

**HALF-YEAR INFORMATION GIVEN TO THE ASX UNDER LISTING RULE
4.2A**

Name of entity

MEDIGARD LIMITED

ABN or equivalent reference #

49 090 003 044

Reporting Period

Half-year ended 31 December 2017

Previous corresponding period

Half-year ended 31 December 2016

The information contained in this report should be read in conjunction with the most recent annual financial report.

Contents	Item
Results for announcement to the market	1.
Net tangible assets per ordinary share	2.

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities	up	21% to	\$ 27,633
Profit (loss) from ordinary activities after Income tax	up	1129% to	\$ (504,288)
Net profit (loss) for the period attributable To members	up	1129% to	\$ (504,288)

Dividends per share

	Amount per share	Franked amount per Share
Final	0 cents	0 cents
Interim	0 cents	0 cents

It is intended that no dividends will be paid prior to the profitable commercialisation of Medigard's products.

Explanations

The company has not traded during the half-year ended 31 December 2017.

Income is from royalties on the sales of the Blood Collection Device and the return on invested capital. The company has been actively reviewing new technologies to add to its existing portfolio of medical devices.

2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA BACKING)

Current Period	Previous Corresponding Period
(0.005)	(0.008)



ABN 49 090 003 044

HALF-YEARLY FINANCIAL STATEMENTS

ENDED 31 DECEMBER 2017



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MEDIGARD LIMITED

ABN 49 090 003 044

Directors' Report

Your directors present their report on the company for the half-year ended 31 December 2017.

Directors

The names of persons who were directors of Medigard Limited during the half-year and up to the date of this report are:

C Bishop
D Channer
C Cameron
I Dixon – (appointed 21 November 2017)
P Boero (alternate for D Channer)

Review of Operations

A summary of the revenues and results are set out below:

	2017	2016
	\$	\$
Revenue / Income	27,633	79,781
Expenses	(531,921)	(120,989)
Profit before income tax	(504,288)	(41,208)
Income tax expense	-	-
Net profit after income tax	(504,288)	(41,208)

Comments on the operations and the results of those operations are set out below:

As previously advised, the royalties from the sales of the Blood Collection Device are slower than originally budgeted but are continuing to grow and we and Sol Millennium remain confident regarding the future sales.

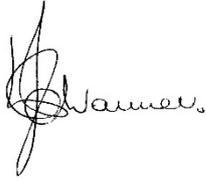
All existing patents have been maintained while the Company is actively reviewing a number of new technologies including next-generation needle product innovations that will complement the existing medical device portfolio and build future value in the Company.

A small placement and a successful share purchase plan raised some necessary capital to progress the growth of the Company.

Auditor's Independence Declaration

A copy of the independence declaration by the auditor under section 307C of the Corporations Act 2001 is included on page 5 to this half-year financial report.

This report is made in accordance with a resolution of the Board of Directors and is signed for on behalf of the directors by:

A handwritten signature in black ink, appearing to read "D. Channer", with a stylized initial "D" and a flourish at the end.

DONALD CHANNER
Director

Dated: 28 February 2018

MEDIGARD LIMITED
ABN 49 090 003 044
AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY A J WHYTE TO THE DIRECTORS OF MEDIGARD LIMITED

As lead auditor of Medigard Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to be 'A J Whyte', written over a circular scribble.

A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 28 February 2018

MEDIGARD LIMITED
ABN 49 090 003 044

Statement of Profit or Loss & Other Comprehensive Income
For the Half-Year Ended 31 December 2017

	Note	31 December 2017 \$	31 December 2016 \$
Revenue		27,633	22,795
Convertible Note Fair Value Movement	5	(139,776)	56,986
Depreciation and amortisation expenses		(9,133)	(9,289)
Finance costs		(50,505)	(16,595)
Other expenses	6	(332,507)	(95,105)
Profit/(loss) before income tax expense		(504,288)	(41,208)
Income tax expense		-	-
Net profit/(loss) for the half-year after income tax expense		(504,288)	(41,208)
Other comprehensive income		-	-
Total comprehensive income for half-year		(504,288)	(41,208)
		Cents	Cents
Basic earnings per share		(0.471)	(0.045)

The above Statement of Profit or Loss & Other Comprehensive Income should be read in conjunction with the accompanying notes.

MEDIGARD LIMITED
ABN 49 090 003 044

Statement of Financial Position
as at 31 December 2017

	31 December	30 June
	2017	2017
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	559,769	78,721
Trade and other receivables	18,544	50,880
Other current assets	55,659	5,953
TOTAL CURRENT ASSETS	633,972	135,554
NON-CURRENT ASSETS		
Property, Plant and Equipment	4,554	5,094
Intangible Assets	32,312	40,904
Other Non-Current Assets	10,560	10,560
TOTAL NON-CURRENT ASSETS	47,426	56,558
TOTAL ASSETS	681,398	192,112
CURRENT LIABILITIES		
Trade and Other Payables	62,659	79,258
Borrowings - Unsecured Loans (Related parties)	442,754	257,850
Borrowings - Convertible Note (Refer Note 5)	-	361,337
TOTAL CURRENT LIABILITIES	505,413	698,445
NON CURRENT LIABILITIES		
Borrowings - Convertible Note (Refer Note 5)	719,648	218,535
TOTAL NON CURRENT LIABILITIES	719,648	218,535
TOTAL LIABILITIES	1,225,061	916,980
NET ASSETS	(543,663)	(724,868)
EQUITY		
Issued Capital	5,639,052	4,953,560
Accumulated Losses	(6,182,715)	(5,678,428)
TOTAL EQUITY	(543,663)	(724,868)

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

MEDIGARD LIMITED
ABN 49 090 003 044

Statement of Cash Flows
For the Half-Year Ended 31 December 2017

	31 December	31 December
	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	55,899	18,039
Payments to suppliers and employees	(193,733)	(102,055)
Interest received	143	615
Interest & other costs of finance	(40,601)	
GST refunded	17,548	5,675
Net cash outflow from operating activities	(160,744)	(77,726)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of issue of shares	488,000	
Costs of share issue	(21,208)	
Proceeds of borrowings	175,000	-
Net cash inflow from financing activities	641,792	-
NET INCREASE (DECREASE) IN CASH HELD	481,048	(77,726)
Net cash at beginning of period	78,721	261,878
NET CASH AT END OF PERIOD	559,769	184,152

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

MEDIGARD LIMITED
ABN 49 090 003 044

Statement of Changes in Equity
For the Half-Year Ended 31 December 2017

	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2016	4,953,560	(5,555,738)	(602,178)
Profit (loss) for the half-year	-	(41,208)	(41,208)
Other comprehensive income	-	-	-
Total comprehensive income	-	(41,208)	(41,208)
At 31 December 2016	4,953,560	(5,596,946)	(643,386)
Balance at 1 July 2017	4,953,560	(5,678,427)	(724,867)
Comprehensive income			
Profit (loss) for the half-year	-	(504,288)	(504,288)
Other comprehensive income	-	-	-
Total comprehensive income	-	(504,288)	(504,288)
Transactions with owners, in their capacity as owners			
Shares issued during the year (Note 7)	706,700		706,700
Transaction costs	(21,208)		(21,208)
Total transactions with owners	685,492		685,492
Balance at 31 December 2017	5,639,052	(6,182,715)	(543,663)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

MEDIGARD LIMITED
ABN 49 090 003 044

Notes to the Financial Statements
For the Half-Year Ended 31 December 2017

Note 1. Basis of Preparation of Half-Year Financial Statements

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Company had net asset deficiency of \$543,663 and had net operating cash outflows of \$160,744 for the half year ended 31 December 2017. As at 31 December 2017 the Company has cash of \$559,769.

The ability of the Company to continue as a going concern is principally dependent upon one or more of the following:

- deriving future cash flows from royalty income from the sale of blood collection devices;
- continued support of Sol-Millennium Medical Products Co, Ltd as the holder of the convertible notes;
- capital raising as required for new projects;
- the successful commercialisation of the Company's products; and
- the continued support from a major shareholder and director.

These conditions give rise to material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

Notwithstanding the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis after having regard to the following matters:

- the Company continues to receive support from Sol-Millennium Medical Products Co, Ltd;
- the Company received royalties of \$28,475 during the half year; and
- the Company continues to receive support from a major shareholder and director.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Company not be able to achieve the matters set out above and thus be able to continue as a going concern. the ordinary course of business.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Medigard Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

Note 2. Segment Information

The company operates within Australia predominantly in one segment – the development of innovative medical instruments. Therefore, reports reviewed by the executive management committee do not differ from that of the company as a whole and no reportable segments exist.

Note 3. Contingent Liabilities and Contingent Assets

There are no known contingent liabilities or contingent assets as at reporting date.

Note 4. Events Subsequent to the end of the reporting period

There have been no events subsequent to the end of the reporting period.

Note 5. Fair Value Measurement**Convertible Notes**

- On 13 August 2014 Medigard Limited issued a convertible note for \$100,000
- On 6 January 2015 Medigard Limited issued a convertible note for \$200,000
- The term of the notes was 36 months with an interest rate of 8% compounding daily.
- The notes are unsecured and were redeemable 24 months after issue.
- The notes can be converted into shares at an issue price which is the lower of \$0.05 and a price equal to the 30 day VWAP of the shares provided this is not less than \$0.025.
- On 25 November 2016, debt funding plus accrued interest of \$225,992 was converted to Convertible Notes on the same terms and conditions as the existing Convertible Notes with a maturity date of 6 January 2019
- On 30 October 2017 Deeds of Variation were executed for the \$100,000 and \$200,000 convertible notes. These Convertible Notes will accrue no interest from 1 September 2017 until the amended maturity date of 6 January 2019.
- The convertible notes are considered to be at level 3 of the Fair Value hierarchy defined in AASB13. Level 3 inputs are generally unobservable inputs for the valuation of the asset or liability.

Valuation Technique

- The value of the convertible notes was determined as the sum of the debt and option components using standard debt valuation techniques and the Black Scholes option pricing model respectively.
- Key inputs to the valuation include:
 - A debt yield of 19.28%
 - Share price at 31 December 2017 \$0.03
 - Volatility of 150%
 - Risk free rate of 1.86%

Fair Value Movement

- During the period a fair value loss was recorded of \$139,776 based on a valuation of the Note at 31 December 2017.

Sensitivity to Valuation inputs

- Sensitivity of unobservable inputs are as follows:
 - Volatility
 - A 25% increase in volatility would increase the fair value by \$54,648
 - A 25% decrease in volatility would decrease the fair value by \$42,877
 - Debt yield

- A 25% increase in the debt yield would decrease the fair value by \$23,634
- A 25% decrease in the debt yield would increase the fair value by \$24,869

Note 6. Other Expenses

	31 December 2017	31 December 2016
	\$	\$
Consulting fees	(157,950)	-
Directors fees and salaries	(79,015)	-
Other expenses	(95,542)	(95,105)
Total other expenses	(332,507)	(95,105)

Note 7. Equity Movement Reconciliation

	For the half year ended 31 Dec 2017		For the year ended 30 Jun 2017	
	Number of shares	\$	Number of shares	\$
Movements in ordinary fully paid shares on issue				
Balance at the beginning of the period	91,007,472	4,953,560	91,007,472	4,953,560
Issue of shares in the period:				
Equity Raising (a)	7,142,857	125,000	-	-
Share Purchase Plan (b)	-	363,000	-	-
In lieu of salary and fees	9,000,000	218,700	-	-
Transaction costs on shares	-	(21,208)	-	-
Balance at the end of the	107,150,329	5,639,052	91,007,472	4,953,560

- On 23 November 2017 the company announced a placement to issue shares at \$0.0175 per share. A total of \$125,000 was received for the issue of 7,142,857 shares
- On 8 December 2017 a Share Purchase Plan to raise capital at \$0.02 per share was announced. The offer closed on 22 December 2017 but 18,150,000 shares were not allotted until January 2018.

MEDIGARD LIMITED
ABN 49 090 003 044

Director's Declaration

The directors of the company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, and
 - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the directors by:

A handwritten signature in black ink, appearing to read 'Donald Channer', written over a horizontal line.

DONALD CHANNER
Director

Dated 28 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Medigard limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Medigard limited (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the company's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd



Anthony J Whyte
Director

Brisbane, 28 February 2018