

**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 2014

Previous corresponding period

Half-year ended 31 December 2013

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	down	23% to	\$ 614
Loss from ordinary activities after Income tax	up	41% to	\$ (180,773)
Net loss for the period attributable To members	up	41% to	\$ (180,773)

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 2013.

Income is the return on invested capital. The company's activities have been the continuing research and development of the company's products.

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

Current Period	Previous Corresponding Period
(0.004)	0.001



ABN 49 090 003 044

HALF-YEARLY FINANCIAL STATEMENTS

ENDED 31 DECEMBER 2014



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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 2014.

Directors

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

D Channer
R Krakowiak
C Bishop
P Boero (alternate for D Channer)

Review of Operations

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

	2014	2013
	\$	\$
Revenue / Income	614	795
Expenses	(181,387)	(128,716)
Loss before income tax	(180,773)	(127,921)
Income tax expense	-	-
Net loss after income tax	(180,773)	(127,921)

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

The Company has maintained all patents (and continued with the progress of those patents not yet granted), but aside from reviewing some new products, has been limiting expenditure until royalties are received from the Blood Collection Device.

Commercial manufacture is about to commence on this device and the Company is expecting royalty payments this calendar year. The directors are aware that the timing is behind original predictions but are also very aware that due to the product development over the last twelve months, the Blood Collection Device is a far superior product.

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". The signature is written in a cursive style with a large, stylized initial "D".

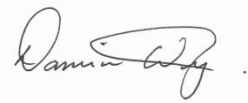
D CHANNER
Director

Dated: 26 February 2015

DECLARATION OF INDEPENDENCE BY DAMIAN WRIGHT TO THE DIRECTORS OF MEDIGARD LIMITED

As lead auditor for the review of Medigard Limited for the half-year ended 31 December 2014, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



D P Wright
Director

BDO Audit Pty Ltd
Brisbane, 26 February 2015

MEDIGARD LIMITED
ABN 49 090 003 044

Statement of Profit or Loss & Other Comprehensive Income
For the Half-Year Ended 31 December 2014

	31 December 2014	31 December 2013
	\$	\$
Revenue	614	795
Other income	-	-
Depreciation and amortisation expenses	(9,781)	(14,536)
Finance costs	(9,652)	(789)
Convertible Note Fair Value Movement	(25,941)	-
Other expenses	(136,013)	(113,391)
	<hr/>	<hr/>
Loss before income tax expense	(180,773)	(127,921)
Income tax expense	-	-
	<hr/>	<hr/>
Net loss for the half-year after income tax expense	(180,773)	(127,921)
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for half-year	(180,773)	(127,921)
	<hr/> <hr/>	<hr/> <hr/>
	Cents	Cents
Basic earnings per share	(0.20)	(0.14)

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 2014

	31 December	30 June
	2014	2014
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	32,221	15,885
Trade and other receivables	1,249	5,600
Other current assets	9,384	3,480
TOTAL CURRENT ASSETS	42,854	24,965
NON-CURRENT ASSETS		
Property, Plant and Equipment	9,445	10,633
Intangible Assets	83,868	92,461
Other Non-Current Assets	10,560	10,560
TOTAL NON-CURRENT ASSETS	103,873	113,654
TOTAL ASSETS	146,727	138,619
CURRENT LIABILITIES		
Trade and Other Payables	33,845	30,557
Borrowings - Unsecured Loans	265,652	206,000
TOTAL CURRENT LIABILITIES	299,497	236,557
NON CURRENT LIABILITIES		
Borrowings - Convertible Note (Refer Note 5)	125,941	-
TOTAL NON CURRENT LIABILITIES	125,941	-
TOTAL LIABILITIES	425,438	236,557
NET ASSETS	(278,711)	(97,938)
EQUITY		
Issued Capital	4,953,560	4,953,560
Accumulated Losses	(5,232,271)	(5,051,498)
TOTAL EQUITY	(278,711)	(97,938)

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 2014**

	31 December 2014 \$	31 December 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(148,382)	(139,582)
Interest received	614	795
GST refunded	14,104	9,376
Net cash outflow from operating activities	(133,664)	(129,411)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of borrowings	150,000	80,000
Net cash inflow from financing activities	150,000	80,000
NET (INCREASE) DECREASE IN CASH HELD	16,336	(49,411)
Net cash at beginning of period	15,885	94,915
NET CASH AT END OF PERIOD	32,221	45,504

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 2014**

	Issued Capital	Accumulated	Total Equity
	\$	Losses	\$
		\$	
Balance at 1 July 2013	4,953,560	(4,724,755)	228,805
Loss for the half-year	-	(127,921)	(127,921)
Other comprehensive income	-	-	-
Total comprehensive income	-	(127,921)	(127,921)
Transfer to/from reserve	-	-	-
At 31 December 2013	4,953,560	(4,852,676)	100,884
Balance at 1 July 2014	4,953,560	(5,051,498)	(97,938)
Loss for the half-year	-	(180,773)	(180,773)
Other comprehensive income	-	-	-
Total comprehensive income	-	(180,773)	(180,773)
At 31 December 2014	4,953,560	(5,232,271)	(278,711)

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 2014

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 2014 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 statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The budget approved by the Directors ensures that the company has sufficient funds for administration expenses, patent costs and necessary product development for the next 12 months.

The ability of the company to continue to adopt the going concern assumption will depend upon the success of Medigard's alliance with Shanghai Sol-Millennium Medical Products Co., Ltd, the commercialisation of Medigard's other products and the continuing support of the director's loan. The ability of the company to continue to adopt the going concern assumption is also dependant on the company being able to raise capital as and when required. Subsequent to balance date, the Company issued a further \$200,000 in Convertible Notes.

In the absence of these matters being successful, there exists a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in 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 2014 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.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised in the financial statements of the Company for the current or prior periods.

Borrowings

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 and loss at the end of each reporting period.

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

Aside from the issue of a further \$200,000 in Convertible Notes to Sol Millennium Medical HK Limited, no significant events have occurred since balance date.

Note 5. Fair Value Measurement

Convertible Notes

- On 13 August 2014 Medigard Limited issued a convertible note for \$100,000. The term of the note is 36 months with an interest rate of 8% compounding daily.
- The note is unsecured and is redeemable 24 months after issue.
- The note 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.
- The convertible note is 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 note was determined as the sum of the debt and option component using standard debt valuation techniques and the black Schedules option pricing model respectively.
- Key inputs to the valuation include:
 - A debt yield of 19.22%
 - Share price at 31 December 2014 \$0.033
 - Volatility of 150%
 - Risk free rate of 2.16%

Fair Value Movement

- During the period a fair value loss was recorded of \$25,941 based on a valuation of the Note at 31 December 2014.

Sensitivity to Valuation inputs

- Sensitivity of unobservable inputs are as follows:
 - Volatility
 - A 25% increase in volatility would increase the fair value by \$5,353
 - A 25% decrease in volatility would decrease the fair value by \$6,788

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 2014 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 'D Channer', is written over a faint, illegible printed name.

D CHANNER
Director

Dated 26 February 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Medigard Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Medigard Limited, which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

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 2014 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 Medigard Limited, 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 Medigard Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

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 Medigard Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the ability of the company to continue as a going concern is dependent on the commercialisation of the company's medical products. In addition to this the company is dependent on the successful raising in the future of any necessary funding through debt or equity. These conditions along with the other matters set out in Note 1, indicate 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.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'D P Wright', is written over a faint, light-colored BDO logo watermark.

D P Wright
Director

Brisbane, 26 February 2015