

Medibio Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity: Medibio Limited
ABN: 58 008 130 336
Reporting period: For the year ended 30 June 2019
Previous period: For the year ended 30 June 2018

2. Results for announcement to the market

					\$'000
Revenues from ordinary activities	up	78%	to		365
Profit from ordinary activities after tax attributable to the owners of Medibio Limited	down	60%	to		(6,587)
Profit for the year attributable to the owners of Medibio Limited	down	60%	to		(6,596)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$6,587,039 (30 June 2018: \$16,300,382).

The Company increased sales revenue by 78% over the previous financial year and made significant personnel changes to bring the staff from 40 to 10 full time positions as of August 2019. This was accomplished by outsourcing specific parts of the programming work to technology vendors, thereby allowing the company to hire the specific skills needed for product development. These actions, combined with other cost-saving measures, allowed the Company to reduce the year-to-year loss.

Subsequent to the end of the year the Group completed capital raisings amounting to \$4.7 million (before costs) via the completion of two Share Placements in conjunction with a Share Purchase Plan offer to existing shareholders. As part of these capital raising initiatives the Convertible Noteholders agreed to early convert their Convertible Notes and as such as at the date of this report the Company had no liabilities in relation to these Convertible Notes.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(1.23)</u>	<u>1.40</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Name of entities (or group of entities) Re Gen Wellness Products Pty Ltd
Date control lost 19 December 2018

\$'000

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material) -

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material) -

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial report is in the process of being audited.

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

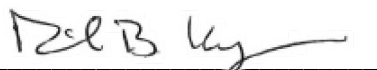
11. Attachments

Details of attachments (if any):

The Preliminary Report of Medibio Limited for the year ended 30 June 2019 is attached.

12. Signed

Signed



Date: 30 August 2019

David B. Kaysen
Chairman, Managing Director and CEO

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Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	CONSOLIDATED	
		2019	2018
		\$	\$
Sales	2	364,628	204,878
Contract milestone achievement		-	226,000
Other income		3,767,663	2,169,714
Revenue		4,132,291	2,600,592
Cost of sales		(226,092)	(75,669)
Gross profit		3,906,199	2,524,923
Amortisation		-	(1,329,461)
Employee costs		(4,535,179)	(7,090,378)
Finance costs		(13,928)	(8,139)
Research and development expenses		(394,906)	(3,255,245)
Other expenses		(5,549,225)	(7,142,082)
Loss before income tax		(6,587,039)	(16,300,382)
Income tax benefit		-	-
Loss attributable to members of Medibio Limited		(6,587,039)	(16,300,382)
Other comprehensive income			
- items that may be reclassified to profit or loss			
Foreign currency translations		(9,902)	(132,274)
Total other comprehensive income for the period net of tax		(9,902)	(132,274)
Total comprehensive income attributable to members of Medibio		(6,596,941)	(16,432,656)
Basic earnings per share (cents per share)		(3.0)	(8.8)
Diluted earnings per share (cents per share)		(3.0)	(8.8)

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 2019

	Note	CONSOLIDATED	
		2019	2018
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		1,333,090	6,123,187
Trade and other receivables		14,874	1,669,026
Other current assets		184,054	93,954
Total Current Assets		1,532,018	7,886,167
Non-current Assets			
Other assets		107,228	111,186
Intangible assets	3	11,664,252	10,757,785
Goodwill	3	-	309,100
Total Non-current Assets		11,771,480	11,178,071
TOTAL ASSETS		13,303,498	19,064,238
LIABILITIES			
Current Liabilities			
Trade and other payables	4	1,808,382	3,969,225
Convertible Notes		2,753,331	-
Borrowings		-	120,000
Employee liabilities		137,315	988,525
Total Current Liabilities		4,699,028	5,077,750
TOTAL LIABILITIES		4,699,028	5,077,750
NET ASSETS		8,604,470	13,986,488
EQUITY			
Issued capital	5	84,424,838	83,642,250
Reserves		4,678,933	4,256,500
Accumulated losses		(80,499,301)	(73,912,262)
TOTAL EQUITY		8,604,470	13,986,488

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 2019

	Issued Capital \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Share Based Payments Reserve \$	Total Equity \$
At 1 July 2017	68,999,845	-	(58,071,851)	2,386,086	13,314,080
Comprehensive income					
Loss for the period	-	-	(16,300,382)	-	(16,300,382)
Other comprehensive income	-	(132,274)	-	-	(132,274)
Total comprehensive income	-	(132,274)	(16,300,382)	-	(16,432,656)
Transactions with owners					
Shares issued	16,314,739	-	-	-	16,314,739
Share options issued	-	-	-	2,462,659	2,462,659
Transfers from reserve to accumulated losses	-	-	459,971	(459,971)	-
Share issue costs	(1,672,334)	-	-	-	(1,672,334)
Total transactions with owners	14,642,405	-	459,971	2,002,688	17,105,064
At 30 June 2018	83,642,250	(132,274)	(73,912,262)	4,388,774	13,986,488
At 1 July 2018	83,642,250	(132,274)	(73,912,262)	4,388,774	13,986,488
Comprehensive income					
Loss for the period	-	-	(6,587,039)	-	(6,587,039)
Other comprehensive income	-	(9,902)	-	-	(9,902)
Total comprehensive income	-	(9,902)	(6,587,039)	-	(6,596,941)
Transactions with owners					
FX Translation	-	-	-	46,880	46,880
Shares issued	923,465	-	-	-	923,465
Share options issued	-	-	-	385,455	385,455
Share issue costs	(140,877)	-	-	-	(140,877)
Total transactions with owners	782,588	-	-	432,335	1,214,923
At 30 June 2019	84,424,838	(142,176)	(80,499,301)	4,821,109	8,604,470

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 2019

	CONSOLIDATED	
	2019	2018
	\$	\$
Cash flows from operating activities		
Receipts from operations	522,610	111,716
Contract milestone achievement	-	226,000
R&D grants received	3,174,335	3,294,498
Payments to suppliers and employees	(10,526,795)	(15,900,614)
Net cash flows used in operating activities	(6,829,850)	(12,268,400)
Cash flows from investing activities		
Interest received	54,013	85,394
Payments for intangible assets	(1,139,044)	-
Deposits (net)	-	(85,009)
Acquisition of Vital Conversations	-	(400,000)
Net cash flows provided by (used in) investing activities	(1,085,031)	(399,615.00)
Cash flows from financing activities		
Proceeds from issues of shares and options	923,465	14,845,190
Proceeds from issues of convertible notes	2,342,200	-
Transaction costs of issuances	(140,877)	(1,051,540)
Repayment of borrowings	-	(12,500)
Interest Paid	(4)	-
Net cash flows from financing activities	3,124,784	13,781,150
Net increase in cash and cash equivalents	(4,790,097)	1,113,135
Cash and cash equivalents at beginning of the year	6,123,187	5,010,052
Cash and cash equivalents at end of the year	1,333,090	6,123,187

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

Notes to the financial statements:

1. Significant Accounting Policies

This preliminary financial report has been prepared in accordance with International Financial Reporting Standards, other authoritative pronouncements and Interpretations of the Australian Standards Board and the Corporations Act 2001.

This preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2018 and any public announcements made by Medibio Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year end.

2. Sales

Revenue of \$365,000 was generated by the Corporate Health Division for the financial year ending 30 June comprised of corporate psychology business consulting services (\$280,000 - Training, Coaching, EAP, Workplace Strategy & Change etc) and commercial sales for Medibio's corporate well-being product, ilumen™ (\$85,000). As of March 2019, Medibio reorganised the Corporate Health Division outsourcing its psychology services to Alta Psychology. Therefore there will be no psychology consulting services revenue in the coming year. We expect further ilumen™ revenue however it is difficult to predict in these early days of commercialisation of a new technology.

3. Intangibles and Goodwill

INTANGIBLES & GOODWILL

	CONSOLIDATED	
	2019	2018
	\$	\$
ilumen Application Development		
At cost	541,616	-
Net carrying amount	541,616	-
MEB-001 Application Development		
At cost	549,255	-
Net carrying amount	549,255	-
Development Costs		
At cost	2,963,071	2,782,317
Additions	20,349	183,200
Foreign currency changes to asset cost	27,895	19,192
Derecognised	(232,578)	-
Accumulated amortisation	-	(21,567)
Net carrying amount	2,778,737	2,963,142
Data files		
At cost	7,794,643	7,794,643
Net carrying amount	7,794,643	7,794,643
Goodwill		
At cost	444,999	444,999
Acquisition of Vital Conversations Pty Ltd	309,100	309,100
Accumulated impairment losses	(754,099)	(444,999)
Net carrying amount	-	309,100

Reconciliation of carrying amount

Net carrying amount at beginning of year	11,066,885	11,884,855
Additions	1,111,220	492,300
Foreign currency changes to asset cost	27,825	19,192
Derecognition	(541,678)	-
Amortisation	-	(1,329,462)
Net carrying amount	11,664,252	11,066,885

Ilumen™ Application Development

Multiple pilot programs were launched during the financial year, each of which provided valuable data to the users and to the Company as it worked to improve the application before the full commercial launch. The application has met technological feasibility and other AASB requirements for capitalisation of costs incurred, which include compensation costs incurred for both Company developers and external tech vendors.

MEB-001 System Development

Costs incurred in the development of the MEB-001 System Development and associated De Novo 510K (FDA) submission are being capitalised as they have met the requirements of the AASB 138 for intangible assets, including technological feasibility and demonstrated market need. The Company has acquired and committed resources to continued improvements to the application that supports research and development needed to successfully file a De Novo submission.

The core of this technology will be driven by capturing specific data from physician-prescribed overnight inpatient sleep studies. This high-quality output, when run through our proprietary algorithms, will provide a physician with objective data to better assess patients' depressive burden. The physician can use this objective data to compare to validated subjective data collected as part of the sleep study from the patient.

Development Costs

Certain historical algorithm and diagnostic system development costs incurred have been capitalised.

Data files

Consists of all the data collected by Invatec Health Pty Ltd including 24-hour ECG data and corresponding diagnosis.

Goodwill

The financial year 2018 addition related to the acquisition of Vital Conversations Pty Ltd in April 2018. The revenue generated by this business segment in particular the psychology consulting services have fallen short of expectations, and the related goodwill of \$309,100 has been adjusted to reflect the impairment and its effect on expected future returns. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

4. 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.

TRADE AND OTHER PAYABLES – CURRENT

CONSOLIDATED

	2019	2018
	\$	\$
Trade payables	1,011,300	1,235,393
Other creditors and accruals	797,082	2,733,832
Total	1,808,382	3,969,225

Terms and conditions relating to the above financial instruments

- i. Trade creditors are carried at amortised cost, are non-interest bearing and normally settled on 30-day terms.
- ii. Other creditors are carried at amortised cost, are non-interest bearing and have repayment terms between 30 and 330 days or longer.

5. Issued Capital

ISSUED CAPITAL

	2019	2018		2019	2018
	\$	\$		\$	\$
a. Issued and paid up capital					
Ordinary shares issued and fully paid	84,424,838	83,642,250			
b. Movements in shares on issue					
	2019	2018		2019	2018
				\$	\$
Beginning of the financial year	202,628,271	148,718,619		83,642,250	68,999,845
Issued during the year:					
Consultant/director/employee payments	-	329,803		-	101,077
Consultant/director/employee payments	-	1,648,136		-	555,088
Option exercise	-	5,500,000		-	550,000
Issue of shares to investors	-	38,736,640		-	13,945,190
Option exercise	-	3,000,000		-	300,000
Employee payment	-	1,974,297		-	675,622
Option exercise	-	500,000		-	50,000
Consultant/director/employee payments	-	1,836,512		-	45,462
Acquisition	-	384,264		-	92,300
Entitlement Issue	46,173,228	-		923,465	
Less: share issue costs	-	-		(140,877)	(1,672,334)
End of the financial year	248,801,499	202,628,271		84,424,838	83,642,250

Other Information:

	2019	2018
	\$	\$
Partly paid shares	4,650,000	4,650,000

On 5 April 2017, the Company announced it had entered into binding agreements with the holders of 4,650,000 options exercisable at \$0.30, which expired on 1 April 2017. These Agreements were presented to each option holder to exchange the options to Partly Paid Shares. Under the agreements the Company exchanged each unexercised relevant option into a partly paid share with an expected paid-up capital of \$0.30 per share subject to ASX review and Shareholder approval. ASX, upon review, indicated to the Company that the Partly Paid Shareholders should pay at least \$0.01 per share with a balance owed of \$0.29 per share. At an Extraordinary Shareholder meeting held in September of 2017 the Shareholders approved payment of \$0.01 per share by the Partly Paid Shareholders with a balance of \$0.29. The company will be addressing this issue and will determine an appropriate course of action.

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