



Annual Report
2018

CONTENTS

Chairman's Letter to Shareholders	4
Review of Operations	5
Corporate Governance Statement	5
Patent information	6
Shareholder information	9
Financial Statements	
Directors' Report	10
Declaration of Independence	20
Statement of Profit or Loss and Other Comprehensive Income	21
Statement of Financial Position	22
Statement of Cash Flows	23
Statement of Changes in Equity	24
Notes to Financial Statements	25
Directors' Declaration	43
Independent Auditor's Report	44
Corporate Directory	48

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

Earlier this year, we announced that Medigard had signed a commercial agreement with Bio-Link Australia Pty Ltd to assist Medigard with a new Technology Management and Commercialisation Program, to identify, manage and commercialise new products to augment our existing syringe technology.

The objective of this Program was to seek a small number of new and worthwhile pre-clinical projects that could be taken into clinical trial relatively quickly, without spending large amounts of money. The overall aim is to grow shareholder value in Medigard across a wider portfolio of medical technologies, building on Medigard's foundations as an innovator in medical products that help patients and treating professionals.

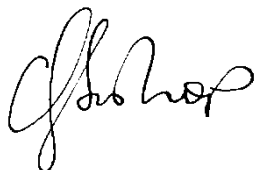
The Board of Medigard were particularly interested in projects that were (i) ready to progress into clinical trials without further research, (ii) already had supporting animal data and patents/patent applications in place and (iii) had a simple yet powerful story. Medigard's strategy is to invest carefully in one or two such projects with the aim of bringing the new technology through Phase I/II clinical trials towards a partnership deal with a pharmaceutical company before the commencement of more expensive phase III trials.

In the four months to the end of September, Bio-Link, Executive Director Dr Ian Dixon and Dr Jim Palmer (as a consultant to Medigard) have assessed over seventy projects at different stages of the typical development pathway. Two exciting projects, fitting the Board's criteria, have been determined to be of particular merit and negotiations are presently underway to secure access to either one or both of these projects. At the time of my writing, these have yet to be resolved, but hopefully by the day of the Annual General Meeting we may have made some progress and Dr Ian Dixon will be able to provide you with further information.

In the meantime, the Company's arrangement for Sol Millennium Medical Products Co. to develop and market the Company's blood collection device continues. However, in the face of ongoing cost pressures in the health care system worldwide, sales of the device continue to be modest.

I would again like to thank you for your patience while Medigard works towards identifying new technologies to augment our existing syringe technology and attracting investors to support the development of these new technologies.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Chris Bishop', with a stylized, cursive script.

Chris Bishop

REVIEW OF OPERATIONS

Year in Review

The major focus of the past year has been the development, and execution, of our new Technology Management and Commercialisation Program, to identify new technologies and products that can augment our existing syringe technology.

Patents

All granted patents have been maintained and a patent for the Blood Flash Needle was granted in Canada.

Financial Performance

The Company's cash operating costs have been kept to a minimum and the non-executive Directors and Company Secretary have not received any cash payment for their services.

Our financial performance this year has seen a net loss of \$614,648 compared to a loss of \$122,690 in the previous year. Included in the loss was employee benefits expense of \$358,700 including the non-cash value of shares issued to Directors, officers and consultants of \$218,700. Also included were a fair-value loss on the Convertible Notes of \$30,597 (2017: gain of \$121,673), patent applications and maintenance costs of \$74,401 (2017: \$77,096) and the royalty payments received for the Blood Collection Device of \$35,460 (2017: \$64,276).

The Year Ahead

In the coming year, Medigard will focus on gaining rights to and progressing one or two new pre-clinical projects into clinical trial as quickly as possible, without spending large amounts of money, with the overall aim of increasing Medigard's portfolio of medical technologies, building on Medigard's foundations as an innovator in medical products that help patients and treating professionals.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement, prepared in accordance with the third edition of Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council can be found at: http://www.medigard.com.au/corporate_governance

PATENTS

Family Group 3

Australian patent application No. 2004900310 entitled “Improvements to Blood Collection Device” with a Priority Date of 23rd January 2004 in the name of Medigard Ltd.

This patent application relates to a blood collection device incorporating a syringe element and a vacuum tube for retracting the needle.

PCT/AU2005/000063

This application was completed on 21 January 2005. A Worldwide Patent Co-operation Treaty (PCT) application for the Improvements to a Blood Collection Device was lodged on 21st January 2005.

An International Report received on this patent was favorable and considers 9 of the 10 claims to be novel, inventive and all of the claims to have industrial applicability.

This device entered the National Phase on the 21st July 2006 in the following countries:-

Australia	2005207079
Canada	2552971
United States	10/587139
Europe	05700095-2
Japan	2006-549781

Number	Country	Status
2005207079	Australia	Granted 11/09/2008
7544169	United States	Granted 09/06/2009
4653118	Japan	Granted 24/12/2010
2552971	Canada	Granted 20/08/2013
1706032	Europe – validated in Austria, Belgium, Bulgaria, Switzerland, Cyprus, Czech Republic, Germany, Denmark, Spain, Finland, France, United Kingdom, Greece, Hungary, Ireland, Iceland, Italy, Lithuania, Netherlands, Poland, Portugal, Romania, Sweden, Slovenia, Slovakia, Turkey	Granted 08/01/2014

Family Group 9

Australian patent application No 2006901267 entitled “A Needle Containing Medical Device with Variable Locking to Needle Holder” with a Priority Date of 13th March 2006 in the name of Medigard Limited.

This patent relates to a disposable single use syringe which includes a needle attachment member and a plunger incorporating a piston. This piston is able to incrementally engage to the needle member so it can be retracted into the interior of the plunger by vacuum.

PCT/AU2007/000299

This application was completed on 9th March 2007. A Worldwide Patent Co-operation Treaty (PCT) application for “A Needle Containing Medical Device with Variable Locking to Needle Holder” was lodged on 9th March 2007.

This device entered National Phase on 13th Sep 2008 in the following Countries:-

Australia	2007225005
Canada	2642894
United States	12/293024
Europe	07718556.9
Japan	2008-558591
India	8397/DELNP/2008
China	200780008994.X
South Africa	2008/08532

Number	Country	Status
2008/08532	South Africa	Granted 30/12/2009
8034024	United States	Granted 11/10/2011
2007225005	Australia	Granted 08/12/2011
ZL201010598997.7	China	Granted 31/10/2012
5149817	Japan	Granted 07/12/2012
2642894	Canada	Granted 16/09/2014
282017	India	Granted 29/03/2017

Family Group 11

Australian patent application No. 2008903652 entitled “A Retractable Syringe” with a priority Date of 17th July 2008 in the name of Medigard Limited.

This patent relates to a disposable single use syringe with a fixed needle and is retracted automatically by vacuum when activated; this device also has an auto needle cap ejector.

PCT/AU2009/000918

This application was completed on the 17th July 2009. A worldwide Patent Co-operation Treaty (PCT) application for “A Retractable Syringe” was lodged on 17th July 2009.

This device entered National Phase on 17th January 2011 in the following Countries:-

Australia	2009270343
Canada	2731117
United States	13/054534
Europe	09797278.0
Japan	2011-527909
India	1114/DELNP/2011
China	200980133512.2
South Africa	2011/01094

Number	Country	Status
2011/01094	South Africa	Granted 25/04/2012
ZL200980133512.2	China	Granted 24/04/2013
2009270343	Australia	Granted 17/01/2014
13/054534	United States	Granted 21/01/2014
5599394	Japan	Granted 22/08/2014
2731117	Canada	Granted 28/06/2016

Family Group 12

Australian patent application No. 2009905146 entitled “Blood Flash Needle” with a Priority Date of 22nd October 2009 in the name of Medigard Limited.

This patent relates to a device for drawing fluid from a lumen. In particular, the present invention relates to a device for drawing blood from a blood vessel.

This device allows for visual observation of fluid (for instance, blood) which confirms the needle tip is correctly positioned.

PCT/AU2010/001334

This application was completed on the 11th October 2010. A worldwide Patent Co-operation Treaty (PCT) application for a “Blood Flash” was lodged on 11th October 2010.

This Device entered National Phase on 22nd April 2012 in the following Countries

Australia	2010310866
Canada	2778394
United States	13/503571
Europe	10824295.9
Japan	2012-534494
India	3670/DELNP/2012
China	201080054026.4
South Africa	2012/03001

Number	Country	Status
2010310866	Australia	Granted 05/12/2013
2012/03001	South Africa	Granted 26/06/2013
10824295.9	Europe – validated in France, Germany, Italy, Netherlands, Poland, Portugal, Spain, Sweden	Granted 07/05/2014
2L201080054026.4	China	Granted 24/12/2014
5684270	Japan	Granted 23/01/2015
9615782	United States	Granted 11/04/2017
2778394	Canada	Granted 02/01/2018

SHAREHOLDER INFORMATION

Number of holders of Equity Securities

135,300,327 ordinary fully paid quoted ordinary shares are held by 665 individual shareholders. All issued ordinary shares carry one vote per share and the right to dividends.

Distribution of holders of ordinary shares and unlisted options

Holding ranges	Ordinary shares		Unlisted options *		Unlisted options *	
			\$0.10 expiring 31/7/2023		\$0.20 expiring 31/7/2023	
	Holders	Units	Holders	Units	Holders	Units
1 - 1,000	28	5,116	-	-	-	-
1001 - 5000	58	204,224	-	-	-	-
5,001 - 10,000	125	1,132,689	-	-	-	-
10,001 - 100,000	321	11,827,034	-	-	-	-
100,001 and over	133	122,131,264	1	40,000,000	1	40,000,000
Total	665	135,300,327	1	40,000,000	1	40,000,000

*Unlisted options are held by the nominee of Executive Director Dr Ian Dixon.

Unmarketable Parcels

Based on the 15.10.18 closing price of \$0.022 per share, there were 331 unmarketable parcels. An unmarketable parcel is one of 22,727 or fewer shares.

Twenty largest holders of Ordinary Shares

Holder Name	Balance as at 15 Oct. 2018	
	Units	%
Donald Julian Channer	30,546,263	22.58%
Robin J Bishop & Christopher J Bishop <Bishop Family Super Fund A/C>	5,214,285	3.85%
Sun Sea Pty Ltd	4,566,004	3.37%
Mr Warner Lamb & Mrs Aily Lamb <Lamb Superfund A/C>	4,200,000	3.10%
Ganbaru Pty Ltd <The Parrish Super Fund A/C>	3,767,004	2.78%
Allop Pty Ltd <Alan Porter Family A/C>	3,607,143	2.67%
Woodwright Services Pty Ltd <PMB Family A/C>	3,500,000	2.59%
Mr Robert William Higham & Mrs Rhonda Catherine Higham <Higham Family S/F A/C>	3,200,000	2.37%
Montezuma Pty Ltd <Prometheus A/C>	2,857,143	2.11%
Mr Richard Lutkajtis <Richards Roofing Service A/C>	2,127,734	1.57%
RHC Superfund Pty Ltd <RHC Superannuation Fund A/C>	1,553,575	1.15%
3DI Design Pty Ltd <Aarc Investment A/C>	1,500,000	1.11%
Mr Robert Krakowiak	1,500,000	1.11%
Joanne Hook	1,428,571	1.06%
Mrs Patricia Mary Boero & Mr John Anthony Boero <PMB Superannuation Fund A/C>	1,428,571	1.06%
Helium Management Pty Ltd <Helium Super Fund A/C>	1,428,571	1.06%
Mr Matthew Simon Anthony Kelly	1,400,000	1.03%
Mr Gary Brian Stone & Mrs Janis Ann Stone	1,370,000	1.01%
Mr Stephen Lyons	1,299,066	0.96%
Mr Philip Bickley Callard	1,295,684	0.96%
Totals for Top 20	77,789,614	57.50%
TOTAL SHARES	135,300,327	100.00%

DIRECTORS' REPORT

Your Directors present their report on the company for the financial year ended 30 June 2018.

DIRECTORS

The names of Directors in office at any time during or since the end of the year are:

Christopher J Bishop
Donald J Channer
Craig Cameron
Ian Dixon (appointed 21 November 2017)
Patricia M Boero (Alternate for Mr D J Channer)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Mrs Patricia Boero has held the position of company secretary for the period since the start of the financial year.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year have been:

- medical technologies innovation and research and development
- continuing our licence arrangement and liaison with Shanghai Sol-Millennium Medical Products Co., Ltd on the Blood Collection Device and the Flash Back Needle.
- progressing and maintenance of patents.

REVIEW OF OPERATIONS

Royalties from sales of the Blood Collection Device have continued however they have been lower than expected.

The company has seen an opportunity to grow the business organically to include patentable therapeutic products that could be delivered via syringe or other delivery technologies.

The Company has engaged experts in intellectual property licensing to assist it progress through a concerted and disciplined process to evaluate and identify suitable research and development projects.

Suitable development projects are medical technology innovation and research and development projects where significant milestones can be achieved relatively quickly and from modest levels of investment.

Patents

All granted patents have been maintained.

MEDIGARD LIMITED
ABN 49 090 003 044
DIRECTORS REPORT

Financial Performance

Again this year, the Company's cash operating costs have been minimised, including the use of share-based remuneration of \$218,700 to reduce cash outflow.

Our financial performance this year has seen a net loss of \$614,648 compared to a loss of \$122,690 in the previous year. Included in the loss was a fair value loss on the Convertible Notes of \$30,597 (2017: gain of \$121,673), and the royalty payments for the Blood Collection Device of \$35,460 (2017: \$64,276).

Financial Position

The net liabilities of the company have reduced from (\$724,868) at 30 June 2017 to (\$657,654) at 30 June 2018. This decrease has resulted from the loss incurred during the financial year offset by an increase in paid up capital of \$681,952.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared for payment during the financial year and up until the date of this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Apart from the matters discussed in this Report, there were no other significant changes in the state of affairs of the Company during the year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance, other than the following, has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

On 31 July 2018 the Company issued 9,999,998 fully paid ordinary shares at \$0.0175 per share in a placement pursuant to approval by a general meeting of shareholders held that day. The \$175,000 subscription money for these shares was received prior to 30 June 2018 pending shareholder approval for the issue of the shares. The placement increased shares on issue by 8% to 135,300,327 shares.

On 31 July 2018 the company issued 80,000,000 unlisted options over ordinary shares to Ian Dixon as part of his remuneration. 40,000,000 options have an exercise price of \$0.10 and 40,000,000 options have an exercise price of \$0.20. All options are exercisable on or before 31 July 2023.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors remain enthusiastic about the future of the Company.

The Company continues its focus on development of medical technology that makes people's lives better.

The Company continues to enjoy the financial support of Don Channer (a Director) and Sol Millennium Medical HK Limited.

MEDIGARD LIMITED
ABN 49 090 003 044
DIRECTORS REPORT

The ongoing liaison with Shanghai Sol-Millennium Medical Products Co., Ltd will continue to deliver license revenue to the Company.

A short list of new development projects is presently being considered by the Board of the Company.

ENVIRONMENTAL REGULATION

The Company has as its core philosophy 'the protection of the community' in all pursuits of the Company.

There is no significant environmental regulation under a law of the Commonwealth or of a State or Territory that applies to the Company.

Information on Directors

C J BISHOP	Non-executive Chairman.
Qualifications	Bachelor of Science (University of Auckland) Doctor of Philosophy (University of Queensland)
Experience	Significant experience in the development and manufacture of sophisticated electronic products including medical instruments.
Interest in Shares and Options	5,497,619 ordinary shares in Medigard Limited. No options are held.
Special Responsibilities	Chairman since 20 October 2017
Other Directorships	No directorships of other listed entities within last three years
DJ CHANNER	Non-executive Director
Qualifications	Bachelor of Engineering (University of Queensland)
Experience	Mr Channer served as Chairman of the Company from incorporation until 20 October 2017. He has been involved in many private companies as both director and chairman.
Interest in Shares and Options	35,112,267 ordinary shares in Medigard Limited. No options are held.
Special Responsibilities	Nil
Other Directorships	No directorships of other listed entities within last three years
C D CAMERON	Non-executive Director
Qualifications	Bachelor of Engineering (Civil) (University of Queensland)
Experience	Craig has almost 30 years' CEO and board experience in a broad range of industries working in the USA, Canada, Japan, Australia, New Zealand and the UK running start-ups, turnarounds and mature businesses in IT services, nutraceuticals, information technology, communications, healthcare, green tech and clean technology industries.

MEDIGARD LIMITED
ABN 49 090 003 044
DIRECTORS REPORT

Interest in Shares and Options	1,000,000 ordinary shares in Medigard Limited. No options are held.
--------------------------------	---

Special Responsibilities	Nil
--------------------------	-----

Other Directorships	No directorships of other listed entities within last three years
---------------------	---

I E DIXON

Executive Director (appointed 21 November 2017)

Qualifications

B. Eng (Mech) (Swinburne University), MBA (Swinburne University), PhD (Monash University)

Experience

Dr Dixon is a Managing Director and owner of Altnia Group, a biotechnology company with a portfolio of human therapeutic products and technologies. Dr Dixon is also a non-executive Director of Noxopharm (ASX-NOX), founder of Cynata Inc (now Cynata Therapeutics Ltd ASX-CYP) and founder of Exopharm. Dr Dixon is a co-inventor of a number of technologies and was the head of the Invetech Product Group, a leading medical device development business. Dr Dixon has direct experience in product innovation, technology commercialisation, partnering and capital raising.

Interest in Shares and Options	1,428,571 ordinary shares in Medigard Limited. 40,000,000 options exercisable at \$0.10 and 40,000,000 options exercisable at \$0.20 on or before 31 July 2023.
--------------------------------	---

Special Responsibilities	Nil
--------------------------	-----

Other Directorships	Non-executive director of Noxopharm Ltd (ASX:NOX)
---------------------	---

P M BOERO

Alternate director for D J Channer (Non-executive), Company Secretary

Qualifications

Bachelor of Business (University of Central Queensland)
FCA (Australia)

Experience

Over 30 years experience in accounting and financial services across a broad range of industries.

Interest in Shares and Options	5,704,400 ordinary shares in Medigard Limited No options are held.
--------------------------------	--

Special Responsibilities	Company Secretary
--------------------------	-------------------

Other Directorships	No directorships of other listed entities within last three years
---------------------	---

MEDIGARD LIMITED
ABN 49 090 003 044
DIRECTORS REPORT

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for the key management personnel of Medigard during the financial year. The key management personnel consist of the Directors only.

Remuneration Policy

The remuneration policy of Medigard Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives. The board of Medigard Limited believes the remuneration to be appropriate for the current stage of the company's development.

The Directors are entitled to receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares granted to directors and executives are to be valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to directors is subject to approval by shareholders at the Annual General Meeting.

The remuneration policy is designed to recognise effort of directors, key personnel and consultants. It is not linked directly to the current financial performance of the company. No remuneration for current or prior year is performance based.

Company Performance

	2014	2015	2016	2017	2018
Revenue	\$1,094	\$2,200	\$335,49	\$192,095	\$36,693
Net profit/(loss)	(\$326,743)	(\$585,260)	81,020	(\$122,690)	(\$614,648)
Change in share price at year end	(.03c)	.052c	(.037)c	(.027c)	.005
Dividends paid per share	-	-	-	-	-

MEDIGARD LIMITED
ABN 49 090 003 044
DIRECTORS REPORT

Details of remuneration for year ended 30 June 2018

The remuneration for the key management personnel of the company was as follows –

	Short Term Benefits	Post Employ- ment Benefits	Share Based Payment	Total	% share based payments
Director	Cash Salary	Super- annuation	Equity Settled		
	\$	\$	\$	\$	
2018					
D J Channer	-	-	-	-	-
C J Bishop	-	-	36,450	36,450	100%
C D Cameron	-	-	24,300	24,300	100%
I Dixon	127,855	12,145	-	140,000	-
P M Boero	-	-	85,050	85,050	100%
	127,855	12,145	145,800	285,800	-

The Cash Salary is less than the amounts specified in service agreements as Mr Channer and Dr Bishop have not drawn fees for the period since March 2012, Mr Cameron has not drawn fees since his appointment and Mrs Boero has not drawn fees since June 2014. No further amounts have been accrued.

2017

D J Channer	-	-	-	-	-
C J Bishop	-	-	-	-	-
R Krakowiak	-	-	-	-	-
C D Cameron	-	-	-	-	-
P M Boero	-	-	-	-	-
	-	-	-	-	-

Other Key Management Personnel

There were no other Key Management Personnel.

No remuneration for current or previous year is performance related.

Service Agreements

Service agreements entered into with key management personnel do not provide for pre-determined compensation values or the manner of payment except for the agreement entered into with Dr Ian Dixon. Compensation is determined in accordance with the general remuneration policy outlined

MEDIGARD LIMITED
ABN 49 090 003 044
DIRECTORS REPORT

above. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as considered appropriate by the Board with the individual absents themselves. It is the Company's policy that service contracts for key management personnel are unlimited in term but capable of termination on one to three month's notice. The Company retains the right to terminate the contract immediately by making payment equal to one to three month's pay in lieu of notice.

C J Bishop

Contract term	Ongoing
Base salary	\$44,000pa plus superannuation
Termination	Payment on early termination is equal to one month's salary

D J Channer

Contract term	Ongoing
Base salary	\$25,000pa plus superannuation
Termination	Payment on early termination is equal to one month's salary

C D Cameron

Contract term	Ongoing
Base salary	\$25,000pa plus superannuation
Termination	Payment on early termination is equal to one month's salary

I Dixon

Contract term	Ongoing
Base salary	By agreement the remuneration for Dr Dixon has been reduced to \$96,000 pa from 1 July 2018 for an indefinite period of time. Previously, from his appointment on 21 November 2017, his remuneration was \$240,000pa including superannuation.
Termination	Payment on early termination is equal to three month's salary

P M Boero

Contract term	Ongoing
Base salary	\$62,400pa
Termination	Payment on early termination is equal to one month's salary

*Refer to remuneration table on Page for payments made.

MEDIGARD LIMITED
ABN 49 090 003 044
DIRECTORS REPORT

Additional disclosures relating to Key Management Personnel

Shareholding

	Balance 1.7.2017	Granted as Compen- sation	Options Exercised	Net Change Other	Balance 30.06.2018
Mr D J Channer	31,683,696	-	-	-	31,683,696
Dr C J Bishop	283,334	1,500,000	-	-	1,783,334
Mr C D Cameron	-	1,000,000	-	-	1,000,000
Dr I Dixon	-	-	-	-	-
Mrs P M Boero	775,829	3,500,000	-	-	4,275,829
	32,742,859	6,000,000	-	-	38,742,859

This is the end of the remuneration report which has been audited.

Options

As at the date of this report there were 80,000,000 options over ordinary shares of Medigard Limited, which were issued to Ian Dixon as part of his remuneration for the year ending 30 June 2019.

Date of issue	Exercise price	Expiry date	Number of options
31 July 2018	\$0.10	31 July 2023	40,000,000
31 July 2018	\$0.20	31 July 2023	40,000,000

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

There were no shares issued as a result of the exercise of an option over unissued shares or interests during the year.

Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those otherwise available to other parties unless stated.

All fees payable to key management personnel for services rendered have been disclosed in the Remuneration Report included in the Directors' Report.

MEDIGARD LIMITED
ABN 49 090 003 044
DIRECTORS REPORT

Other transactions with related parties	2018	2017
	\$	\$
Director related entities		
Office rental payable to Channer Hook Unit Trust of which Donald Channer is a trustee	9,750	9,750
Interest bearing loan from Vestcare Pty Ltd of which Donald Channer is a director	100,000	100,000
Accrued interest payable to Vestcare Pty Ltd	36,959	27,092
Director		
Interest bearing loan from Donald Channer	100,000	100,000
Accrued interest payable to Donald Channer	40,909	30,758

The interest charged on both loans is 7.5%. There is no repayment date on the loans.

Meetings of Directors

During the financial year, ten meetings of directors were held. Two committee meetings were held during that time. Attendances by each director during the year were:

Directors	Director's Meetings		Committee Meetings **					
			Audit & Risk		Finance		Nomination & Remuneration	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
D J Channer	10	10	0	0	0	0	0	0
C J Bishop	10	9	2	2	0	0	0	0
C D Cameron	10	10	2	2	0	0	0	0
Ian Dixon	6	6	0	0	0	0	0	0
P M Boero*	10	10	2	2	0	0	0	0

*in capacity as Company Secretary

** Board committees were disbanded on 30 June 2018 and the matters previously handled by committees are now handled by the Board as a whole. This change recognises the development stage of the Company and the size of the Board.

Indemnity and insurance of officers

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

MEDIGARD LIMITED
ABN 49 090 003 044
DIRECTORS REPORT

The company has paid premiums to insure each of the Directors and the Company Secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company:

The total premium paid was \$20,157 (2017: \$17,165).

The company has not indemnified nor insured the auditors.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-audit Services

No fees were paid to the external auditors for non-audit services during the year ended 30 June 2018.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on the following page.



Signed in accordance with a resolution of the Board of Directors

Director Craig Cameron

Date 28 September 2018

MEDIGARD LIMITED

ABN 49 090 003 044

AUDITOR'S INDEPENDENCE DECLARATION



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of Medigard Limited for the year ended 30 June 2018, 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 stamp or seal.

A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 28 September 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
		\$	\$
Revenue	2	36,693	65,295
Other income	3	-	126,800
Depreciation and amortisation expense	4	(15,624)	(18,571)
Employee benefits expense		(358,700)	-
Finance costs	4	(20,018)	(25,981)
Other expenses	4	(256,999)	(270,233)
Loss before income tax expense		(614,648)	(122,690)
Income tax expense	5	-	-
Net Loss for the year after income tax expense		(614,648)	(122,690)
Other Comprehensive Income, net of tax		-	-
Total Comprehensive Income		(614,648)	(122,690)
Basic & diluted earnings per share (cents per share)	8	(.58)	(.13)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

		2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	9	376,927	78,721
Trade and other receivables	10	11,250	50,880
Other current assets	11	6,846	5,953
TOTAL CURRENT ASSETS		395,023	135,554
NON-CURRENT ASSETS			
Property, plant and equipment	12	4,024	5,094
Intangible assets	13	26,350	40,904
Other non-current assets	14	10,560	10,560
TOTAL NON-CURRENT ASSETS		40,934	56,558
TOTAL ASSETS		435,957	192,112
CURRENT LIABILITIES			
Trade and other payables	15	70,785	79,258
Borrowings	16	452,868	257,850
Convertible notes at fair value through profit or loss	17	569,868	361,337
TOTAL CURRENT LIABILITIES		1,093,521	698,445
NON CURRENT LIAIBILITIES			
Convertible notes at fair value through profit or loss	17	-	218,535
TOTAL NON CURRENT LIABILITIES		-	218,535
TOTAL LIABILITIES		1,093,521	916,980
NET ASSETS		(657,564)	(724,868)
EQUITY			
Issued capital	18	5,635,512	4,953,560
Accumulated losses		(6,293,076)	(5,678,428)
TOTAL EQUITY		(657,564)	(724,868)

The above Statement of Financial Position should be read in conjunction with the Notes to the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2018

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	75,430	28,573
Payments to suppliers and employees	(402,522)	(227,662)
GST refunded	26,414	9,986
Interest received	1,233	1,019
Net cash used in operating activities	22a (299,445)	(188,084)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	-	5,127
Purchase of property, plant and equipment	-	-
Net cash provided by (used in) investing activities	-	5,127
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of share issue	488,000	-
Costs of share issue	(24,748)	-
Proceeds of borrowings	175,000	-
Repayment of borrowings	(40,601)	-
Net cash provided by financing activities	597,651	-
Net increase/(decrease) in cash held	298,206	(182,957)
Cash at the beginning of the year	78,721	261,678
Cash at the end of the year	9 376,927	78,721

The above Statement of Cash Flows should be read in conjunction with the Notes to the financial statements.

MEDIGARD LIMITED
ABN 49 090 003 044

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
As at July 2016	4,953,560	(5,555,738)	(602,178)
Loss for the Year	-	(122,690)	(122,690)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(122,690)	(122,690)
At 30 June 2017	4,953,560	(5,678,428)	(724,868)
Loss for the Year	-	(614,648)	(614,648)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(614,648)	(614,648)
Shares issued during the year	706,700		706,700
Transaction costs	(24,748)		(24,748)
At 30 June 2018	5,635,512	(6,293,076)	(657,564)

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Medigard Limited as an individual company. Medigard Limited is a listed public company, incorporated and domiciled in Australia. The financial statements were authorised for issue in accordance with a resolution of the directors on 28 September 2018.

Medigard Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian currency.

Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements also comply with all International Financial Reporting Standards (IFRS) in their entirety.

The financial statements have been prepared on an accruals basis and are based on historical costs, except for the convertible notes which are measured at fair value.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Going Concern

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 report, the Company had net asset deficiency of \$657,564 and had net operating cash outflows of \$299,445 for the year ended 30 June 2018. As at 30 June 2018 the Company has cash of \$376,927.

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 the development and sale of intellectual property in respect of medical technologies evolving from the current project evaluation process
- deriving future cash flows from royalty income from the sale of blood collection devices
- conversion of convertible notes into shares by Sol-Millennium Medical Products as the holder of the convertible notes;
- the ability of the Company to raise further capital as required;
- 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 intends to raise additional capital when required to meet outgoings.
- the current project evaluation process that is intended to lead to the development and sale of intellectual property in respect of medical technologies, is well advanced
- the Company received royalties of \$35,460 during the 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.

Accounting Policies

a Income Tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

b Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment.

The assets' residual value and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	20% - 40%
---------------------	-----------

c Financial Instruments

Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and Receivables

Loans and receivables are non-derivative financial instruments. Subsequent to initial recognition, they are recognised at amortised cost using the effective interest method less provision for impairment.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

d Fair Value

Fair value is determined based on current bid prices for all quoted investments and pricing models for unlisted instruments. Valuation techniques are applied to determine the fair value for all unlisted instruments, including recent arm's length transactions, reference to similar instruments and option pricing models.

e Intangibles

Patents and Trademarks

Patents and trademarks are recognised in the accounts at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised on a straight line basis over the term of the patent or trademark being ten years.

Research and Development Expenditure

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

f Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

g Revenue

Interest revenue is recognised using the effective interest rate method.

All revenue is stated net of the amount of goods and services tax (GST).

h Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged to profit or loss on a straight line basis over the period of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the term.

i Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

k Impairment of Assets

At the end of each reporting period the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value 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 purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate

that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

l Earnings per Share

Earnings per share is calculated by dividing the profit (loss) attributable to members of Medigard Ltd by the weighted average number of ordinary shares outstanding during the financial year.

m Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and have seven to thirty day payment terms. They are measured initially at their fair value and subsequently measured at amortised cost using the effective interest method.

n Convertible notes at fair value through profit or loss

Convertible Notes can be settled, at the option of the note holder, by making a cash payment to the note holder or by the issue of shares. The liability and embedded derivative components of the convertible note are initially measured at fair value and are subsequently measured at fair value through profit or loss at the end of each reporting period.

o New and amended standards and interpretations

The Company has adopted all of the new, revised or amended accounting standards and interpretations that are mandatory for this financial year.

The adoption of these standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

p New standards and interpretations issued but not yet effective

Australian Accounting Standards (including IFRS not yet issued as Australian Accounting Standards) that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2018.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the

entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The Company has assessed the impact of this standard and concluded that there will be no material effect on the financial statements of the Company.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. The Company has assessed the impact of this standard and concluded that there will be no material effect on the financial statements of the Company and it will adopt this standard from 1 July 2018.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor

accounts for leases. The Company will adopt this standard from 1 July 2019 but the impact of its adoption is not expected to be material.

q Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

r Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

MEDIGARD LIMITED
ABN 49 090 003 044

	2018 \$	2017 \$
NOTE 2 REVENUE AND OTHER INCOME		
Revenue		
- Interest received – cash at bank	1,233	1,019
- Royalties received	35,460	64,276
	36,693	65,295
NOTE 3 OTHER INCOME		
Fair value gain on convertible notes	-	121,673
Capital recoveries on investments previously written off	-	5,127
	-	126,800
NOTE 4 LOSS FOR THE YEAR		
Expenses		
Depreciation of non-current assets		
- Plant and equipment	1,070	1,386
Total depreciation	1,070	1,386
Amortisation of non-current assets		
- Patents and trademarks	14,554	17,185
Total amortisation	14,554	17,185
Total depreciation and amortisation	15,624	18,571
Finance costs – interest on loans	20,018	25,981
Rental expense – minimum lease payments	9,750	9,750
Research and development costs	-	5,040
Fair Value Loss on Convertible Notes	30,597	-
Fees & permits	29,817	27,657
Audit fees	27,550	26,719
Legal fees	21,035	71,253
Patent applications and maintenance	74,401	77,096
Other expenses	63,849	52,718
	256,999	270,233

	2018 \$	2017 \$
NOTE 5 INCOME TAX		
The prima facie tax on loss before income is reconciled to the income tax as follows:		
Prima facie tax benefit on loss (tax payable on profit) from ordinary activities before income tax at 27.5% (2017: 30%)	169,028	36,807
Tax effect of non-deductible/non-taxable items	(8,414)	36,502
Income tax credit attributable to company	160,614	73,309
Tax losses not recognised as asset	(160,614)	(73,309)
Income Tax Expense	-	-
Unrecognised deferred tax assets		
Unrecognised tax losses and temporary differences	4,418,466	3,854,301
Deferred tax assets not taken up at 27.5% (2017:30%)	1,215,078	1,156,290

There are no franking credits available

NOTE 6 KEY MANAGEMENT PERSONNEL

Compensation

Short term employee benefits	127,855	-
Post-employment benefits	12,145	-
Share based payments	145,800	-
	285,800	-

NOTE 7 AUDITOR'S REMUNERATION

Remuneration of the auditor of the Company for:

- Auditing or reviewing the financial statements	27,550	26,719
- Other services	-	-
	27,550	26,719

	2018	2017
	\$	\$
NOTE 8 EARNINGS PER SHARE		
a. Reconciliation of Earnings to Net Loss		
Net Profit (Loss)	(614,648)	(122,690)
Earnings used in the calculation of basic and diluted EPS	(614,648)	(122,690)
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS		
	106,235,378	91,007,472

Options could potentially dilute basic earnings per share in the future however are not included as there were no options on issue during the year.

NOTE 9 CASH AND CASH EQUIVALENTS

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position

Cash	376,927	78,721
Total Cash	376,927	78,721

The effective interest rate on short-term bank deposits was 2.0% (2016: 2.0%).

NOTE 10 RECEIVABLES

CURRENT

Short Term Deposits	200	200
Trade Debtors	6,985	47,399
Other Debtors	4,065	3,281
	11,250	50,880

NOTE 11 OTHER CURRENT ASSETS

Prepayments	6,846	5,953
	6,846	5,953

	2018	2017
	\$	\$

NOTE 12 PROPERTY PLANT AND EQUIPMENT

Plant and Equipment – at cost	68,184	68,184
Accumulated depreciation	(64,160)	(63,090)
Carrying amount	4,024	5,094

Balance at beginning of the year	5,094	6,480
Additions – at cost	-	-
Disposal	-	-
Depreciation	(1,070)	(1,386)
Carrying amount at the end of the year	4,024	5,094

NOTE 13 INTANGIBLE ASSETS

Patents, and trademarks – at cost	319,453	319,453
Accumulated amortisation	(293,103)	(278,549)
	26,350	40,904

Balance at beginning of year	40,904	58,089
Amortisation	(14,554)	(17,185)
Carrying amount at the end of the year	26,350	40,904

NOTE 14 OTHER NON-CURRENT ASSETS

Capitalised Development Expenditure – at cost	10,560	10,560
Accumulated Amortisation	-	-
	10,560	10,560

NOTE 15 TRADE AND OTHER PAYABLES

CURRENT

Unsecured Liabilities		
Trade Creditors	33,214	17,320
Sundry Creditors and Accrued Expenses	37,571	61,938
	70,785	79,258

	2018	2017
	\$	\$
NOTE 16 BORROWINGS		
CURRENT		
Unsecured loans provided by directors and an associated entity of a director	452,868	257,850
	452,868	257,850

Refer also to Note 24 for related party transactions

NOTE 17 CONVERTIBLE NOTES

Convertible notes at fair value through Profit or Loss

Current Liability	569,868	361,337
Non-Current Liability	-	218,535
	569,868	579,872

On 13 August 2014 Medigard Ltd issued a convertible note for \$100,000, and on 9 January 2015 a further convertible note for \$200,000 was issued. The notes had a maturity date of 28 July 2017 with an interest rate of 8% compounding daily. The notes were unsecured and are 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 8 January 2019.

On 16 October 2017 by Deed of Variation the maturity date of all three Convertible notes were aligned to 8 January 2019 and the Deed provided that no interest is payable on the initial two convertible notes after 31 August 2017.

Valuation Technique

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.

The value of the convertible note was determined as the sum of the debt and option component 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 30 June 2018 \$0.016 (2017 \$0.011)
- Volatility of 150%
- Risk free rate of 2.07% (2017 1.59%)

Fair Value Movement

During this financial year a fair value loss was recorded of \$30,597 (2017 gain of \$121,673) based on a valuation of the notes at 30 June 2018.

Sensitivity to Valuation inputs

Sensitivity of unobservable inputs are as follows

- Volatility
 - A 25% increase in volatility would increase the fair value by \$13,413 (2017 \$8,606)
 - A 25% decrease in volatility would decrease the fair value by \$11,720 (2017 \$7,304)

NOTE 18 ISSUED CAPITAL

	30 June 2018		30 Jun 2017	
	Number of shares	\$	Number of shares	\$
Movements in ordinary fully paid shares on issue				
Balance at the beginning of the	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)	18,150,000	363,000		
In lieu of salary and fees (c)	9,000,000	218,700		
Transaction costs on shares	-	(24,748)	-	
Balance at the end of the	125,300,329	5,635,512	91,007,472	4,953,560

- a) 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
- b) 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 and 18,150,000 shares were allotted on 2 January 2018.
- c) On 6 December 2017 9,000,000 shares were issued as remuneration to Directors, officers and consultants in accordance with a resolution made at the Annual General Meeting of the Company held on 30 November 2017.

All shares shall entitle the holder of those shares to receive dividends and confer upon the holder the right to vote at any general meeting of the Company.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

b. Options

As at 30 June 2018 there were no unissued ordinary shares of Medigard Limited under options (2017: nil).

c. Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern and meet performance milestones set in the budget.

The Company's overall strategy remains unchanged from previous years - to operate as a research and development company seeking alliances for commercialisation of its products.

The capital structure of the Company consists of the funds raised from share issues, reserves less accumulated losses to date as disclosed in the statement of financial position.

The Company is not subject to externally imposed capital requirements.

NOTE 19 CAPITAL AND LEASING COMMITMENTS

There are no capital or operating lease commitments. The office property lease is month to month with rent payable monthly in advance.

NOTE 20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

The Company has no known contingent liabilities.

Contingent Assets

The Company is expecting a further payment in respect of the failed investments with Lehman Bros. Based on advices from the liquidators, the final payment is estimated to be between \$26,000 and \$35,000.

NOTE 21 SEGMENT REPORTING

The Company's operations are the development of innovative medical technologies wholly within Australia. Reports reviewed by the executive management committee (the chief operating decision maker) do not differ from that of the Company as a whole. As such the Company is considered one operating segment being research and development.

	2018	2017
	\$	\$
NOTE 22 CASH FLOW INFORMATION		
a. Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Profit (Loss) after income tax	(614,648)	(122,690)
Non-cash flows in loss		
Amortisation	14,554	17,185
Depreciation	1,070	1,386
Interest accrued	20,017	25,981
Fair Value Movement	30,597	(121,673)
Equity based remuneration	218,700	-
Capital recoveries	-	(5,127)
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	39,631	(42,811)
(Increase)/decrease in prepayments	(893)	142
Increase/(decrease) in trade creditors and accruals	(8,473)	59,523

MEDIGARD LIMITED
ABN 49 090 003 044

Cash flows from operations

(299,445)

(188,084)

b. Non-cash Financing and Investing Activities

There were no non-cash financing or investing activities

Note 23 Matters subsequent to the end of the financial year

No matter or circumstance, other than the following, has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

On 31 July 2018 the Company issued 9,999,998 fully paid ordinary shares at \$0.0175 per share in a placement pursuant to approval by a general meeting of shareholders held that day. The \$175,000 subscription money for these shares was received prior to 30 June 2018 pending shareholder approval for the issue of the shares. The placement increased shares on issue by 8% to 135,300,327 shares.

On 31 July 2018 the company issued 80,000,000 unlisted options over ordinary shares to Ian Dixon as part of his remuneration. 40,000,000 options have an exercise price of \$0.10 and 40,000,000 options have an exercise price of \$0.20. All options are exercisable on or before 31 July 2023.

Note 24 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those otherwise available to other parties unless stated.

All fees payable to key management personnel for services rendered have been disclosed in the Remuneration Report included in the Directors' Report.

	2018	2017
	\$	\$
Other transactions with related parties		
Director related entities		
Office rental payable to Channer Hook Unit Trust of which Donald Channer is a trustee	9,750	9,750
Interest bearing loan from Vestcare Pty Ltd of which Donald Channer is a director	100,000	100,000
Accrued interest payable to Vestcare Pty Ltd	36,959	27,092
Directors		
Interest bearing loan from Donald Channer	100,000	100,000
Accrued interest payable to Donald Channer	40,909	30,758
Non interest bearing loan from Donald Channer for share placement (approved by shareholders 31 July 2018)	60,000	-

Non interest bearing loan from Dr Christopher Bishop for share placement (approved by shareholders 31 July 2018)	65,000	-
Non interest bearing loan from Dr Ian Dixon for share placement (approved by shareholders 31 July 2018)	25,000	-
Non interest bearing loan from Ms Patricia Boero for share placement (approved by shareholders 31 July 2018)	25,000	-

The interest charged on both interest bearing loans is 7.5%. There is no repayment date on these loans. The director has indicated he does not expect repayment of the balance interest bearing loans within the next 12 months.

Note 25 Financial Risk Management

The Company's financial instruments include deposits with banks, trade and other receivables and payables, and borrowings.

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk (interest rate risk).

The Company's risk management is carried out by the Directors and Company Secretary.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the Company.

Credit risk arises principally from cash and cash equivalents, and receivables.

The objective of the Company is to minimise risk of loss from credit risk exposure.

The entity has established a number of policies and processes to manage credit risk.

In respect of receivables, these include review of aging and follow up procedures.

The Company's investment policy states that (1) only investment grade securities will form part of the portfolio (2) the lowest credit rating which can be purchased is BBB and (3) the portfolio will have an average investment grade of A. This policy has been set to limit the Company's credit risk and maximise returns on investments.

All cash is held with the Commonwealth Bank of Australia.

The entity's maximum exposure to credit risk, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date is the carrying amount of those assets as indicated in the Statement of Financial Position.

In relation to 'Other Receivables', credit risk is measured by an assessment of the recoverability of the individual debtor. At 30 June 2018 no receivables were overdue or impaired.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The Company has established a number of processes for managing liquidity risk. These include:

- Regularly monitoring the actual cash flows and longer term forecasted cash flows (against the cash flow budget)
- Monitoring financial assets held for liquidity.

Maturity Analysis

Contractual cashflows from trade and other payables approximate their carrying amount. Trade and other payables are contractually due within 6 months of the end of the reporting period.

Contractual cashflows in relation to the convertible notes are detailed in Note 17.

The borrowings from a Director and a related party are payable at call, however the lender has undertaken not to call the advances within the next twelve months.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's income or the value of its holdings of financial instruments.

Interest Rate Risk

The entity is not exposed to market risks other than interest rate risk.

The Company's interest rate risk primarily relates to deposits held at banks. Refer Note 9.

The borrowings have a fixed interest rate of 7.5%, so there is no exposure to interest rate risk.

The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimising the return.

The entity has established a number of policies and processes for managing interest risk rate. These include monitoring interest rate risk exposure continuously.

Sensitivity Analysis

A change of 100 basis points (1%) in interest rates at reporting date would have increased /decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as the prior year.

MEDIGARD LIMITED
ABN 49 090 003 044

	Profit or Loss		Equity	
	+1%	-1%	+1%	-1%
30 June 2018	3,769	-3,769	3,769	-3,769
30 June 2017	761	-761	761	-761

Fair Values

The carrying value of assets and liabilities as disclosed in the Statement of Financial Position approximate their fair value.

Note 26 Company Details

The registered office of the Company is:
MEDIGARD LIMITED
SUITE 14
30 TEDDER AVENUE
MAIN BEACH QLD 4217

The principal place of business is:
MEDIGARD LIMITED
SUITE 14
30 TEDDER AVENUE
MAIN BEACH QLD 4217

DIRECTOR'S DECLARATION

The directors of the Company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - a. Comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. Give a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. 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.
4. The remuneration disclosures included in pages 14 to 17 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2018, comply with section 300A of the Corporations Act 2001.
5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

Signed in accordance with a resolution of the Board of Directors:



Director Craig Cameron

Date 28 September 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Medigard Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Medigard Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Medigard Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 report.

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

Emphasis of matter - Material uncertainty related 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 entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Convertible Loan Notes

Key audit matter	How the matter was addressed in our audit
<p>Refer to Note 17 of the financial report.</p> <p>Accounting for convertible notes was considered a key audit matter due to:</p> <ul style="list-style-type: none"> the complexity involved in assessing whether to account for the notes as equity, a liability or a combination of both; measurement at initial recognition of the individual components of the liability based on the terms and conditions of the agreement and the significant judgement in determining the fair value of the separate components of the liability; and measurement subsequent to initial recognition including the fair value measurement at balance date. 	<p>We have evaluated the accounting for the convertibles notes in accordance with AASB 132: <i>Financial Instruments: Presentation</i> and AASB 139: <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of and assessing the terms and conditions of the convertible loan note agreement to determine if the convertible notes are to be accounted for as equity, a liability or a combination of both. Considering the appropriateness of the valuation methodology against the requirements of the relevant Australian Accounting Standard. Considering the reasonableness of the inputs to the valuation. Assessing the adequacy of the disclosures in accordance with the applicable accounting standards.

Other information

The directors are responsible for the other information. The other information comprises the information contained in directors' report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 14 to 17 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Medigard Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO Audit Pty Ltd



A J Whyte

Director

Brisbane, 28 September 2018

Corporate Directory

Directors and Executive

Dr Christopher Jan Bishop – Non-Executive Chairman

Donald Julian Channer – Non-Executive Director

Craig Duncan Cameron – Non-Executive Director

Dr Ian Dixon – Executive Director

Patricia Mary Boero – Alternate Director, Company Secretary & Chief Financial Officer

Administration

Medigard Limited

Suite 14, 30 Tedder Avenue,

Main Beach, Qld 4217

Solicitors

Quinert Rodda & Associates

Level 6, 400 Collins Street,

Melbourne, VIC, 3000

Independent Accountant and Auditor

BDO Audit (Qld) Pty Ltd

Level 18, 12 Creek Street,

Brisbane Qld 4000

Share Registry

Boardroom Pty Limited

Level 12, 225 George Street,

Sydney NSW 2000

Patent Attorney

Spruson & Ferguson

Level 6, 175 Eagle Street,

Brisbane Qld 4000

Annual General Meeting

The Annual General Meeting of Medigard Limited

will be held on 28th day of November, 2018

at Southport Yacht Club, 1 Macarthur Parade, Southport 4215,

commencing at 10.30am