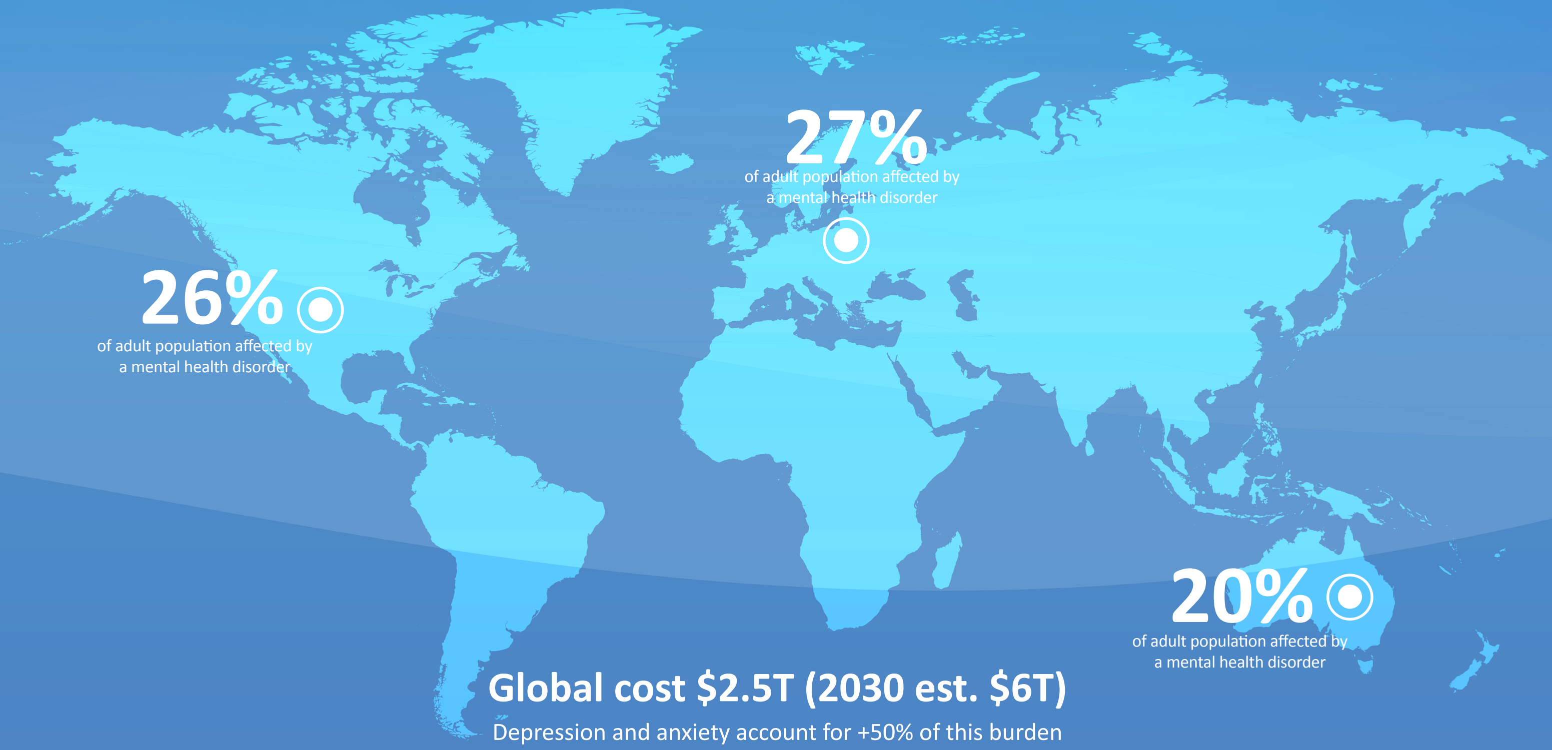
tangible.

CONTENTS TO THE FINANCIAL REPORT

MENTAL HEALTH LANDSCAPE

350 million worldwide diagnosed with depression

1 suicide every 40 seconds = 1 million suicides every year



CHAIRMAN'S REVIEW

Dear fellow shareholder,

It is with great pleasure that I present to you the Medibio Limited annual report for the year ended 30 June, 2015.

We have reached the end of a busy year for the company, during which time we moved significantly closer towards the successful commercialisation of our patented Circadian Heart Rate (CHR) diagnostic technology. Our company name change from BioProspect to Medibio signified the transition to an exciting new business focus and vision which we firmly believe will reward our shareholders in the year ahead.

We are thrilled to have produced the first objective test for chronic stress over the past 12 months, representing what we believe to be a global breakthrough and new gold standard in mental health diagnosis.

Our management team recently returned from a successful business development trip through the United States, where we met with several major corporates and universities to discuss synergies in the areas of partnering and research collaboration. The response was overwhelmingly positive, with four Non-Disclosure Agreements with significant US-based corporates signed including device manufacturers, integrated health and wellness providers and technology companies. We had a series of positive meetings with leading universities in the US and Canada with all institutions visited expressing a desire to collaborate on research. We expect to execute formal collaboration agreements with these universities in the coming months.

Our Australian and US clinical studies in conjunction with Johns Hopkins University of Medicine and the University of New South Wales are progressing well. Following completion of these studies, we are targeting US Food and Drug Administration approvals within 12 months and have engaged US-based regulatory advisory and clinical research organisation NAMSA to assist us in satisfying these requirements.

Investors can look forward to the launch of our corporate stress product this year and our consumer app next year which should generate first revenues for the company.

Medibio operates in a landscape where there is significant need for disruption of current accepted practices. We have the solution to tackle a growing societal problem. More than 350 million people worldwide are diagnosed with depression annually (a US$2.5 trillion cost) with over one million suicides globally every year. Efficient and accurate diagnosis of mental illness is not only desirable - but critical.

I would like to take this opportunity to thank the shareholders for their support over the past 12 months and look forward to sharing the exciting journey with you over the year ahead.

Regards

Chris Indermaur
Chairman

30th September 2015

"We will no longer endorse DSM5, as it has fundamental flaws and we are actively seeking a diagnostic system that is evidence based"

"It is critical to realise that we cannot succeed if we use DSM categories as the gold standard..."

"We need a quantitative method for diagnosing depression"

US National Institute of Mental Health
May 2013

CEO REPORT

Mental health is rapidly emerging as the largest issue in healthcare today. It is faced by 1 in 4 people over their lifetimes and globally, these illnesses result in costs exceeding US$2 trillion per year.

We have developed the first evidence based quantitative test for all of the key mental health disorders, including depression, anxiety and chronic stress.

Our defensible IP and technology has been developed based on over 15 years of research into the relationship between the autonomic nervous system and mental health disorders.

We are accelerating progress with US and Australian trials underway with our FDA submission for depression due in the first half of next year. We have identified existing reimbursement codes in the US which we can leverage and this, along with our high profile trial partners, should pave the way for early clinical acceptance.

Research is being undertaken by leading institutions including Johns Hopkins University, the University of NSW and the Universtiry of Ottawa. In addition we expect to announce a number of other significant research agreements in the coming year.

Medibio is not just a traditional medical device company with revenue dependent upon regulatory approval. We have multiple commercialisation routes via the Medical, Corporate, and Consumer market with each vertical representing a multi-billion dollar revenue opportunity.

Our Corporate and Consumer market products are based on stress, which is not dependent on regulatory approval, which means we can, and are, commercialising now.

We have signed two commercial agreements for our Corporate Stress product and are in advanced discissions with a number of potential customers, many of which are multinational companies.

The coming year should be a defining one for Medibio as we are targeting:

- The completion of both the Johns Hopkins and UNSW studies
- FDA approval of our depression diagnostic test
- Ramp up significant revenue from our Corporate Stress Product
- The launch of our consumer Stress App

Regards

Dr. Kris Knauer | Chief Executive Officer (CEO)

Our technology

Medibio's research has allowed it to develop the first evidence based quantitative diagnostic test for all the key mental health disorders including:

- Depression
- Anxiety
- Mixed Depression and Anxiety
- Panic Disorder
- Psychosis and Schizophrenia
- PTSD – Post Traumatic Stress Disorder
- Stress

We have proprietary technology in which algorithms assist in the diagnosis of a number of mental health conditions utilising the analysis of Circadian Heart Rate (CHR) variability waveforms during the sleep period when external influences are absent.

Algorithm development has only been possible with the introduction of state of the art machine learning techniques.

We know past success does not mean future success but we a proud of the leap forward we have taken for our shareholders over the past 12 months.

Some of the key milestones we achieved over the past 12 months include:

- Commencement of the first 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 patent applications which, once granted, will provide an additional 20 years of exclusivity
- Produced the first objective test to measure the level of stress and its impact on health
- The completion of the development of our cloud based scalable Corporate Stress Platform
- Execution of the first commercial agreement to provide our stress product to a major corporate.

United States business development meetings

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. Medibio has executed Non-Disclosure Agreements (NDA's) with a number of US-based corporations including device manufacturers, integrated health and wellness providers and technology companies. A series of positive meetings were also held with a number of the leading universities in the US and Canada, with all institutions visited expressing a desire to collaborate on research. We have announced the first of these agreements with the University of Ottawa and we expect to execute formal collaboration agreements with a number of other research partners in the coming months. This research will focus on using our CHR technology for the diagnosis of Depression, Post-Traumatic Stress Disorder, Anxiety Disorder, Mixed depression and anxiety, and Panic Disorder.

Australian Study – 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 clinic processed its first participant during the year. With 80 planned participants, the study is due to be completed next year. The study is a comparative study of the Circadian Heart Rate patterns between patients with melancholic and non-melancholic depression.

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

Medibio reached agreement to undertake 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 H1 2016.

Appointment of Regulatory Consultants

Leading US-based regulatory advisory and clinical research organisation NAMSA was appointed during the year to assist with trial design, regulatory discussions, and Medibio's 510(k) submission to the FDA relating to 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. NAMSA currently has a customer base of over 5000 clients and has 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 to ensure that Medibio's validation studies are designed to test and satisfy FDA regulatory requirements.

Creation of the first evidence-based 'stress test'

During the year we produced what we believe to be the world's first evidence-based test to measure stress levels and its impact on health and wellbeing using our CHR technology. The product also includes a series of app based intervention (or treatment) modules tailored specifically for employees' stress levels. We also completed the development and testing of our cloud based scalable infrastructure to deliver this Corporate Stress Product. We successfully tested 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 our cloud based proprietary Algorithms and Data Analytics solution; and near real-time results back to the front-end app. Despite leveraging off the Amazon Web Services (AWS) platform much of the technology needed to create such a product did not exist making our commercial product unique in this category.

First commercial agreements

The execution our first commercial service agreement to provide our corporate stress evaluation product to a major Australian corporation was a key milestone for your company. 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.

This was followed by the launch of our Corporate Wellness Partner Program with the execution of a Commercial Service Agreement to provide our Corporate Stress product to Vital Conversations. Vital Conversations is a large mental wellness provider in Western Australia with a diverse client base. They provide proactive psychological health services to some of the largest corporates in Western Australia as well as the public and not for profit sectors.

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). Their health data platform is ideal for the commercial delivery of our CHR tests to assist clinicians with the diagnosis of mental health disorders in the medical setting.

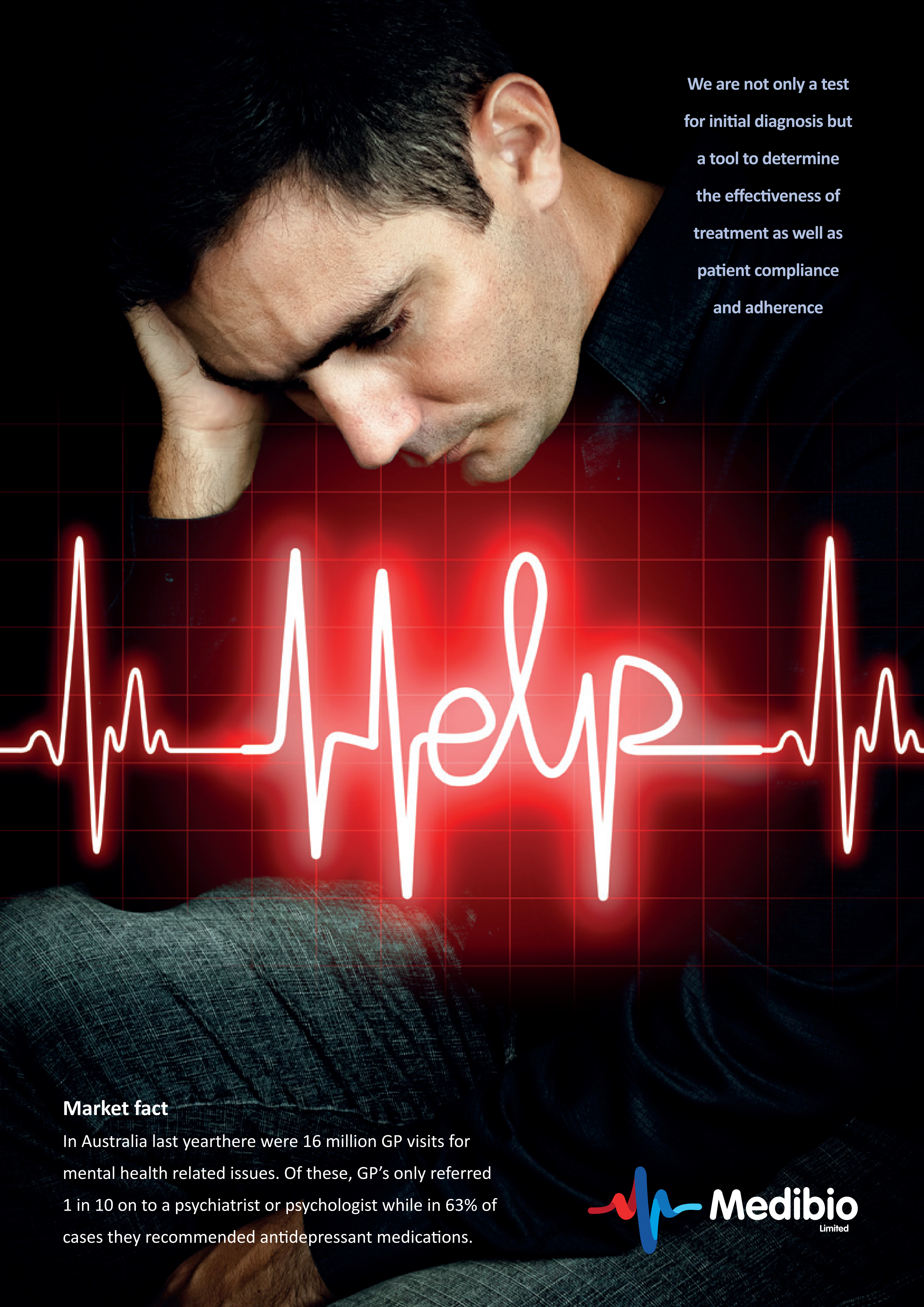
Additionally, Preventice has significant infrastructure in the US including an end to end sales and distribution chain to providers and leading medical organisations and a 24/7 patient call centre which could potentially be leveraged by Medibio. The MOU provides a framework for how both parties could collaborate, which may lead towards a strategic partnership agreement, and outlines the contemplated aspects of a definitive agreement.

New patents

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.

We intend 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.



We are not only a test for initial diagnosis but a tool to determine the effectiveness of treatment as well as patient compliance and adherence

Market fact

In Australia last yearthere were 16 million GP visits for mental health related issues. Of these, GP's only referred 1 in 10 on to a psychiatrist or psychologist while in 63% of cases they recommended antidepressant medications.

Medibio Limited

CEO REPORT

Key Management Personnel

Dr. Kris Knauer | Chief Executive Officer (CEO)

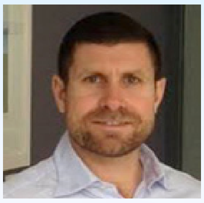
- 20 years' experience in Finance and Corporate Advisory
- Experienced CEO of ASX-listed companies
- Previous role as CEO in a group owning GP Centers and Radiology practices
- Founded and grew ASX-listed company from sub $3 million valuation to $300 million valuation prior to a $1bn takeover

Sean Mathieson | Chief Operating Officer (COO)

- Business Technology Executive with 25 years of Global Business Software experience including Oracle, SAP, Siebel Systems and UXC
- Reputation for technology vision enabling business outcomes
- Global Leadership Team of Siebel Systems, founding member of SAP Australia

Dr. Matt Mesnik | Chief Medical Officer

- Healthcare Executive with 29 years of healthcare management experience
- Chief Medical Officer of Aprima Medical Software, US EMR company
- Chief Medical Officer of MinuteClinic, which developed the concept of retail healthcare and is the largest US retail health clinic provider with over 10M annual primary care visits.
- MinuteClinic grew from 80 to over 500 clinics under Matt as CMO prior to its acquisition by CVS Pharmacy.



Dr. Michael Player | Head of Research

- Research Psychologist at UNSW and Research Fellow at USYD and the BMRI.
- Also active patient work as a Clinical Psychologist
- Completed his PhD at the University of NSW, investigating and quantifying objective, biological markers of depression
- Research found that neuroplasticity was reduced in depression, and provided ground-breaking support for the hypothesis of impaired neuroplasticity in MDD.

Dr. Matt Flax | Head of Algorithm Development Team

- PhD in Electrical Engineering (BioEngineering) from UNSW Australia
- Matt specialises in Signal Processing, Machine learning and its application, Bio-engineering, and software engineering. With over 20 years of experience in industry.
- Since completing his PhD he has applied his machine learning, signal processing and software engineering skills to medical device projects as for groups including Cochlear, Mimosa Acoustics, Bionic Vision Australia and the National Acoustics Laboratory

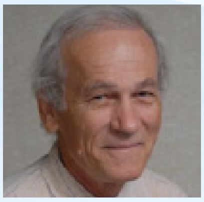
Advisory Board

Stephen Pearce | Chair of Advisory Board

- CFO of Fortescue Metals Group Ltd having joined Fortescue in March 2010.
- In that time he has raised approximately US$12 billion to support the growth of Fortescue's iron ore operations.
- Non-Executive Chairman of the Lion's Eye Institute, a leading Eye Research Institute based in Perth, Western Australia.
- Extensive experience in debt and equity markets internationally and will advise the Board through this important phase of development funding and commercialisation.

Dr. Franklyn Prendergast | Advisory Board Member

- Current Board of Directors member of Eli Lilly and Company
- Past Chair of the Board of Governors of the Mayo Foundation
- Past Chair, Department of Biochemistry and Molecular Biology, Mayo Foundation
- Guggenheim Professor of Biochemistry and Molecular Biology, Mayo Medical School (retired-January 2015)
- Past Director, Mayo Clinic Center for Individualised Medicine and Mayo Clinic Comprehensive Cancer Center



Dr. Hans Stampfer | Advisory Board Member

- Professor of Psychiatry at the University of Western Australia and Head of Psychiatry at Joondalup teaching Hospital.
- The original inventor of Medibio's CHR Technology for mental health diagnosis
- As the discoverer of the relationship between circadian heart rate and mental illness, Prof Stampfer is an invaluable addition to Advisory Board.
- He is highly regarded in the field of Psychiatric Research and has international publications on the relationship between circadian heart rate and mental illness.

Dr. Stephen Addis | Advisory Board Member

- Head of Psychiatry at Fremantle Hospital, a large university teaching hospital.
- Senior clinical and managerial positions in North America, the United Kingdom and Australia which has given him first-hand knowledge of health systems internationally.
- 15 years' experience as Principal Investigator/Investigator on pharmaceutical trials
- Over a decade of clinical research into the effects of mental illness upon the circadian heart rate.
- Regular academic presentations at conferences both nationally and internationally.

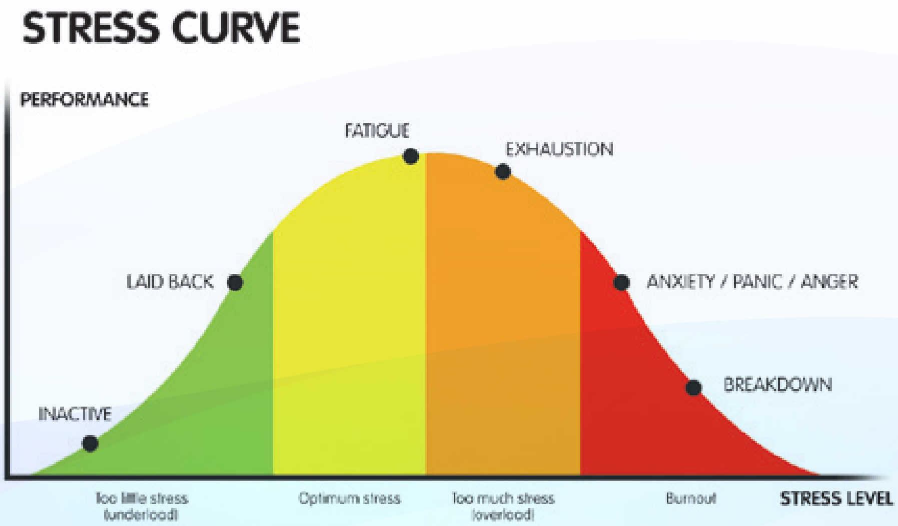
Stress

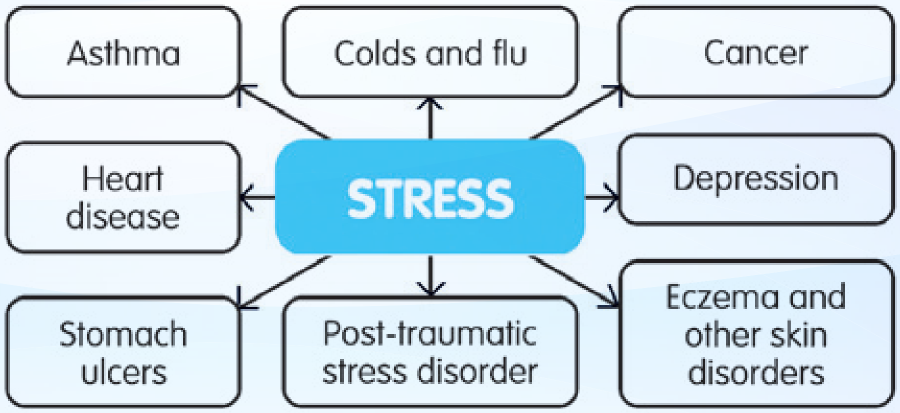
What is stress?

Stress is a natural human response to pressure when faced with threatening or challenging situations. A certain level of stress is normal, and can be beneficial in enabling people to achieve peak performance. The human body should revert back to its normal state after a certain period of time, following a stress-inducing experience. However, this reversion to normal can be suppressed when individuals are subjected to frequent or repetitive stressful situations. Long-lasting or overwhelming stress can have negative impacts upon human health, wellbeing, relationships, work and general quality of life.

The impact of Stress

It is well recognised that stress is one of the primary precursors to mental illness. Additionally, the physical problems related to chronic stress include the impairment of the immune response, increased blood pressure, and chronic muscle tension. These problems can eventually lead to serious life-threatening illnesses and studies have found that individuals who have undergone significant stress have a much higher probability of developing serious illness such as heart attacks, kidney disease, and cancer, than non-stressed individuals.





Recent research at the University of Minnesota found that "for every single-point increase in test scores measuring stress levels, study participants' risk of stroke jumped by 19%"

Per the Journal of Aging Research, there is a 37% increase in a man's risk of dying in the next 18 years if he is highly stressed

Breakthrough research

The autonomic nervous system (ANS) plays a key role in circadian sleep-wake regulation of physiological activity including heart rate.

Our technology has been developed from extensive research into the relationship between circadian heart rate, the ANS, and psychological state. The research was initiated at the University of Western Australia to test the theory that mental state linked ANS disturbance could be observed via the cardiovascular system.

The research involved the analysis of circadian heart rate data covering all major psychiatric disorders which have been compared to traditional methods of clinical diagnosis.

This research involved the collection of 24 hour ECG data and corresponding clinical psychiatric diagnoses from thousands of subjects covering all the key psychopathologies.

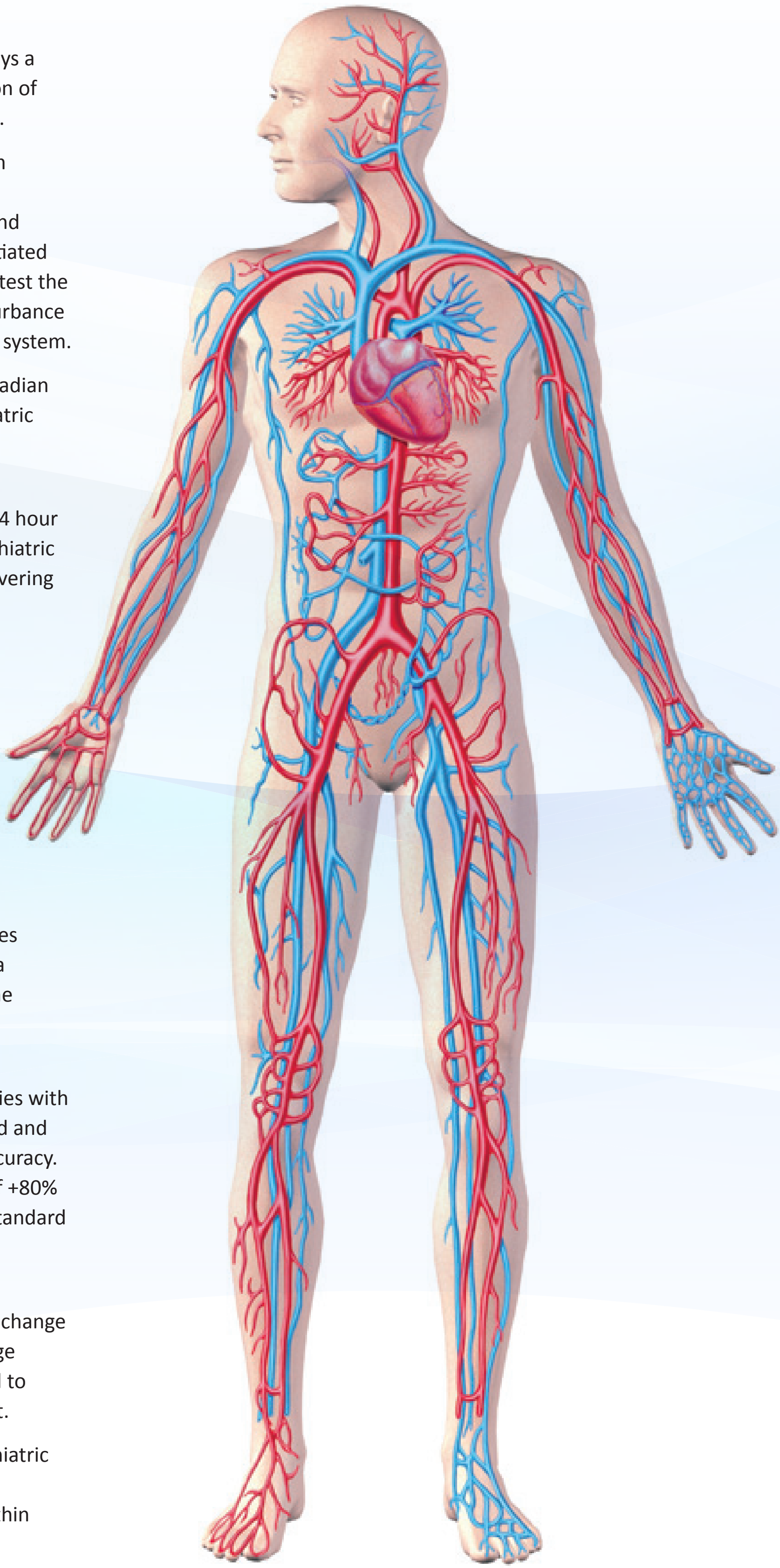
This data was collected over a 15 year period including a number of clinical studies with the key studies peer-reviewed and published. The technology was developed via the correlation of CHR waveforms with the corresponding clinical psychiatric diagnosis.

Sleep is the key period for diagnosis. It is only during sleep when external influences and distractions are absent that you get a true snapshot of what is going on with the Autonomic Nervous System (ANS).

Our technology has been validated both internally and externally via blinded studies with one external blinded study peer-reviewed and published showing 78-92% diagnostic accuracy. We achieve sensitivities and speficities of +80% which compares favourably to the gold standard where the current concordance between psychiatrists is around 70%.

CHR is 'state-dependent' meaning that a change in mental state is associated with a change in CHR waveform. Thus we provide a tool to determine the effectiveness of treatment.

Serial monitoring of patients under psychiatric treatment shows effective treatment is associated with normalisation of CHR within 4 weeks.



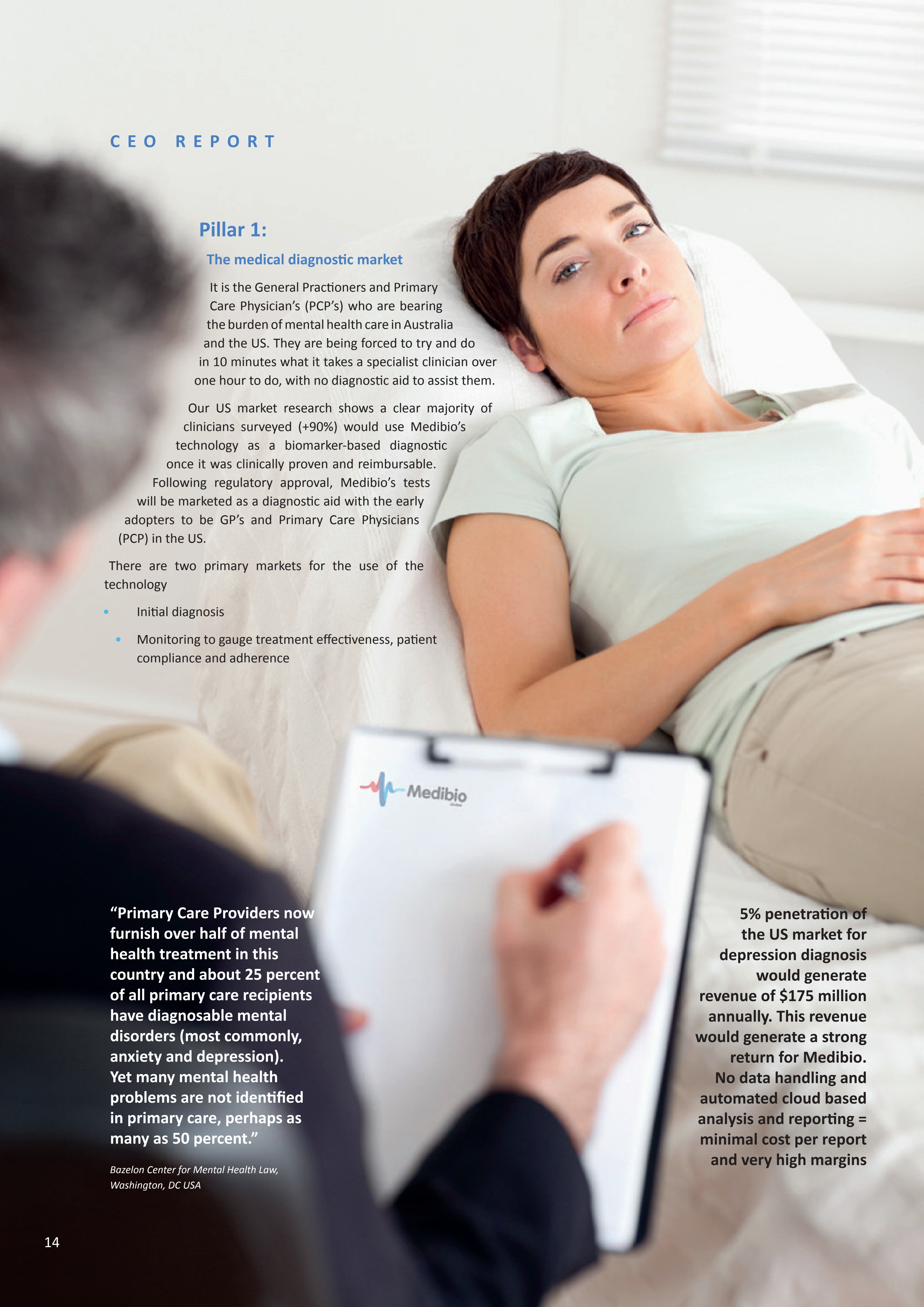
Our business model

Unlike most traditional medical device businesses which target the Clinical market, Medibio has three distinct market opportunities for commercialisation. Our three market pillars are Medical, Corporate and Consumer applications.

CLINICAL	NON-CLINICAL	
Medical	**Corporate**	**Consumer**
US$ 30Bn Industry	**US$ 19Bn Industry**	**US$ 26Bn Industry**
Primary Care Physicians Psychiatrists Psychologists Therapists Counsellors Cardiologists	High Risk Occupations (Defence, Police, Fire) Insurance Companies Corporate Wellness Professions Elite Sports	App Stores Wearables Wellness Digital Health Companies

Figure 1 – Medibio's Three Market Pillars

Medibio Limited



Pillar 1:

The medical diagnostic market

It is the General Practioners and Primary Care Physician's (PCP's) who are bearing the burden of mental health care in Australia and the US. They are being forced to try and do in 10 minutes what it takes a specialist clinician over one hour to do, with no diagnostic aid to assist them.

Our US market research shows a clear majority of clinicians surveyed (+90%) would use Medibio's technology as a biomarker-based diagnostic once it was clinically proven and reimbursable. Following regulatory approval, Medibio's tests will be marketed as a diagnostic aid with the early adopters to be GP's and Primary Care Physicians (PCP) in the US.

There are two primary markets for the use of the technology

- Initial diagnosis
- Monitoring to gauge treatment effectiveness, patient compliance and adherence

"Primary Care Providers now furnish over half of mental health treatment in this country and about 25 percent of all primary care recipients have diagnosable mental disorders (most commonly, anxiety and depression). Yet many mental health problems are not identified in primary care, perhaps as many as 50 percent."

Bazelon Center for Mental Health Law, Washington, DC USA

5% penetration of the US market for depression diagnosis would generate revenue of $175 million annually. This revenue would generate a strong return for Medibio. No data handling and automated cloud based analysis and reporting = minimal cost per report and very high margins

Our delivery model is the "pathology style" model where the GP or PCP refers the patient to a pathology lab for a test. We are device agnostic, meaning our test will work with any ECG monitor the monitor providers already have.

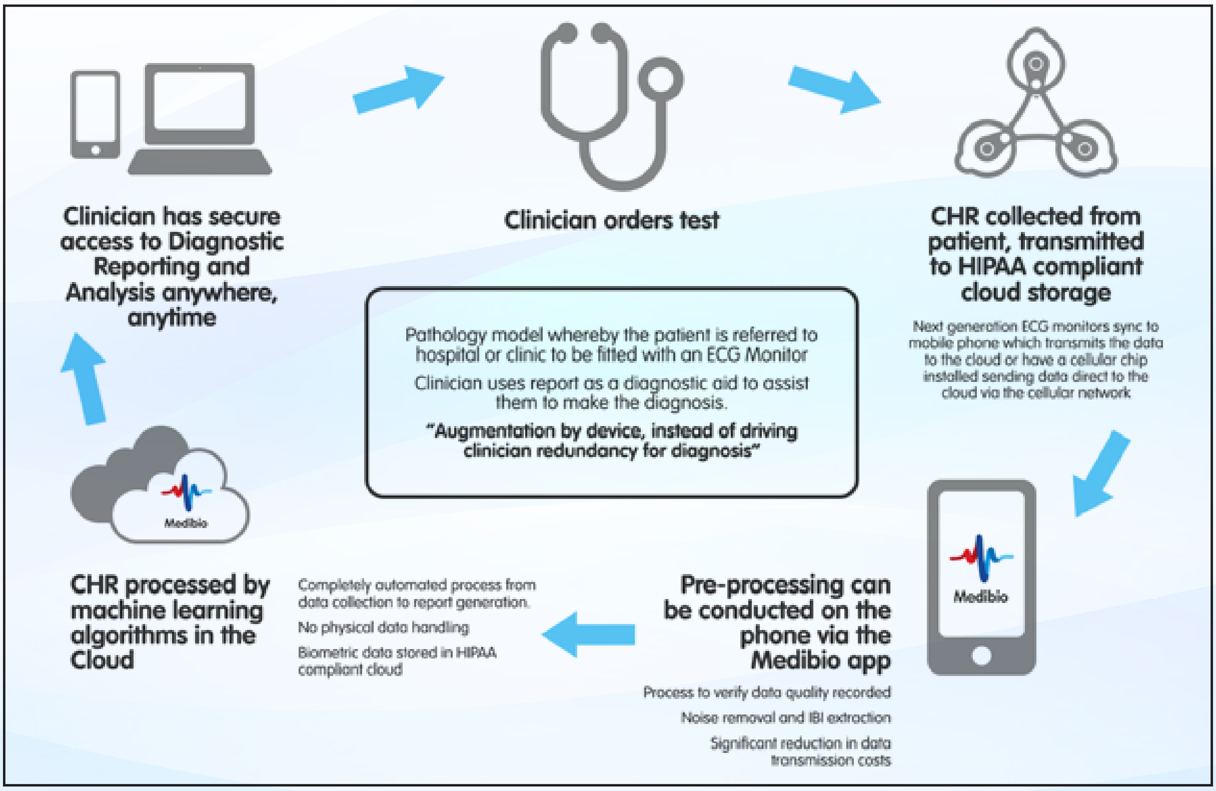


Figure 2 – Operation in a medical setting

US medical diagnostic market opportunity: depression

Last year there were 21 million annual PCP visits in the US which were mental health related:

- 40% were prescribed psychiatric medication only
- 30% were presecribed medication and are referred for therapy
- Only 30% were referred to a psychiatrist/psychologist

The table below illustrates the existing reimbursement structure for remote ECG monitoring of Cardiac Arrythmia patients in the US. Medibio intends to leverage these existing CPT Codes for commercialisation. Our market research in the US indicates that the PCP's will be the early adopters. The 21 million annual mental health related PCP visits in the US for a circa $45 test represents almost a $1 billion revenue opportunity annually. Including the psychatrists and psychologists doubles the revenue opportunity. The ongoing monitoring market is larger with our market research showing clinicians would likely monitor existing depression patients quarterly. Based on the 16 million people with depression in US quarterly monitoring at a $22.50 rebate is a $1.6 billion revenue opportunity annually.

CPT Code	Medicare	Private	Insurance	Assumption
93225	Recording (Provider)	$26.87	$40	
93226	Analysis with Report (Medibio)	$37.91	$57	$45 to Medibio
93227	Physician review and Interpretation (PCP)	$26.87	$40	

Table 1 – Partner and payment structure in the US for 24-hour ECG monitoring

Pillar 2:
Corporate stress market

Medibio's Corporate Stress Product

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

The stress assessment test is based on a series of new algorithms that have been developed to measure the type and degree of deviation of the subject's CHR from normal, and the diagnostic significance of this deviation. Medibio's new algorithms accurately classify individuals into one of three categories based on the impact stress has had on their health and wellbeing:

GREEN: normal to mild, where no immediate action needed

AMBER: moderate, the impact of stress is approaching unhealthy levels

RED: serious, stress has had an unhealthy impact and lifestyle changes are recommended

The employee receives their individual stress assessment back to their phone with recommendations to undertake intervention modules tailored to their stress assessment. The employer receives a de-identified aggregated measure of stress and risks amongst its employees. This includes a number of interactive corporate dashboards (Figure 3) which are updated in real time and show how factors such as job roles and responsibilities, shift schedules, working hours and locations, working conditions might be associated with employee stress levels. The dashboards also allow management to track items such as the progress of their staff with the interventions, participation profile, change of participation and stress over time.

Closed the loop from ECG monitor; to phone; to the cloud; and back to phone in real time. Algorithms are running in the cloud with Amazon Web Services.

It costs us less than a cent each time we process an ECG file to produce a stress report.

US Market Opportunity for our Corporate Stress Product

Stress is a major health issue in the United States that impacts the vast majority of all adults to a moderate or severe degree. It is not only a health issue but a key issue for employers. Various studies of the economic impact of stress estimate the cost of stress to US employers of between US$200 billion to US$300 billion annually with workplace stress responsible for:

- Over half of the 550 million working days lost annually in the U.S from absenteeism
- 40% of staff turn-over
- 60% of workplace accidents
- 30% of short and long term disability
- 55% of EAP (Employee Assist Program) cost

This impact of stress is now recognised by employers, particularly in the US, where 90% of corporates with 200 or more employees now offer Corporate Wellness programs. With an annual wellness program spend of US$100-500 per employee the overall size of the workplace wellness market in the US is US$8 billion annually.

We define the US market opportunity as the 54 million employees in the US in +1,000 staff firms and the 22 million US government employees. Price point is important in this market with research indicating that at $120 price point our stress product will be limited to executives and at risk employees only, but at a level of $60 per employee annually it will likely be deployed across the entire staff base. At this $60 price point the US market represents a US$4.5 billion revenue opportunity.

To reach this market we intend to partner with existing participants in the Corporate Wellness market. Medibio will provide cloud based data analytics and reporting rather than try to become a wellness company. Our core competency is algorithm development and data analytics and we intend to stick to that.

Figure 3 – Corporate Stress Product Dashboards

Corporate Wellness - Market Overview

The key commercial attributes of Medibio's Corporate Stress product are that it is, objective, easy to administer, inexpensive and scalable. There are no other objective products in the market, with competing technologies based on questionnaires and interviews as the main measurement tools which are not only time consuming and costly but subjective.

We have been overwhelmed by the market response and although we have not yet started our commercial launch we have executed our first commercial service agreement to provide our corporate stress evaluation product with a major Australian corporation with more than 10,000 staff/contractors. We have also launched our Corporate Wellness Partner Program with the execution of a Commercial Service Agreement to provide our Corporate Stress product to Vital Conversations. Vital Conversations is a large mental wellness provider in Western Australia with a diverse client base. It provides proactive psychological health services to some of the largest corporates in Western Australia as well as the public and not for profit sectors.

As we move into the final stage of Commercial Launch we expect to convert advanced discussions with a number of other potential customers into executed agreements.

Stress costs the average US Corporation US$3.5 million every year and they are now beginning to recognise this

A 5% penetration of the US market for our Corporate Stress Product would generate $200 million in annual revenue

KEY INVESTOR QUESTIONS

What is Medibio's technology?

Our technology is an objective, or evidence based, test for depression, other mental illnesses, and stress. It also provides a way to determine if treatment is effective. Unlike the traditional interpretive pen and paper test it relies purely on the patients biological data - in this case ECG data.

What is the Market Potential?

Mental health disorders cost the world economy US$2.5T annually (WHO Study) with the average global cost estimated to be an average of 10% of any developed countries GDP. The World Health Organisation estimates that over 350 million people worldwide are currently suffering from depression. The medical diagnostic market for depression alone is a US$15 billion revenue opportunity.

What is the scientific basis for our technology?

The autonomic nervous system (ANS) plays a key role in regulation of all physiological activity including heart rate. Our technology takes a snapshot of the ANS by measuring heart rate during sleep when external influences and distractions are absent.

Does the technology work?

Our technology is based on over 15 years of research and internal validation involving over 4000 subjects. This is the equivalent of the completion of a Phase II trial for a new drug. The current studies are not being done to determine that the technology works. They are part of the process required for regulatory approval and to have key opinion leaders like Johns Hopkins endorse the technology.

What can our technology diagnose?

We can diagnose all of the key mental health disorders including depression, anxiety, psychosis, and stress. Our test can also differentiate between the different types of depression, and mixed disorders such as mixed depression and anxiety which is critical in determining the appropriate treatment plan.

How is the test administered?

The patient simply wears any ECG monitor overnight. Putting the monitor on an hour before going to bed and removing it an hour after waking. The test is conducted in the comfort of you own home with the next generation ECG monitors which are the size of a large bandaid and as simple to wear.

STATUTORY ACCOUNTS

OPERATING RESULTS FOR THE YEAR

Medibio Limited (formerly BioProspect Limited) ("Medibio", "MEB" or "the Company") and its controlled entities ("the group") generated a loss after tax of $7,921,702 (2014: loss of $428,332). This loss would be reduced to $2,087,826 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 Circadian Heart Rate ('CHR') and algorithm development technology ($1,011,382 and $444,999), and the amortisation of patents ($516,461) were excluded.

Key highlights include:

- Restructuring the acquisition of Invatec Health Pty Ltd ('Invatec') and the capital structure of Medibio. This proposal was approved by shareholders on 6 March 2015 and its major components were:-
    - The Invatec acquisition was completed by the acquisition of 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% issuing 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 $685,000 from Convertible Notes converted into equity.

REVIEW OF OPERATIONS

During the year the company continued to make excellent progress towards commercialising its unique evidence-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 of the first commercial service agreement to provide this product to a major corporation

(completed subsequent to 30 June 2015)

Agreement with Johns Hopkins University to undertake a clinical validation study in the US

Lodgement of two provisional patents applications which, if granted, will provide an additional 20 years of exclusivity for the diagnosis of mental health disorders and stress using CHR.

Commencement of the first study with the UNSW at the Black Dog Institute clinic;

United States business development meetings

Post the end of the financial year executive management of the company visited the United States 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 positon 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.

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

Medibio is currently completing an independent clinical validation study of its CHR 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; and
- 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 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. It began 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 have 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 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 CHR 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; and
- 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 the 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 organisation's entire staff base.

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

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; and
- 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; and
- 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 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; and
- Dr Stephen Addis - Advisory Board.

During the year, Mr Vince Fayad retired as a Director, and Non-Executive Chairman of the company as did Claude Solitario, Peter May and Silvi ElKhouri.

DIRECTOR'S REPORT

Your directors present the Annual Report on the consolidated entity, being Medibio Limited (formerly BioProspect Limited) and its controlled entities ("**Group**") for the financial year ended 30 June 2015.

Directors

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Current Directors

Chris Indermaur Chairman

Qualifications: B. Eng. (Mech.), Grad Dip Eng. (Chem.), LLB, LLM, Grad Dip LP

Experience: Mr Indermaur was appointed to the Medibio Board on 7 April 2015.

Mr Indermaur has over 30 years of experience in large Australian companies in Engineering or Commercial roles. Amongst these roles he was the engineering and Contracts Manager for the QNI Nickel Refinery at Yabulu, Company Secretary for QAL and General Manager for Strategy and Development at Alinta Ltd.

Mr Indermaur is currently Chairman of Poseidon Nickel Limited (ASX: POS) (director from 2009).

Kris Knauer Executive Director

Qualifications: B. Sc. (Hons) in Geology

Experience: Mr Knauer was appointed to the Board on 1 July 2014 and he took on the role of CEO in September 2014.

Kris has 20 years' experience in Finance and Corporate Advisory and he is an experienced CEO of ASX-listed companies. He has had a previous role as CEO in a group owning GP Centres and Radiology practices. He also founded and grew an ASX-listed company from sub $3 million valuation to $300 million valuation prior to a $1bn takeover.

Mr Knauer was formerly a director of Astro Resources NL (ASX ARO) from 2013 to August 2015, Esperance Minerals Limited (ASX: ESM) from 2009 to August 2015 and of Greenvale Energy NL from 2014 to May 2015.

James Campbell Non-executive Director

Qualifications: PhD MBA

Experience: Dr Campbell was appointed to the Board on 8 September 2014. He is a senior biotechnology executive with more than 20 years international experience in scientific research, management consulting and venture capital. Dr Campbell has held research positions at the CNRS and the CSIRO. Dr Campbell was a founding executive at ChemGenex Pharmaceuticals where for over 9 years he assisted the growth of the company's market capitalization from $10 million to the final $230 million divestment in 2011.

Dr Campbell is Managing Director of Patrys Limited (ASX: PAB) (from November 2014) and Non-executive director of the ASX-listed biotechnology companies Invion Limited (ASX: IVX) from 2012, and Prescient Therapeutics Limited (ASX: PTX) from 2014.

Former Directors

Vincent Fayad

Mr Fayad was appointed to the Medibio Board on 28 April 2014 and subsequently became Chairman. Mr Fayad resigned on 7 April 2015.

Mr Fayad is currently a Director of PKF Lawler Corporate Finance Pty Ltd and has over 30 years of experience in Corporate Finance, accounting and other advisory related services. He also has had experience in advising biotech companies on fund raising and corporate strategy. He is also a member of the Chartered Accountants Australia and New Zealand and is a registered tax agent and company auditor. Mr Fayad is a non-executive Director of Ashley Services Grp Ltd (ASX: ASH) appointed Aug 2014 and former non-executive Director of Esperance Minerals Limited (ASX: ESM) from February 2013 to August 2015.

Peter May

Mr May was appointed as a Director on 19 November 2012, subsequently became Chairman on 15 November 2013, stood down as Chairman on 28 April 2014 and resigned as a non-executive Director on 1 July 2014.

Mr May's career has included positions with Incitec and Crop Care Australasia, where he managed a multi-million dollar product portfolio, toll formulation and international business development. Mr May is an active member of the Australian Environmental Pest Managers Association (AEPMA) and has established excellent contacts within the pest control and general agribusiness and animal health sectors. Mr May has not been a director of any other ASX listed company.

Silvi Elkhouri

Ms Elkhouri was appointed to the Board on 15 November 2013 and resigned 8 September 2014.

Ms Elkhouri has had extensive international business and finance experience and assisted in several merger and acquisition transactions involving listed and unlisted companies. Ms Elkouri has worked as a corporate strategy consultant for private companies in Australia and the Middle East. During the past three years. Ms Elkhouri has not been a director of any other ASX listed company.

Claude Solitario

Mr Solitario was appointed 28 April 2014 and resigned 8 September 2014.

Mr Solitario who founded Invatec Health Pty Ltd, with Dr Stephen Addis in 2005, joined the board as an Executive Director. Mr Solitario has been instrumental in the growth of Invatec since its inception in his role as CEO. Mr Solitario has over 25 years of experience in the development and commercialisation of intellectual property. During the past three years. Mr Solitario has not been a director of any other ASX listed company.

Executive Management

Robert Lees Company Secretary

Qualifications: B. Bus. (UTS), Grad. Dip. DP (UTS), CA, AGIA

Experience: Mr Lees was appointed Company Secretary and Chief Financial Officer on 30 September 2012. Mr Lees is responsible for complying with all the governance requirements of a listed company and preparation of all financial and management reports for the Medibio group of companies.

In the last 14 years he has provided Company Secretarial services to several small ASX listed companies. This has included involvement in 10 IPO's and back door listings. He is currently Company Secretary of 4 other listed public companies.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Medibio Limited were:

	Ordinary Shares	Options over Ordinary Shares
C. Indermaur	150,000	Nil
K. Knauer	6,440,541	3,000,000
J. Campbell	Nil	250,000

Dividends

No dividends have been paid or provided during the year ended 30 June 2015 (2014: nil).

Principal Activities

The principal activity of the Group is conducting research and development and early stage commercialisation of the following:

- a diagnostic technology for mental health which is based on circadian heart rate (CHR) data.

Business Review

Operating Results

The consolidated loss of the Group was $7,921,702 (2014: loss of $428,332).

Significant Changes in the State of Affairs

With the exception of those matters disclosed in Note 24, there are no other matters that are likely to affect the state of affairs or financial position of the Group.

Future Developments

Likely developments in the operations of the Group in future financial years, are referred to in the Review of Operations.

Events Subsequent to Balance Date

Apart from the matters set out below and in Note 24 of the Financial Statements, and the issue of $3,092,035 of shares (further details of these notes can be found on Note 16) there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected either:

- the Group's operations in financial year 2015; or
- future prospects.

Other Information

Options

On 1 April 2015 a total of 21,666,667 options were issued, 6,666,667 with an exercise price of 30cents expiring 1 April 2017, 15,000,000 with an exercise price of 10cents expiring 1 April 2018. On 2 April 2015 136,658 options were exercised for 136,658 shares and at the date of this report there were 21,530,009 unissued ordinary shares under option.

Environmental issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnifying officers or auditors

Insurance of officers

During the financial year, Medibio Limited paid a premium to insure the directors and secretaries of the Group and its Australian entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

Details of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under terms of the contract.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Remuneration Report (Audited)

This report outlines the key management personal (KMP) remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report, KMP of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly and indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term ‘executive’ encompasses the chief financial officer/ company secretary and the Marketing Manager.

Details of key management personnel

i. Directors

V. Fayad	Chairman (non-executive) – appointed 28 April 2014 and resigned 7 April 2015
C. Indermaur	Chairman (non-executive) – appointed 7 April 2015
J. Campbell	Director (non-executive) – appointed 8 September 2014
K. Knauer	Director (executive) – appointed 1 July 2014
C. Solitario	Director (executive) – appointed 28 April 2014 – resigned 8 September 2014
S. ElKhouri	Director (non-executive) appointed 15 November 2013 – resigned 8 September 2014
P. D. May	Director (non-executive) – appointed 19 November 2012, appointed Chairman 15 November 2013, ceased as Chairman 24 April 2014 & resigned 1 July 2014

ii. Executives

S. Stapelberg	Marketing – appointed 1 May 2014
R. E. Lees	Chief Financial Officer/Company Secretary – appointed 30 September 2012

Remuneration Philosophy

The performance of the Group depends upon the quality of its directors and executives. To perform to satisfactory levels, the Company must attract, motivate and retain highly skilled directors and executives.

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, and the executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

To assist in achieving the objectives, the Board considers the nature and amount of executive directors’ and officers’ emoluments in the context of the Group’s financial and operational performance.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Remuneration Report (audited) (continued)

Non-executive director remuneration

Objective

The Board seeks to set remuneration at a level which provides the Company with the ability to attract and retain directors of the appropriate calibre, whilst incurring a cost which is acceptable to shareholders given the size and financial standing of the Company.

Structure

The constitution of the Company specifies that non-executive directors are entitled to be paid, out of the funds of the Company, an amount of remuneration which:

a. does not:
   i. in any year exceed in aggregate the amount last fixed by ordinary resolution; or
   ii. consist of a commission on or percentage of profits or operating revenue; and
b. is allocated among them:
   i. on an equal basis having regard to the proportion of the relevant year for which each director held office; or
   ii. as otherwise decided by the Board.

Each director receives a fee for being a director of the Company. According to the constitution of the Company, if a director, at the request of the Board performs extra services or makes special exertions (including going or living away from the director's usual residential address), the Company may pay that director a fixed sum set by the Board for doing so. Remuneration under this rule may be either in addition to or in substitution for any remuneration to which that director is entitled.

The remuneration of non-executive directors for the period ended 30 June 2015 is detailed in Table 1 on page 32 of this report.

Senior manager and executive director remuneration (executives)

Objective

The Company aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Company and taking into account the size and financial standing of the Company and so as to ensure total remuneration is competitive by market standards.

Structure

In determining the level and make–up of executive remuneration, the Board considers market levels of remuneration for comparable executive's roles for similar sized organisations, and preferably within the biotech industry.

Remuneration consists of fixed remuneration for all executives with a variable element for the achievement of both short term and long term objectives.

Remuneration Report (audited) (continued)

Fixed and Variable Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board and the process consists of a review of companywide performance and individual performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices.

Structure

Executives are paid a fixed cash component consisting of an annual salary plus the statutory superannuation and annual leave and long service leave obligations.

The fixed remuneration component of senior management in the Group is detailed in Table 1 below. No variable remuneration is currently payable to Directors or management.

Consequence of company's performance on shareholders' wealth

The Company is committed to maximising the value of its biotech and other assets through a portfolio of investments and projects. This currently comprises of:

- a diagnostic technology for mental health which is based on circadian heart rate data generally known as heart rate monitor Heart Rate Variability technology; and
- products associated with animal health, skincare and agriculture – *AGRIPRO*®, *REGEN*®, *QCIDE*® *and* TERMILONE®. The IP is being maintained while we look for purchasers.

As critical stages of projects and investments are reached and produce positive results, significant value should be generated to shareholders through an increase in the share price. As the Company is at least several years away from generating taxable profits, growth of shareholder wealth will not come through the payment of dividends but by an expected increase in the average share price.

Shareholder returns

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Share price -cents	40.0	0.4	0.1	0.2	0.8
Shares on issue	89,802,923	3,173,189,372	2,873,174,372	1,612,170,347	1,116,570,347
Capitalisation	$35.9m	$12.6m	$2.9m	$3.2m	$8.9m
Loss per share –cents	(8.82)	(0.0015)	(0.05)	(0.2)	(0.3)

Remuneration Report (audited) (continued)

Remuneration of key management personnel

Table 1: Remuneration for the year ended 30 June 2015

		Short Term Salary & Fees $	Non-Monetary Benefits $	Post-Employment Super $	Share Based Payments $	Termination Payment $	Total $
Executive director							
K Knauer	a	192,000	-	-	-	-	192,000
Non-executive directors							
V Fayad – Chairman	b	51,167	-	-	-	-	51,167
C Indermaur - Chairman	c	5,694	-	-	45,000	-	50,694
J Campbell	d	29,200	-	2,774	43,600	-	75,574
P May	e	-	-	-	-	-	-
C Solitario	f	-	-	-	-	-	-
S Elkhouri	g	33,000	-	-	-	-	33,000
Sub-total directors		**311,061**	**-**	**2,774**	**88,600**	**-**	**402,435**
Other key management personnel (KMP)							
S Stapelberg		97,192	-	7,808	-	-	105,000
R E Lees		134,606	-	-	-	-	134,606
Sub-total executive KMP		**231,798**	**-**	**7,808**	**-**	**-**	**239,606**
Totals		**542,859**	**-**	**10,582**	**88,600**	**-**	**642,041**

a. Appointed 1 July 2014 (Short-term fee accrued);
b. Resigned 7 April 2015;
c. Appointed 7 July 2015;
d. Appointed 8 September 2014;
e. Resigned 1 July 2014;
f. Resigned 8 September 2014;
g. Resigned 8 September 2014.

KMP transaction and balances are disclosed in Notes 13 and 18 to the Financial Statements.

Remuneration Report (audited) (continued)

Table 2: Remuneration for the year ended 30 June 2014

		Short Term		Post-Employment			
		Salary & Fees $	Non- Monetary Benefits $	Super $	Share Based Payments	Termination Payment $	Total $
Non-executive directors							
W Willesee - Chairman	a	22,500	-	-	-	-	22,500
V Fayad	b	12,000	-	-	-	-	12,000
B Cooper	c	32,000	-	-	-	-	32,000
C Solitario	d	-					-
P May	e	58,833	-	-	-	-	58,833
S Elkhouri	f	22,500	-	-	-	-	22,500
Sub-total non-executive directors		**147,833**	-	**-**	**-**	**-**	**147,833**
Other key management personnel (KMP)							
P May	g	18,265	-	1,735	-	-	20,000
R Lees		96,591	-	-	-	-	96,591
Sub-total executive KMP		**114,856**	-	**1,735**	**-**	**-**	**116,591**
Totals		**262,689**	-	**1,735**	**-**	**-**	**264,424**

a. Resigned 15 November 2013;
b. Appointed 28 April 2014;
c. Resigned 28 April 2014;
d. Appointed 28 April 2014;
e. Resigned 1 July 2014;
f. Resigned 8 September 2014;
g. Appointed 1 May 2014.

Remuneration Report (audited) (continued)

Table 3: Option holdings of key management personnel (consolidated)

Options held in Medibio Limited (number) (post-consolidation)

30 June 2015		Balance at 1 July 14	Granted As Remuneration	Options Forfeited	Net Change Other	Balance At 30 June 15	Vested at 30 June 15 Total
Directors							
V Fayad	a	-	-	-	-	-	-
C Indermaur	b	-	-	-	-	-	-
J Campbell	c	-	250,000	-	-	-	250,000
K Knauer	d	-	-	-	3,000,000	3,000,000	3,000,000
P May	e	-	-	-	-	-	-
C Solitario	f	-	-	-	-	-	-
S Elkhouri	g	-	-	-	-	-	-
Executives							
S Stapelberg		-	-	-	-	-	-
R Lees		-	-	-	-	-	-
Total		**-**	**250,000**	**-**	**3,000,000**	**3,000,000**	**3,250,000**

a. Resigned 7 April 2015;
b. Appointed 7 April 2015;
c. Appointed 8 September 2014;
d. Appointed 1 July 2014;
e. Resigned 1 July 2014;
f. Resigned 8 September 2014;
g. Resigned 8 September 2014.

Options held in Medibio Limited (number) (pre-consolidation)

30 June 2014		Balance at 1 July 13	Granted As Remuneration	Options Forfeited	Net Change Other	Balance At 30 June 14	Vested at 30 June 14 Total
Directors							
W Willesee	a	15,000,00	-	-	(15,000,000)	-	-
V Fayad	b	-	-	-	-	-	-
B Cooper	c	-	-	-	-	-	-
C Solitario	d	-	-	-	-	-	-
P May	e	2,000,000	-	-	(2,000,000)	-	-
S Elkhouri	f	-	-	-	-	-	-
Executives							
S Stapelberg	g	-	-	-	-	-	-
R Lees		-	-	-	-	-	-
Total		**17,000,000**	**-**	**-**	**(17,000,000)**	**-**	**-**

a. Resigned 15 November 2013;
b. Appointed 28 April 2014;
c. Resigned 28 April 2014;
d. Appointed 28 April 2014;
e. Resigned 1 July 2014;
f. Resigned 7 September 2014;
g. Appointed 1 May 2014.

Remuneration Report (audited) (continued)

Table 4: Shareholdings of key management personnel (consolidated)

Shares held in Medibio Limited (number) (post-consolidation)

30 June 2015		Balance 1 July 14	Granted as remuneration	On exercise of options	Net change other	Balance 30 June 15
Directors						
V Fayad	a	-	-	-	-	-
C Indermaur	b	-	150,000	-	-	150,000
J Campbell	c	-	-	-	-	-
K Knauer	d	-	-	-	6,440,541	6,440,541
P May	e	26,522	-	-	(26,522)	-
C Solitario	f	693,424	-	-	(693,424)	-
S Elkhouri	g	-	-	-	-	-
Executives						
S Stapelberg		-	-	-	-	-
R Lees		-	-	-	-	-
Total		**719,946**	**150,000**	-	**5,720,595**	**6,590,541**

a. Resigned 7 April 2015;
b. Appointed Chairman 7 April 2015;
c. Appointed 8 September 2014
d. Appointed 1 July 2014;
e. Resigned 1 July 2014;
f. Resigned 7 September 2014;
g. Resigned 7 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	-	-	-	-	-
V Fayad	b	-	-	-	-	-
B Cooper	c	-	-	-	-	-
C Solitario	d	-	-	-	69,342,443	69,342,443
P May	g	2,652,175	-	-	-	2,652,175
S Elkhouri	e	-	-	-	-	-
Executives						
S Stapelberg	f	-	-	-	-	-
R Lees		-	-	-	-	-
Total		**2,652,175**	-	-	**69,342,443**	**71,994,618**

a. Resigned 15 November 2013;
b. Appointed Chairman 28 April 2014;
c. Resigned 28 April 2014;
d. Appointed 28 April 2014;
e. Appointed 15 November 2013;
f. Appointed 1 May 2014.
g. Resigned 1 July 2014

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

			Audit committee	
	Eligible to attend	Number attended	Eligible to attend	Number attended
Chris Indermaur	1	1	-	-
Kris Knauer	6	6	-	-
James Campbell	4	3	1	1
V Fayad	6	6	1	1
C Solitario	3	3	-	-
P May	1	1	-	-
S ElKhouri	3	3	-	-

Committee membership

As at the date of this report, the Company had no separate committees, other than the audit committee.

Auditor Non-Audit Services

The following non-audit services were provided by the entity's auditor, William Buck (Qld). The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001 and APES 110 Code of Ethics for Professional Accountants*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

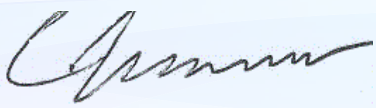
William Buck received the following amounts for the provision of non-audit services:

	2015	2014
Tax compliance	12,575	8,150
Other	690	595

Auditor Independence

The auditor's independence declaration has been received and can be found on page 17.

Signed in accordance with a resolution of the directors



Chris Indermaur
Chairman

30 September 2015
Sydney, NSW

AUDITOR'S INDEPENDENCE DECLARATION

William Buck

Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of Medibio Limited

I declare that, to the best of my knowledge and belief during the year ended 30 June 2015 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck (Qld)
ABN: 11 603 627 400

M. Ayoob
A Member of the Firm

Dated this 30th day of September, 2015
Brisbane

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

CORPORATE GOVERNANACE

Medibio Limited ('**Medibio**') through its Board of Directors ('**Board**') is responsible for the overall corporate governance of Medibio and has adopted as a guiding principle that it act honestly, conscientiously and fairly in accordance with the law and in the interests of the shareholders with a view to building sustainable value for them, the Company's employees and other stakeholders in the Company.

The Board has adopted a suite of governance materials which are available in the Corporate Governance section of the Company's website. The governance materials have been prepared and adopted on the basis that corporate governance procedures can add to the performance of the Company and the creation of shareholder value, and help to engender the confidence of the investment market.

ASX Corporate Governance Principles and Recommendations

This statement sets out the material governance principles and processes adopted by the Board. The Board supports the Corporate Governance Principles and Recommendations, 3rd edition as released by the ASX Corporate Governance Council ("**ASX Principles or "ASXCGC**"). The Board considers and applies these recommendations to the extent there is a sound reason to do so given the circumstances of the Company. The Corporate Governance Statements were reviewed and approved by the Board on 19 June 2015 and are available on the Company's website: http://www.medibio.com.au/index.php/about/corporate-governance

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2015

		CONSOLIDATED	
	Note	2015 $	2014 $
Profit on sale of investment		-	463,194
Other income		261,933	6,976
Revenue	5	**261,933**	**470,170**
Finance costs	5	(160,622)	(107,221)
Amortisation & Depreciation		(516,461)	-
Employee costs	5	(492,435)	(138,833)
Impairment of investments	5	(4,306,033)	-
Research and development expenses		(210,664)	(15,091)
Other expenses	5	(2,497,420)	(637,357)
Loss before income tax		**(7,921,702)**	**(428,332)**
Income tax benefit	6	-	-
Loss attributable to members of Medibio Limited		**(7,921,702)**	**(428,332)**
Other comprehensive income **- items that may be reclassified to profit or loss**		-	-
Total other comprehensive income for the period net of tax		-	-
Total comprehensive income attributable to members of Medibio		**(7,921,702)**	**(428,332)**
Basic earnings per share (cents per share)	7	(16.995)	(0.015)
Diluted earnings per share (cents per share)	7	(16.995)	(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	13,998,137	343,750
Total Non-current Assets		**13,998,137**	**4,804,784**
TOTAL ASSETS		**15,184,514**	**5,042,517**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	2,380,280	431,240
Borrowings	14	197,500	1,500,000
Total Current Liabilities		**2,577,780**	**1,931,240**
Non-current Liabilities			
Borrowings	14	3,495,653	395,000
Other payables	15	-	6,006
Total Non-current Liabilities		**3,495,653**	**401,006**
TOTAL LIABILITIES		**6,073,433**	**2,332,246**
NET ASSETS		**9,111,081**	**2,710,271**
EQUITY			
Issued capital	16 (a)	51,093,889	37,250,977
Reserves	22	479,600	-
Accumulated losses		(42,462,408)	(34,540,706)
TOTAL EQUITY		**9,111,081**	**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	-	(7,921,702)	-	(7,921,702)
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**(7,921,702)**	**-**	**(7,921,702)**
Transactions with owners				
Shares issued	14,393,862	-	-	14,393,862
Share options issued	-	-	479,600	479,600
Share issue costs	(550,950)	-	-	(550,950)
Total transactions with owners	**13,842,912**	**-**	**479,600**	**14,322,512**
At 30 June 2015	**51,093,889**	**(42,462,408)**	**479,600**	**9,111,081**

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

		CONSOLIDATED	
		2015	2014
	Note	$	$
Cash flows from operating activities			
Receipts from customers		-	8,225
R&D Grant received		255,120	-
Payments to suppliers and employees		(1,770,203)	(619,482)
Net cash flows used in operating activities	**8 (a)**	**(1,515,083)**	**(611,257)**
Cash flows from investing activities			
Interest received		6,813	6,976
Payments for intangible assets		(1,087,181)	(343,750)
Proceeds from sale of available for sale investments		-	1,690,425
Payments for acquisitions		(10,000)	-
Net cash flows (used in) provided by investing activities		**(1,090,368)**	**1,353,651**
Cash flows from financing activities			
Proceeds from issues of shares and options		3,432,000	450
Transaction costs of issue of shares		(550,950)	-
Repayment of convertible notes		-	(1,200,000)
Proceeds from issue of convertible notes		685,000	395,000
Interest paid		(112,940)	(22,532)
Net cash flows from (used in) financing activities		**3,453,110**	**(827,082)**
Net (decrease) / increase in cash and cash equivalents		843,659	(84,688)
Net cash acquired in business combinations		393	-
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.

CONTENTS TO NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Medibio Limited (formerly BioProspect Limited) (the parent) ('Medibio') is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

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 available-for-sale investments, which have been measured at fair value.

The financial statements have been prepared on a going concern basis, as set out in note 16(c). Medibio and the Group's ability to continue as a going concern is dependent upon its ability to generate sufficient cash from future operations and to raise additional capital.

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 Group 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 and revised 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 Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

AASB 9 Financial Instruments (December 2014) and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (applicable for annual reporting periods commencing on or after 1 January 2018)

AASB 9 includes requirements for the classification and measurement of financial assets, the accounting requirements for financial liabilities, impairment testing requirements and hedge accounting requirements.

The changes made to accounting requirements by these standards include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value and an allowance for debt instruments to be carried at fair value through other comprehensive income in certain circumstances
- simplifying the requirements for embedded derivatives
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows

- amending the rules for financial liabilities that the entity elects to measure at fair value, requiring changes in fair value attributed to the entity's own credit risk to be presented in other comprehensive income
- introducing new general hedge accounting requirements intended to more closely align hedge accounting with risk management activities as well as the addition of new disclosure requirements
- requirements for impairment of financial assets

The Group has not yet assessed the impact of this standard.

— *AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2015)*

This standard limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015.

— *AASB 14 Regulatory Deferral Accounts and AASB 2014 -1 Amendments to Australian Accounting Standards [Part D] (applicable for annual reporting periods commencing on or after 1 January 2016)*

AASB 14 applies only to an entity's first Australian-Accounting-Standards financial statements where they conduct rate regulated activity and recognise amounts that qualify as regulatory deferral account balances. AASB 2014-1 [Part D] makes consequential amendments to AASB 1 First-time Adoption of Australian Accounting Standards. This standard will not impact the entity.

This standard is not expected to impact the Group.

— *AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2017)*

AASB 15 establishes a single, comprehensive framework for revenue recognition, and replaces the previous revenue Standards AASB 118 Revenue and AASB 111 Construction Contracts, and the related Interpretations on revenue recognition Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers and Interpretation 131 Revenue—Barter Transactions Involving Advertising Services.

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.

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 Group has not yet assessed the impact of this standard.

— *AASB 1056 Superannuation Entities (applicable for annual reporting periods commencing on or after 1 July 2016)*

AASB 1056 is applicable for superannuation entities which are regulated by APRA and increase the level of integration between AASB 1056 and other AASB standards. Some of the changes in AASB 1056 include:

- A revised definition of a superannuation entity
- Revised and consistent content for the financial statements
- Use of fair value rather than net market value for measuring assets and liabilities
- Revised member liability recognition and measurement requirements
- Revised disclosure principles

This standard is not expected to impact the Group.

— *AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (applicable for annual reporting periods commencing on or after 1 January 2016)*

This standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require the acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the principles in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11 in accounting for the acquisition. AASB 2014-3 also requires disclosure of the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This standard is not expected to impact the Group.

— *AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual reporting periods commencing on or after 1 January 2016)*

This standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset and to clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. The standard also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

This standard is not expected to impact the Group.

— *AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141] (applicable for annual reporting periods commencing on or after 1 January 2016)*

This standard amends the accounting for bearer plants to now be the same as property, plant and equipment in AASB 116 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of AASB 116, instead of AASB 141 and therefore entities can choose to measure them at cost or fair value. The produce growing on bearer plants will remain within the scope of AASB 141.

This standard is not expected to impact the Group.

— *AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (applicable for annual reporting periods commencing on or after 1 January 2016)*

This standard will allow entities to use the equity method to account for its interest in subsidiaries, joint ventures and associates in separate financial statements and makes editorial corrections to AASB 127.

This standard is not expected to impact the Group.

— *AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable for annual reporting periods commencing on or after 1 January 2016)*

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

This standard is not expected to impact the Group.

— *AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140] (applicable for annual reporting periods commencing on or after 1 January 2016)*

This Standard makes various amendments to Accounting Standards as part of the International Accounting Standards Board (IASB) International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2012–2014 Cycle including:

- IFRS 5 – reclassification from held for sale to held for distribution to owners or from held for distribution to owners to held for sale is considered to the continuation of the original plan of disposal;
- IFRS 7 – adds basis of conclusion to clarify disclosure requirements for transferred financial assets and offsetting arrangements;
- IAS 19 – confirms that high quality corporate bonds or national government bonds used to determine discount rates must be in the same currency as the benefits paid to the employee; and
- IAS 34 – clarifies information about cross references in the interim financial report.

This standard is not expected to impact the Group.

— *AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (applicable for annual reporting periods commencing on or after 1 January 2016)*

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports

This standard is not expected to impact the Group.

— *AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (applicable for annual reporting periods commencing on or after 1 July 2015)*

This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

This standard is not expected to impact the Group.

— *AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent [AASB 127 & AASB 128] (applicable for annual reporting periods commencing on or after 1 July 2015)*

This Standard amends AASB 128 to require that, notwithstanding paragraphs 17 and Aus17.1 of AASB 128, the ultimate Australian entity shall apply the equity method in accounting for interests in associates and joint ventures if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

This standard is not expected to impact the Group.

— *AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12 & AASB 128] (applicable for annual reporting periods commencing on or after 1 January 2016)*

This Standard amends AASB 10, AASB 12 and AASB 128 to confirm that the exemption from preparing consolidated financial statements set out in paragraph 4(a) of AASB 10 is available to a parent entity that is a subsidiary of an investment entity, to clarify the applicability of AASB 12 to the financial statements of an investment entity and to introduce relief in AASB 128 to permit a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries..

This standard is not expected to impact the Group.

— *2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (applicable for annual reporting periods commencing on or after 1 July 2016)*

This standard makes amendments to AASB 124 to specify consistent related party disclosure requirements for the Australian Government, State Governments, local councils and other not-for-profit public sector entities.

This standard is not expected to impact the Group.

— *2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities (applicable for annual reporting periods commencing on or after 1 July 2016)*

This Standard relieves not-for-profit public sector entities from the certain disclosure requirements contained in AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows.

This standard is not expected to impact the Group.

The Group does not anticipate early adoption of any of the above Australian Accounting Standards or Interpretations. The group has adopted all of the new revised or amending accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these accounting standards and interpretations did not have any significant impact on the financial performance or position of the group.

c. Basis of consolidation

The consolidated financial statements comprise the financial statements of Medibio Limited and its controlled entities as at 30 June 2015 (the "**Group"**).

Subsidiaries are all those entities (including special purpose entities) over which the Group has control. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through the power to direct the activities at the 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.

d. Foreign currency translation

i. Functional and presentation currency

Both the functional and presentation currency of Medibio Limited and its subsidiaries is Australian dollars (A$). Each entity in the Group determines its own functional currency using the currency of the primary economic environment in which the entity operates and items included in the financial statements of each entity are measured using that functional currency.

ii. Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. All exchange differences are taken to profit and loss when incurred.

e. 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 Statement of Profit or Loss and Other 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.

f. 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.

All revenue is stated net of the amount of GST.

g. 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 Statement of Profit or Loss and Other Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

h. 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 use or sale.

All other borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

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 change 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.

j. 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.

k. Investments and other financial assets

Recognition and De-recognition

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. 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 Statement of Profit or Loss and Other Comprehensive Income 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.

ii. 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 Statement of Profit or Loss and Other Comprehensive Income.

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.

v. Impairment

At the end of each reporting period, the Group 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 Statement of Profit or Loss and Other Comprehensive Income.

l. Income tax

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

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.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of deferred 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 deferred tax assets 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.

m. 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.

n. 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 to the statement of profit or loss and other comprehensive income 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 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 de-recognition 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.

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.

o. 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.

p. 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.

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.

q. 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 statement of profit or loss and other comprehensive income 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.

r. Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees services up to the reporting date and are measured at the amount expected to be paid when the liabilities are settled.

Long service leave

A liability for long service leave is recognised, and is 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. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching, as at the end of the reporting period, to national government guaranteed securities with terms to maturity 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 service to necessitate a provision for annual leave or long service leave.

s. 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 services in exchange for shares or rights over shares (equity-settled transactions).

t. 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.

u. 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.

v. 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.

All transaction costs incurred in relation to the business µcombination are expensed to the Statement of Profit or Loss and Other Comprehensive Income.

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

w. Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either in the principle market or in the absence of a principle market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, and used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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:

Significant accounting judgment

Impairment of assets and investments

The Group determines whether non-current assets (excluding goodwill and indefinite useful life intangible assets) should be tested 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 the recoverable amount is required.

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. This asset is available for sale and fully impaired in these accounts.

ii. Human Diagnostics

This market segment includes the income and expenditures pertaining to the investment opportunity through Invatec Health Pty Ltd.

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 with 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;
- prepayments;
- Fixed assets;
- Borrowings; and
- Other payables.

i. Segment performance

Twelve months ended 30 June 2015	Mining and Gas $	Human Diagnostics $	Total $
Revenue			
External sales	-	-	-
R & D Grant	-	255,120	255,120
Total segment revenue	-	-	255,120
Inter-segment elimination	-	-	-
Unallocated revenue			6,813
Total consolidated revenue			**261,933**

Twelve months ended 30 June 2015	Mining and Gas $	Human Diagnostics $	Total $
Segment net profit/(loss)before tax	(3,861,034)	(2,244,216)	(6,105,250)
Reconciliation of segment result to Group net loss before tax			
Amounts not included in segment result but reviewed by the Board:			
• Amortisation			(516,461)
Unallocated items:			
• Interest received			-
• Other corporate costs			(1,306,804)
Net loss before tax			**(7,921,702)**

Twelve months ended 30 June 2014	Mining and Gas $	Human Diagnostics $	Total $
Revenue			
External sales	-		-
Total segment revenue	-		-
Inter-segment elimination	-		-
Unallocated revenue			-
Total consolidated revenue			-

Twelve months ended 30 June 2014	Mining and Gas $	Human Diagnostics $	Total $
Segment net loss before tax	463,194	(82,091)	381,103
Reconciliation of segment result to group net loss before tax			
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)**

i. Segment assets

30 June 2015	Mining and Gas $	Human Diagnostics $	Total $
Segment assets	-	14,231,122	14,231,122
Unallocated assets			
• Cash			944,301
• Other			9,091
Total assets			**15,184,514**

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**

ii. Segment Liabilities

30 June 2015	Mining and Gas $	Human Diagnostics $	Total $
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**

ii. Revenue by geographical region

Australia

Revenue for the 2015 year included the R&D Grant rebate of $255,120 and bank interest of $6,813.

For the 2014 year, revenue included profit of $463,194 from the sale of Frontier Oil Corporation shares and bank interest of $6,976.

iii. Assets by geographical region

All assets reside in one geographical region being Australia, other than the investment in Frontier Oil Corporation.

	CONSOLIDATED	
	2015 $	2014 $
5. REVENUES AND EXPENSES		
(a) Revenue		
Bank interest received and receivable	6,813	6,976
R&D Grant received	255,120	-
Gain on disposal of Frontier Oil Corporation Shares	-	463,194
	261,933	**470,170**
(b) Finance costs		
Interest charges payable under convertible notes	(160,622)	(107,221)
	(160,622)	**(107,221)**
(c) Impairment		
Frontier Oil Corporation	(3,861,034)	-
Goodwill	(444,999)	-
	(4,306,033)	**-**
(d) Employee benefits expense		
Wages and salaries	(82,192)	-
Directors fees	(399,781)	(138,833)
Superannuation	(10,462)	-
	(492,435)	**(138,833)**
(e) Other expenses		
Consulting and advisory expenses	(1,288,074)	(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	(808,115)	(215,955)
	(2,497,420)	**(637,357)**

	CONSOLIDATED	
	2015 $	2014 $
6. INCOME TAX		
Numerical reconciliation between aggregate tax expense recognised in the statement of profit or loss and other comprehensive income 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	(7,921,702)	(428,332)
At the statutory tax rate of 30% (2014: 30%)	(2,376,511)	(128,500)
	(2,376,511)	**(128,500)**
Tax effect of temporary differences and current year loss not brought to account	2,376,511	128,500
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	251,400	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 Group in realising the benefit.

The Group's tax losses arising in Australia of $23,211,110 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 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, 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 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 Group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated Group.

7. EARNINGS PER SHARE

	COMPANY	
	2015 $	2014 $
Net loss attributable to equity holders of the Company	(7,921,702)	(428,332)
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share:	46,611,766	2,903,662,290

8. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2015 $	2014 $
Cash at bank and in hand	210,696	6,343
Short-term deposits	733,605	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 three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(a) Reconciliation of loss after tax to net cash flows from operations:

	CONSOLIDATED	
	2015 $	2014 $
Net loss	**(7,921,702)**	**(428,332)**
Adjustments for:		
Amortisation	516,461	-
Interest received	(6,813)	(6,976)
Interest paid convertible notes	160,622	107,221
Impairment of investments	4,306,033	-
Impairment of receivables	100,000	-
Share based payments	524,600	-
Profit on sale of investments	-	(463,194)
Changes in assets and liabilities:		
(Increase)/ decrease in trade and other receivables	(336,680)	8,225
(Decrease) / increase in trade and other payables	1,142,396	171,799
(Decrease) / increase in employee entitlements	28,516	-
Net cash used in operating activities	**(1,515,083)**	**(611,257)**

(b) Non cash financing and investing activities

	CONSOLIDATED	
	2015 $	2014 $
*Issue of 25,000,000 shares to Heartlink as option fee	-	50,000
*Issue of 125,000,000 shares to Heartlink for exercise of option	-	250,000
*Issue of 150,000,000 shares to Invatec for exercise of option	-	300,000
150,000 shares issued to C Indermaur	45,000	-
493,100 shares issued to S Pearce	147,930	-
250,000 options ex at $0.30 issued to J Campbell	43,600	-
1,000,000 options ex at $0.30 issued to SEK Investments Limited	174,400	-
1,500,000 options ex at $0.30 issued to Ausepen Pty Ltd	261,600	-
	672,530	**600,000**

The value placed on the issue of the shares was equal to the prevailing share price of Medibio as at the date of issue.

	CONSOLIDATED	
	2015 $	2014 $
9. TRADE AND OTHER RECEIVABLES		
Trade debtors	-	-
Other debtors	232,985	132,393
	232,985	**132,393**

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) Other debtors are non-interest bearing and have repayment terms of 30 days. A provision for impairment is made when there is objective evidence that a debtor 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	(iii)	-	600,000
		-	**4,461,034**

(i) Frontier Oil Corporation

The company acquired 430,000,000 shares in Frontier Oil Corporation ('FOC') for a total investment cost of $5,188,265 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 11 - Business Combination.

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) 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) 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) 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.

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)	-	(395,000)
	773,131	1	773,132

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	8,106,250
Less: fair value of identifiable net assets acquired	(773,131)	(1)	(773,132)
Fair value of intangibles acquired	7,288,119		7,288,119
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. Revenue since acquisition date was $141,367 and the amount of profit of the acquisition since acquisition date included in the group loss was $92,627. Had all business combinations occurred at the beginning of the year the loss would have increased by $277,759.

These results all relate to Invatec Health Pty Ltd. The net assets of Invatec Health Pty Ltd recognised in the financial statements are a provisional assessment of their fair value as the Company is in the process of finalising the valuation of intangible assets acquired.

12. INTANGIBLES

		CONSOLIDATED	
		2015 $	2014 $
Licence			
Heartlink Limited			
At cost		300,000	300,000
Amortisation		(150,000)	-
Impairment		-	-
Net carrying amount		**150,000**	**300,000**
Development Costs			
At cost		43,750	-
Additions		3,078,052	43,750
Impairment		-	-
Net carrying amount		**3,121,802**	**43,750**
Patents			
At cost		-	-
Additions		3,298,153	-
Amortisation		(366,461)	
Impairment		-	-
Net carrying amount		**2,931,692**	**-**
Data files			
At cost		-	-
Additions		7,794,643	-
Impairment		-	-
Net carrying amount		**7,794,643**	**-**
Goodwill			
At cost		-	-
Additions		444,999	-
Impairment		**(444,999)**	-
Net carrying amount		**-**	**-**
Reconciliation of carrying amount			
Net carrying amount at beginning of year		343,750	-
Additions		14,615,847	343,750
Amortisation		(516,461)	-
Impairment		(444,999)	-
Net carrying amount		**13,998,137**	**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, it 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.

13. TRADE AND OTHER PAYABLES – CURRENT

		CONSOLIDATED	
		2015	2014
	Note	$	$
Trade payables	(i)	1,541,792	140,884
Other creditors and accruals	(ii)	388,308	152,237
Accrued interest	(iii)	12,211	103,564
		1,942,311	**396,685**
Related party payables		437,969	34,555
		2,380,280	**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 14. 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

		CONSOLIDATED	
		2014 $	2013 $
Borrowings – Current	Series A – Convertible Notes	-	1,500,000
	Invatec Shareholders loan	197,500	-
		197,500	**1,500,000**
Borrowings – Non-Current	Series B – Convertible Notes	-	395,000
	Promissory Note	3,298,153	-
	Invatec Shareholders loan	197,500	-
		3,495,653	**395,000**
	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 had targeted to support the commercialisation strategy of Medibio's proprietary depression and mental health diagnostic technologies.

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

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. The carrying value is considered a reasonable approximation to the fair value of the loan.

15. OTHER PAYABLES (NON-CURRENT)

		CONSOLIDATED	
		2015 $	2014 $
Other creditors and accruals		-	6,006

This amount reflects the interest accrual on the convertible notes that were on issue, as detailed in Note 14 above. Interest is only payable on the date of maturity on the notes.

16. ISSUED CAPITAL

	2015 $	2014 $
a. Issued and paid up capital		
Ordinary shares issued and fully paid	51,093,889	37,250,977

		NUMBER OF SHARES			
b. Movements in shares on issue		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 placement	(i)	333,333,333	-	1,000,000	-
- Convertible note – Series B	(ii)	8,333,333	-	25,000	-
		3,514,856,036			
Share Consolidation 100:1		(3,479,707,089)	-	-	-
Post-consolidation shares on issue		35,148,947	-	-	-
Share placement	(iii)	8,256,668	-	2,477,000	-
Share issues to acquire Invatec	(iv)	25,537,500	-	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 company	(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		-	-	(550,950)	-
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 333,333,333 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 11 – 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 11 – Business combination – acquisition of Annapanna Pty Ltd

(vii) Interest on Convertible notes paid by issue of shares at $0.30 per share.

(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.

Going concern statement

As at 30 June 2015 the Group had net asset position of $9,111,081 (2014: $2,710,271). However, as at 30 June 2015, it had:

- incurred a loss for the year of $7,921,702 (2014: $428,332);
- cash outflow from operations of $1,515,083 (2014: $611,257);
- cash at bank of $944,301 (2014 $96,249);
- trade creditors of $2,320,280 (2014 $431,240);
- borrowings (non-current) from the acquisition of patents of $3,298,153, and shareholder loans of $197,500; and
- Current liabilities in excess of current assets by $1,391,403 (2014: $1,693,507)

The Group's ability to continue as a going concern is dependent upon the generation of cash from operations, the sufficiency of current cash reserves to meet existing obligations, the ability to reschedule planned research and development activity, raising of further equity and receipt of research and development tax incentives.

In Note 24 the Group has disclosed that since year end it has raised $3,092,035 through the issue of $7,730,087 shares on 8 September 2015. Accordingly, Directors believe the Group will be able to pay its debts as and when they fall due for a period of at least 12 months from the date of these financial statements.

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 the year	-	-
Issued during the year	6,666,667	-
Lapsed during the year	-	-
Outstanding at end of the year	**6,666,667**	-
Exercisable on or before 1 April 2018 at 10 cents per share		
Outstanding at beginning of the year	-	-
Issued during the year	15,000,000	-
Exercised during the year	(136,658)	-
Lapsed during the year	-	-
Outstanding at end of the year	**14,863,342**	-
Exercisable on or before 31 December 2013 at 5 cents per share		
Outstanding at beginning of the year	-	29,248,571
Issued during the year	-	-
Lapsed during the year	-	(29,248,571)
Outstanding at end of the year	-	-
Exercisable on or before 31 December 2013 at 3 cents per share		
Outstanding at beginning of the year	-	19,000,000
Issued during the year	-	-
Lapsed during the year	-	(19,000,000)
Outstanding at end of the year	-	-
Listed Options		
Exercisable on or before 31 December 2013 at 3 cents per share		
Outstanding at beginning of the year	-	1,270,813,556
*Exercised during the year	-	(15,000)
Lapsed during the year	-	(1,270,798,556)
Outstanding at end of the year	-	-
Total options over unissued ordinary shares	**21,530,009**	**-**

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 cents.
- 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 cents.
- 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

	CONSOLIDATED	
	2015 $	2014 $
The auditor of Medibio Limited is William Buck (Qld)		
Amounts received or due and receivable for: - audit or review of the financial report of the entity and any other entity in the Group	29,161	37,184
Other services in relation to the entity and any other entity in the Group:		
- tax compliance	12,575	8,150
- AGM attendance	690	595
	42,426	**45,929**

18. KEY MANAGEMENT PERSONNEL

Short-term employee benefits	311,061	138,833
Post-employment benefits	2,774	-
Share-based payments	88,600	-
Total compensation	**402,435**	**138,833**

Detail's of related party payables can be found in Note 13.

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 Pty Ltd**	Australia	Ord	100	100	4,024,341	4,024,341
Australian Phytochemicals Pty Ltd**	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	8,061,250	600,000
Annapanna Pty Ltd***	Australia	Ord	100	-	445,000	-

* Cost before provisioning. Refer to Note 10 for further investment disclosures.
** Dormant entities
*** Human health – CHR diagnostic development

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, cash, investments and short-term deposits.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign exchange risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring the levels of exposure to interest rates and assessments of market forecast for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts that are tabled and reviewed at each board meeting.

Risk exposures and responses

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's maximum exposures to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. The Group minimises concentrations of credit risk in relation to trade receivables by having payment terms of 30 days and receivable balances are monitored on an ongoing basis with the result that the Group has currently never had an exposure to bad debts.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Term deposits are placed with major financial institutions to minimise the risk of default of counterparties.

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's funds held on term deposit. At the end of the reporting period the Group had the following mix of financial assets and liabilities exposed to interest rate risk:

	CONSOLIDATED	
	2015 $	2014 $
Financial assets		
Cash and cash equivalents	944,301	96,249

The Group's policy is to place funds on interest-bearing term deposit that are surplus to immediate requirements. The Group's interest rate exposure is reviewed near the maturity date of term deposits, to assess whether more attractive rates are available without increasing risk. The following sensitivity analysis is based on the interest rate exposures in existence at the end of the reporting period:

At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax loss and equity would have been affected as follows:

	Post tax loss Higher/ (lower)		Equity Higher/ (lower)	
	2015 $	2014 $	2015 $	2014 $
Consolidated				
+ 1% (100 basis points)	9,443	2,537	(9,443)	(2,537)
- 0.5 % (50 points)	(4,722)	(1,903)	4,722	1,903

The movements in losses are due to higher/ (lower) interest income from cash balances. There is no impact on equity other than impact on accumulated losses.

Liquidity risk

The Group's objective is to maintain sufficient funds to finance its current operations and additional funds to ensure its long-term survival. The Group has no finance facilities in place and therefore it is currently dependent on capital raisings and government tax incentives for short term survival. Refer to note 16 for further details.

Foreign Currency Risk

The Group is exposed to fluctuations in foreign currencies on purchases of goods in currencies other than the Group's functional currency. The group manages the risk by monitoring the level of exposure to foreign currency transactions and limiting where possible.

Fair value

The carrying amount of all recognised financial assets and financial liabilities is considered a reasonable approximation of their fair value due to their short term nature.

21. CONTINGENT LIABILITIES

Other than disclosed in note 11, there were no known contingent liabilities as at 30 June 2015.

22. SHARE-BASED PAYMENT PLANS

Recognised share-based payment expenses

a. The expense recognised for employee services received during the year is shown below.

	CONSOLIDATED	
	2015 $	2014 $
Expense arising from equity-settled share-based payment transactions	-	-

b. The cost recognised for consulting services rendered during the year.

	2015 $	2014 $
25,000,000 shares issued to Heartlink for exercise of option	-	50,000
125,000,000 shares issued to Heartlink for exercise of option	-	250,000
150,000,000 shares issued to Invatec for exercise of option	-	300,000
150,000 shares issued to C Indermaur	45,000	
493,100 shares issued to S Pearce	147,930	
250,000 options ex at $0.30 issued to J Campbell	43,600	-
1,000,000 options ex at $0.30 issued to SEK Investments Limited	174,400	-
1,500,000 options ex at $0.30 issued to Ausepen Pty Ltd	261,600	-
TOTAL SHARE-BASED PAYMENTS	**672,530**	**600,000**

Option pricing model

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2015.

	Black-Scholes
Dividend yield (%)	0.00%
Expected volatility (%)	200%
Risk-free interest rate (%)	2.634%
Expected life of options (years)	2
Option exercise price ($)	$0.30
Weighted average share price at measurement date (post-consolidation prices)	$0.30

The reserve records items recognised as expenses on valuation of options.

23. PARENT ENTITY INFORMATION

	2014 $	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	-
Retained earnings	(41,821,642)	(34,446,878)
Total equity	**9,751,847**	**2,804,099**
Contingent liabilities	-	-
Capital and other expenditure commitments not provided for in the financial statements	-	3,000

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

Apart from the matters set out below, there are no matters or circumstances that have arisen since the end of the financial year that have had significantly affected either:

- the Group's operations in financial year 2015; or
- future prospects.

The key post balance date event is the issue of 7,730,087 shares at $0.40 to raise $3,092,035 on 8 September 2015.

DIRECTORS' DECLARATION

1. In the opinion of the directors:

   a. the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the Company are in accordance with the *Corporations Act 2001* including:

      i. giving a true and fair view of the of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

      ii. complying with Accounting Standards and Corporations Regulations 2001,

   b. on the basis of those outlined in note 16, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

   c. the financial statements and notes to the financial statements are prepared in compliance with International Financial Reporting Standards as made by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2015.

On behalf of the Board

Chris Indermaur
Chairman

30th September 2015
Sydney NSW

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDIBIO LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report comprising of Medibio Limited (the Company) and the entities it controlled at year's end or from time to time during the financial year (the Group). The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001

CHARTERED ACCOUNTANTS
& ADVISORS

Level 21, 307 Queen Street
Brisbane QLD 4000

GPO Box 563
Brisbane QLD 4001

Telephone: +61 7 3229 5100

williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDIBIO LIMITED AND CONTROLLED ENTITIES

Auditor's Opinion
In our opinion:

a. the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter regarding Going Concern

Without modifying our opinion, we draw attention to Note 16(c) in the financial report which indicates that the Group incurred losses of $7,921,702 (2014: $428,332), the group's current liabilities exceeded its current assets by $1,391,403 (2014:$1,693,507) and cash outflows from operations of $1,515,083 (2014: $611,257). These conditions, along with other matters set forth in Note 16(c) indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 35 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion, the Remuneration Report of Medibio Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Medibio Limited for the year ended 30 June 2015 included on Medibio Limited's web site. The company's directors are responsible for the integrity of the Medibio Limited's web site. We have not been engaged to report on the integrity of the Medibio Limited's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

William Buck (Qld)
ABN 11 603 627 400

M. Ayoob
A Member of the Firm

Dated this 30th day of September, 2015

CHARTERED ACCOUNTANTS
& ADVISORS

Level 21, 307 Queen Street
Brisbane QLD 4000

GPO Box 563
Brisbane QLD 4001

Telephone: +61 7 3229 5100

williambuck.com

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 23 September 2015.

b. Distribution of equity securities

The numbers of shareholders, by size of holding, in each class of share are:

	ORDINARY SHARES	
	No. of Holders	No. of Shares
1 – 1,000	1,910	488,883
1,001 – 5,000	626	1,566,847
5,001 – 10,000	188	1,473,329
10,001 – 100,000	324	11,414,045
100,001 and over	98	83,278,243
	3,146	**98,221,347**
The number of shareholders holding less than a marketable parcel of shares of 1,137 shares are:	1,959	541,924

c. Twenty largest shareholders – ordinary shares quoted on ASX

The names of the twenty largest holders of quoted shares are:

		Number of Shares Held	% Held
1	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	7,355,839	9.90
2	Carakho Holdings Pty Ltd <KFG Family A/C>	3,675,220	4.95
3	Moneybung Pty Ltd <Moneybung Family A/C>	3,060,000	4.12
4	Pitt Street Absolute Return	3,040,500	4.09
5	Samma-Vayama Pty Ltd <The Pannia A/C>	2,300,000	3.10
6	UBS Nominees Pty Ltd	2,127,588	2.86
7	Jutland Nominees Pty Ltd <Robert Brown Family A/C>	1,666,667	2.24
8	Mining Investments Limited	1,600,000	2.15
9	Bond Street Custodians Limited <MMO - V88634 A/C>	1,548,337	2.08
10	Kafta Enterprises Pty Ltd <Fayad Settlement A/C>	1,469,541	1.98
11	National Nominees Limited	1,353,504	1.82
12	Ms Diane Phyllis Sherwood	1,092,159	1.47
13	Bernard Laverty Pty Ltd	1,039,660	1.40
14	Australian Associated Finance Pty Ltd	1,000,000	1.35
15	Bond Street Custodians Limited <MMO - V23726 A/C>	1,000,000	1.35
16	Mr Brady Peter Scanlon	894,191	1.20
17	LQ Super Pty Ltd <LQ Superfund A/C>	893,589	1.20
18	Freeman Road Pty Ltd <THE AVENUE A/C>	870,000	1.17
19	Mr Neil Thompson	842,248	1.13
20	Bond Street Custodians Limited <MMO - V19656 A/C>	833,334	1.12
		37,662,377	**50.68**

d. Options

There are 21,530,009 options currently on issue. This consists of 14,863,342 Options held by 9 option holders expiring 1 April 2018 and exercisable on the payment of $0.10 and 6,666,667 Options held by 16 option holders expiring 1 April 2017 and exercisable on the payment of $0.30. All options are unlisted

e. Unquoted Securities

There are 23,929,979 ordinary shares in 2 holdings subject to escrow (unquoted securities) until 01 April 2016.

f. Voting Rights

All ordinary shares carry one vote per share without restriction.

g. Substantial shareholders

The following shareholders have notified the company as being substantial holders in the Company:

Name	Number	Percentage
Mr Claude Solitario	12,580,664	12.81
Dr Stephen Addis	12,318,734	12.55
Kris Knauer and associated entities	6,440,541	6.56

CORPORATE DIRECTORY

ABN 58 008 130 336

This annual report covers Medibio Limited as a group comprising Medibio Limited and its subsidiaries. The Group's functional and presentation currency is AUD ($).

Directors

C Indermaur	Chairman
K Knauer	Executive Director
J Campbell	Non-executive Director

Company Secretary
R Lees

Registered Office
Suite 605, 50 Clarence Street
Sydney NSW 2000

Telephone:	+61 2 9299 9580
Facsimile:	+61 2 9299 9501

Legal Advisers
HopgoodGanim Lawyers
Level 8, Waterfront Place
1 Eagle Street
Brisbane, QLD, 4000

Watermark Intellectual Asset Management
Level 2, 302 Burwood Road
Hawthorn VIC 3122

Bankers
Westpac Banking Corporation

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

Home Exchange
Australian Securities Exchange
Exchange Plaza, 2 The Esplanade
Perth WA 6000

Internet Address
www.Medibio.com.au

Share Registry
Computershare Investor Services Pty Limited
117 Victoria Street
West End, QLD 4101

Telephone:	1300 850 505
Facsimile:	(03) 9473 2500

Medibio Limited

ABN : 58 008 130 336