

MEDIGARD LIMITED
ABN 49 090 003 044

Results for Announcement to the Market

Financial Year ended 30 June 2015 (Reporting Period)
(Previous Corresponding Period - 30 June 2014)

			30 June 2015	30 June 2014
			\$	\$
Revenues from continuing operations	Up 101%	to	2,200	1,094
Loss from continuing operations after tax attributable to members	Up 79%	to	585,260	326,743
Net loss for the period attributable to members	Up 79%	to	585,260	326,743

Dividends	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Previous Year	Nil	Nil
Interim Dividend	Nil	Nil
Previous Year	Nil	Nil
Record date for determining dividend entitlements	Not applicable	
The company does not intend to pay any dividends applicable to the reporting period.		
The company does not have a Dividend Reinvestment Plan.		

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Explanation of Figures Included above

Income was derived from interest on investments.

Net Tangible Assets per Security	30 June 2015	30 June 2014
Net Tangible Assets per Security (cents)	(0.83)	(0.22)

This report is based on financial statements which are in the process of being audited.

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

		2015	2014
		\$	\$
Revenue	1	2,200	1,094
Other income		-	-
Depreciation and amortisation expense	2	(19,545)	(26,702)
Finance costs	2	(19,687)	(6,000)
Employee benefits	2	-	(23,400)
Fair Value Movement	2	(317,361)	-
Other expenses	2	(230,867)	(271,735)
Loss before income tax expense		(585,260)	(326,743)
Income tax expense		-	-
Net Loss for the year after income tax expense		(585,260)	(326,743)
Other Comprehensive Income, net of tax		-	-
Total Comprehensive Income		(585,260)	(326,743)
Basic & diluted earnings per share (cents per share)		(0.64)	(0.36)

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

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

		2015	2014
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	164,107	15,885
Trade and other receivables	4	1,332	5,600
Other current assets		8,585	3,480
TOTAL CURRENT ASSETS		174,024	24,965
NON-CURRENT ASSETS			
Property, plant and equipment		8,274	10,633
Intangible assets	5	75,275	92,461
Other non-current assets		10,560	10,560
TOTAL NON-CURRENT ASSETS		94,109	113,654
TOTAL ASSETS		268,133	138,619
CURRENT LIABILITIES			
Trade and other payables	6	58,283	30,557
Borrowings	7	275,687	206,000
TOTAL CURRENT LIABILITIES		333,970	236,557
NON CURRENT LIAIBILITIES			
Convertible notes at fair value through profit or loss	8	617,361	-
TOTAL NON CURRENT LIABILITIES		617,361	-
TOTAL LIABILITIES		951,331	236,557
NET ASSETS		(683,198)	(97,938)
EQUITY			
Issued capital	9	4,953,560	4,953,560
Accumulated losses		(5,636,758)	(5,051,498)
TOTAL EQUITY		(683,198)	(97,938)

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

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2015

		2015	2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(209,440)	(291,119)
GST refunded		5,462	17,602
Interest received		2,200	1,094
Net cash used in operating activities	11	<u>(201,778)</u>	<u>(272,423)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(6,607)
Net cash provided by (used in) investing activities		<u>-</u>	<u>(6,607)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings and convertible note issue		350,000	200,000
Net cash provided by financing activities		<u>350,000</u>	<u>200,000</u>
Net increase/(decrease) in cash held		148,222	(79,030)
Cash at 1 July 2014		15,885	94,915
Cash at 30 June 2015	3	<u><u>164,107</u></u>	<u><u>15,885</u></u>

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

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
As at July 2013	4,953,560	(4,724,755)	228,805
Loss for the Year	-	(326,743)	(326,743)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(326,743)	(326,743)
Transfer to/from Reserve	-	-	-
At 30 June 2014	4,953,560	(5,051,498)	(97,938)
Loss for the Year	-	(585,260)	(585,260)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(585,260)	(585,260)
Transfer to/from Reserve	-	-	-
At 30 June 2015	4,953,560	(5,636,758)	(683,198)

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

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ABN 49 090 003 044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
Note 1 Revenue		
Operating activities		
- Interest received – cash at bank	2,200	1,094
	2,200	1,094
Note 2 Loss for the Year		
a. Expenses:		
Depreciation of non-current assets:		
- Plant and Equipment	2,359	3,710
Total depreciation	2,359	3,710
Amortisation of non-current assets:		
- Patents & Trademarks	17,186	22,992
Total amortisation	17,186	22,992
Total amortisation and depreciation	19,545	26,702
Finance costs – interest on loan	19,687	6,000
Employee benefits	-	23,400
Fair Value movement on Convertible Notes	317,361	-
Rental Expense	9,750	32,055
Research and Development Costs	2,662	7,380
Fees & Permits	31,326	32,274
Other Expenses	187,129	200,026
	230,867	271,735

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ABN 49 090 003 044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
Note 3 Cash and Cash Equivalents		
Cash at bank	164,107	15,885
	<u>164,107</u>	<u>15,885</u>
Reconciliation of Cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash	<u>164,107</u>	<u>15,885</u>
Note 4 Receivables		
CURRENT		
Short Term Deposits	200	200
Other Debtors	1,132	5,400
	<u>1,332</u>	<u>5,600</u>
No receivables are past due or impaired at year end.		
Note 5 Intangible Assets		
Patents and trademarks – at cost	319,453	319,453
Less: Accumulated amortisation	(244,178)	(226,992)
	<u>75,275</u>	<u>92,461</u>
Balance at beginning of year	92,461	115,453
Amortisation	(17,186)	(22,992)
Carrying amount at the end of the year	<u>75,275</u>	<u>92,461</u>

MEDIGARD LIMITED
ABN 49 090 003 044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
Note 6 Payables		
CURRENT		
Unsecured Liabilities		
Trade Creditors	1,716	12,557
Sundry Creditors and Accrued Expenses	56,567	18,000
	58,283	30,557
Note 7 Borrowings		
Loans provided by a director and an associated entity.	275,687	206,000
	275,687	206,000
Note 8 – Convertible notes at fair value through profit and loss		
	617,361	-
	617,361	-

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 have a maturity date of 28 July 2017 with an interest rate of 8% compounding daily. The notes are 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.

The convertible notes are considered to be at level 3 of the Fair Value hierarchy defined in AASB13. Level 3 inputs are generally unobservable inputs for the valuation of the asset or liability.

Valuation technique

The value of the convertible 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 2015 \$0.075
- Volatility of 150%
- Risk free rate of 2.01%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Fair Value Movement

During this financial year a fair value loss was recorded of \$317,361 based on a valuation of the Notes at 30 June 2015. (Refer Note 2). The carrying value of the convertible note at 30 June 2015 approximates their fair value at that date

Sensitivity to valuation inputs

Sensitivity of unobservable inputs are as follows

- Volatility
A 25% increase in volatility would increase the fair value by \$26,845
A 25% decrease in volatility would decrease the fair value by \$32,393

Note 9 Issued Capital

a. 91,007,472 (2014: 91,007,472) fully paid ordinary shares	4,953,560	4,953,560
	4,953,560	4,953,560
	2015	2014
	No.	No.
At the beginning of the reporting period	91,007,472	91,007,472
At reporting date	91,007,472	91,007,472

b. Options

As at 30 June 2015 there were no unissued ordinary shares for which unlisted options were outstanding (30 June 2014:nil).

c. Capital Risk Management

The company manages its capital to ensure that the company will be able to continue as a going concern.

The company will commence receiving licence fees from the Blood Collection Device and this will allow the company to progress with further research and development activities of other products.

The capital structure of the company consists of the funds raised when the company floated, funds raised from a share purchase plan and options exercised less accumulated losses to date.

Note 10 Segment Reporting

The company operates within Australia predominantly in one segment – the development of innovative medical instruments. No separate reportable segments exist.

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ABN 49 090 003 044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 11 Cash Flow Information

a. Reconciliation of Cash Flow from Operations with Loss from ordinary activities after Income Tax

Loss after income tax	(585,260)	(326,743)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss		
Amortisation	17,186	22,992
Depreciation	2,359	3,710
Interest accrued	19,687	6,000
Fair Value Movement	317,361	-
Loss on scrapping of plant & equipment	-	9,731
Changes in assets and liabilities		
(Increase)/decrease in trade and term debtors	4,268	(2,436)
(Increase)/decrease in prepayments	(5,105)	3,951
(Increase)/decrease in rental bond	-	3,157
Increase/(decrease) in trade creditors and accruals	27,726	7,215
Cash flows from operations	(201,778)	(272,423)

Note 12 Company Details

The registered office of the company is:

MEDIGARD LIMITED

SUITE 14

30 TEDDAR AVENUE

MAIN BEACH QLD 4217

The principal place of business is:

MEDIGARD LIMITED

SUITE 14

30 TEDDAR AVENUE

MAIN BEACH QLD 4217