



ANNOUNCEMENT TO SHAREHOLDERS

Update

As announced previously, the Company has distributed significant numbers of BCD's for clinical evaluations. The Company is pleased to announce that exhaustive evaluations are continuing in Taiwan and there have been successful clinical evaluations in Europe and Brazil.

To date, clinical users all agree that -

- the device is easy to use
- the device meets all the requirements of a safety engineered device in relation to needle-stick injury prevention
- extensive training is not required to use the product.

In-service training ahead of planned clinical evaluations in August / September in multiple public and private hospital sites in the US and UK market have all been very positive. These clinical evaluations are extensive and should be completed in August and September 2015.

Clinical acceptance of the product, and cost effectiveness, are critical in the decision-making process of purchase teams at the hospital / facility level. Early indications from the market are that while clinical acceptance is very strong, current purchase price may impede volume growth because existing competitor product prices are decreasing in all markets.

At this stage it appears that initial product adoption will be in niche market segments. Sol Millennium Medical Co., Ltd is currently in negotiations with several large specialised multi-national distributors but at this stage an indication of potential sales volume is not available.

In the meantime, at a very positive meeting between the directors of Medigard Ltd and the CEO of Sol-Millennium Medical Co., Ltd, it was agreed that discussions should be progressed on the development of new safety medical devices incorporating Medigard's Ltd's existing Intellectual Property.