



Annual Statutory Accounts

Year ended 30 June 2015

MEDIGARD LTD

ABN 49 090 003 044

Full Year Statutory Accounts

For the year ended 30 June 2015

Directors' Report	3
Auditor's Independence Declaration	12
Statement of Profit and Loss and Other Comprehensive Income	13
Statement of Financial Position	14
Statement of Cash Flows	15
Statement of Changes in Equity	16
Notes to the Financial Statements	17
Director's Declaration	35
Independent Auditor's Report	Error! Bookmark not defined.

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2015.

Directors

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

Donald J Channer
Christopher J Bishop
Robert Krakowiak
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 the continuing liaison with Shanghai Sol-Millennium Medical Products Co., Ltd regarding improvements to the Blood Collection Device and the manufacturing and marketing of that device, the review of other medical devices and the progressing and maintenance of patents.

Operating Results

The operating loss of the company after providing for income tax is \$585,260. (2014: \$326,743 loss)

Dividends Paid or Recommended

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

REVIEW OF OPERATIONS

Research and Development

Due to cash flow restraints, the only Research and development during this year has been in respect of improvements to the packaging and reliability of the Blood Collection Device.

Financial Position

The net assets of the company have decreased from (\$97,938) at 30 June 2014 to (\$683,198) at 30 June 2015. This decrease has resulted from the loss incurred during the financial year.

Future Developments, Prospects and Business Strategies

Following the successful launch of the Blood Collection Device, Medigard Ltd and Shanghai Sol-Millennium Medical Products Co., Ltd are planning further strategic alliances with other safety Medical Products using similar technology to the Blood Collection Device.

The delay in finalising the Blood Collection Device has resulted in a delay in the progression of the Blood Flash Needle. Further testing of that product will commence in the near future.

Significant Changes in State of Affairs

There are no significant changes in state of affairs.

After Balance Date Events

There are no significant after balance date events.

Environmental Issues

All products have as their core philosophy 'the protection of the community', to the extent that the medical and social environments are rendered safer as a consequence of the subject medical instruments. This tenet extends to all pursuits of the company.

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

Information on Directors

DJ CHANNER	Chairman Non-executive
Qualifications	Bachelor of Engineering (University of Queensland)
Experience	Appointed Chairman at incorporation. He has been involved in many private companies as both director and chairman.
Interest in Shares and Options	27,117,692 ordinary shares in Medigard Limited and 4,566,004 shares held by an associated entity Sun Sea Pty Ltd as trustee for the Sun Sea Investment Trust. No options are held.
Special Responsibilities	Member of the Nomination and Remuneration Committee Member of the Finance Committee
Other Directorships	No directorships of other listed entities within last three years

C J BISHOP	Non-executive Director
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	283,334 ordinary shares in Medigard Limited. No options are held.
Special Responsibilities	Chairman of the Audit and Risk Committee Chairman of the Nomination and Remuneration Committee Chairman of the Finance Committee
Other Directorships	No directorships of other listed entities within last three years
 R S KRAKOWIAK	 Non-executive Director
Qualifications	No tertiary qualifications
Experience	More than 35 years sales and marketing and business management experience to GM & CEO level including 30 years in the healthcare products & services industry.
Interest in Shares and Options	No shares or options are held.
Special Responsibilities	Member of the Nomination and Remuneration Committee Member of the Nomination and Remuneration Committee
Other Directorships	No directorships of other listed entities within last three years
 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	725,829 ordinary shares in Medigard Limited and 50,000 shares held by an associated entity The Boero Family Trust. No options are held.
Special Responsibilities	Member of the Audit and Risk Committee
Other Directorships	No directorships of other listed entities within last three years

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 consists 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 given 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.

Given the limited cash reserves of the company, the Directors have forfeited fees for the period from March 2012 to the date of this report, while the Company Secretary has forfeited fees since June 2014.

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

	2011	2012	2013	2014	2015
Revenue	\$31,124	\$22,469	\$6,645	\$1,094	\$2,200
Net profit/(loss)	(\$638,390)	(\$331,276)	(\$322,223)	(\$326,743)	(\$585,260)
Change in share price at year end	(9.7c)	(1.3c)	1.5c	(.03c)	.052c
Dividends paid per share	-	-	-	-	-

Details of remuneration for year ended 30 June 2015

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

2015

	Short Term Benefits	Post Employ- ment Benefits	Share Based Payment	Total	% share based payments
Director	Cash Salary	Super- annuation	Equity Settled		
	\$	\$	\$	\$	
D J Channer	-	-	-	-	-
C J Bishop	-	-	-	-	-
R Krakowiak	-	-	-	-	-
P M Boero	-	-	-	-	-
	-	-	-	-	-

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

2014

D J Channer	-	-	-	-	-
C J Bishop	-	-	-	-	-
R Krakowiak	-	-	-	-	-
P M Boero	23,400	-	-	23,400	-
	23,400	-	-	23,400	-

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. Compensation is determined in accordance with the general remuneration policy outlined 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 Nomination and Remuneration Committee.

It is the Company's policy that service contracts for key management personnel are unlimited in term but capable of termination on one month's notice. The Company retains the right to terminate the contract immediately by making payment equal to one month's pay in lieu of notice.

D J Channer

Contract term	Ongoing
Base salary	\$44,000 plus superannuation* – to be reviewed annually by the Nomination and Remuneration Committee
Termination payment	Payment on early termination is equal to one month's salary

C J Bishop

Contract term	Ongoing
Base salary	\$25,000 plus superannuation* – to be reviewed annually by the Nomination and Remuneration Committee
Termination payment	Payment on early termination is equal to one month's salary

R S Krakowiak

Contract term	Ongoing
Base salary	\$25,000 plus superannuation* – to be reviewed annually by the Nomination and Remuneration Committee
Termination payment	Payment on early termination is equal to one month's salary

P M Boero

Contract term	Ongoing
Base salary	\$62,400* – to be reviewed annually by the Nomination and Remuneration Committee
Termination payment	Payment on early termination is equal to one month's salary

*Due to the fact that key management personnel have forfeited their fees during the year no meetings of the Nomination and Remuneration Committee were held.

MEDIGARD LIMITED
ABN 49 090 003 044

Additional disclosures relating to Key Management Personnel

Shareholding

	Balance 1.7.2014	Granted as Compen- sation	Options Exercised	Net Change Other	Balance 30.06.2015
Mr D J Channer	31,683,696	-	-	-	31,683,696
Dr C J Bishop	283,334	-	-	-	283,334
Mrs P M Boero	775,829	-	-	-	775,829
Mr R Krakowiak	-	-	-	-	-
	32,742,859	-	-	-	32,742,859

Option Holding

There were no options over ordinary shares in the company held during the financial 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.

Transactions with related parties	2015 \$	2014 \$
Director related entities		
Office rental payable to Channer Hook Unit Trust of which Donald Channer is a trustee	9,750	1,787
Interest bearing loan from Vestcare Pty Ltd of which Donald Channer is a director	150,000	100,000
Accrued interest payable to Vestcare Pty Ltd	13,113	1,536
Director		
Interest bearing loan from Donald Channer	100,000	100,000
Accrued interest payable to Donald Channer	12,574	4,464

The interest charged on both loans is 7.5%. There is no repayment date on the loans. In July 2015, Vestcare Pty Ltd was repaid \$53,694.59 (\$50,000.00 principal plus interest of \$3,694.59).

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

Meetings of Directors

During the financial year, three 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	3	3	0	0	0	0	0	0
C J Bishop	3	3	2	2	0	0	0	0
R S Krakowiak	3	3	2	2	0	0	0	0
P M Boero*	3	3	2	2	0	0	0	0

*in capacity as Company Secretary

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:

The company has paid premiums to insure each of the following directors 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:

Donald J Channer
Christopher J Bishop
Robert S Krakowiak
Patricia M Boero

The total premium paid was \$9,500 (2014: \$9,500).

The company has not indemnified nor insured the auditors.

Options

As at the date of this report there are no options over ordinary shares or interests of Medigard Limited outstanding.

No options were granted during or since the end of the financial year.

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.

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.

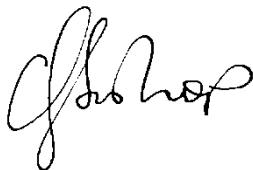
The company was not a party to any such proceedings during the year.

Non-audit Services

No fees were paid to the external auditors for non-audit services during the year ended 30 June 2015.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on the following page.



Signed in accordance with a resolution of the Board of Directors

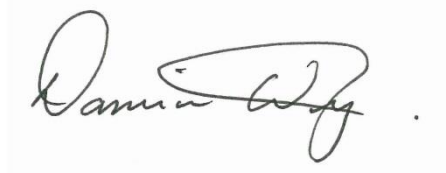
Director Christopher Bishop

Date 23 September 2015

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

As lead auditor of Medigard Limited for the year ended 30 June 2015, 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.



D P WRIGHT

Director

BDO Audit Pty Ltd

Brisbane, 23 September 2015

MEDIGARD LIMITED
ABN 49 090 003 044

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

		2015	2014
		\$	\$
Revenue	2	2,200	1,094
Other income		-	-
Depreciation and amortisation expense	3	(19,545)	(26,702)
Finance costs	3	(19,687)	(6,000)
Employee benefits	3	-	(23,400)
Fair Value Movement	3	(317,361)	-
Other expenses	3	(230,867)	(271,735)
Loss before income tax expense		(585,260)	(326,743)
Income tax expense	4	-	-
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)	7	(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.

MEDIGARD LIMITED
ABN 49 090 003 044

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

		2015	2014
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	164,107	15,885
Trade and other receivables	9	1,332	5,600
Other current assets	10	8,585	3,480
TOTAL CURRENT ASSETS		174,024	24,965
NON-CURRENT ASSETS			
Property, plant and equipment	11	8,274	10,633
Intangible assets	12	75,275	92,461
Other non-current assets	13	10,560	10,560
TOTAL NON-CURRENT ASSETS		94,109	113,654
TOTAL ASSETS		268,133	138,619
CURRENT LIABILITIES			
Trade and other payables	14	58,283	30,557
Borrowings	15	275,687	206,000
TOTAL CURRENT LIABILITIES		333,970	236,557
NON CURRENT LIAIBILITIES			
Convertible notes at fair value through profit or loss	16	617,361	-
TOTAL NON CURRENT LIABILITIES		617,361	-
TOTAL LIABILITIES		951,331	236,557
NET ASSETS		(683,198)	(97,938)
EQUITY			
Issued capital	17	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.

MEDIGARD LIMITED
ABN 49 090 003 044

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	21a	(201,778)	(272,423)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(6,607)
Net cash provided by (used in) investing activities		-	(6,607)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings and Convertible note issue		350,000	200,000
Net cash provided by financing activities		350,000	200,000
Net increase/(decrease) in cash held		148,222	(79,030)
Cash at 1 July 2014		15,885	94,915
Cash at 30 June 2015	8	164,107	15,885

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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 23 September 2015.

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

The financial statements are presented in the 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 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, including the availability of additional funding, the commercialisation of Medigard's 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.

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.

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%
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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 30 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 2015.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the Company.

IFRS 15 Revenue from Contracts with Customers

This standard establishes a single revenue recognition framework and supersedes *IAS 11 Construction Contracts*, *IAS 18 Revenue*, *Interpretation 13 Customer Loyalty Programmes*, *Interpretation 15 Agreements for the Construction of Real Estate*, *Interpretation 18 Transfers of Assets from Customers*, and *Interpretation 131 Revenue – Barter Transaction Involving Advertising Services*. This standard is applicable to annual reporting periods beginning on or after 1 January 2018, with early adoption permitted once approved by the AASB in Australia. Under the new standard, an entity should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Hence, the revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently in *IAS 18 Revenue*. This new standard requires the use of either method using retrospective application to each reporting period in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*, or retrospective application with the cumulative effect of initially applying IFRS 15 recognised directly in equity. The Company is currently assessing the impact of this standard.

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

	2015 \$	2014 \$
NOTE 2 REVENUE AND OTHER INCOME		
Revenue		
- Interest received – cash at bank	2,200	1,094
	2,200	1,094
NOTE 3 LOSS FOR THE YEAR		
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 and trademarks	17,186	22,992
Total amortisation	17,186	22,992
Total depreciation and amortisation	19,545	26,702
Finance costs – interest on loans	19,687	6,000
Employee benefits	-	23,400
Fair Value movement on Convertible Notes (Note 16)	317,361	-
Rental expense – minimum lease payments	9,750	32,055
Research and development costs	2,662	7,380
Consulting fees	2,250	-
Fees & permits	31,326	32,274
Audit fees	31,319	27,284
Patent applications and maintenance	126,989	101,127
Other expenses	26,571	71,615
	230,867	271,735

MEDIGARD LIMITED
ABN 49 090 003 044

	2015 \$	2014 \$
NOTE 4 INCOME TAX		
The prima facie tax on loss before income is reconciled to the income tax as follows:		
Prima facie tax benefit on loss before income tax at 30% (2014: 30%)	175,578	98,023
Tax effect of non-deductible items	(95,358)	(86)
Income tax credit attributable to company	80,220	97,937
Tax losses not recognised as asset	(80,220)	(97,937)
Income Tax Expense	-	-
Unrecognised deferred tax assets		
Unrecognised tax losses and temporary differences	3,550,113	3,283,565
Deferred tax assets not taken up at 30% (2014:30%)	1,065,034	985,069

There are no franking credits available

NOTE 5 KEY MANAGEMENT PERSONNEL

Compensation

Short term employee benefits	-	23,400
Post-employment benefits	-	-
	-	23,400

NOTE 6 AUDITOR'S REMUNERATION

Remuneration of the auditor of the company for:

- Auditing or reviewing the financial statements	31,319	27,284
- Other services	-	-
	31,319	27,284

MEDIGARD LIMITED
ABN 49 090 003 044

	2015	2014
	\$	\$
NOTE 7 EARNINGS PER SHARE		
a. Reconciliation of Earnings to Net Loss		
Net Loss	(585,260)	(326,743)
Earnings used in the calculation of basic and diluted EPS	(585,260)	(326,743)
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS		
	91,007,472	91,007,472

Options could potentially dilute basic earnings per share in the future but were not included in diluted earnings per share as they were antidilutive for the year and there were no options on issue.

NOTE 8 CASH AND CASH EQUIVALENTS

Cash at bank	164,107	15,885
	164,107	15,885

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	148,434	657
Term Deposit	15,673	15,228
Total Cash	164,107	15,885

The effective interest rate on short-term bank deposits was 2.0% (2014: 2.0%).

NOTE 9 RECEIVABLES

CURRENT

Short Term Deposits	200	200
Other Debtors	1,132	5,400
	1,332	5,600

No receivables are past due or impaired at year end. All receivables are with long standing customers who have a good credit history with the entity.

MEDIGARD LIMITED
ABN 49 090 003 044

	2015	2014
	\$	\$
NOTE 10 OTHER CURRENT ASSETS		
Prepayments	8,585	3,480
	8,585	3,480
NOTE 11 PROPERTY PLANT AND EQUIPMENT		
Plant and Equipment – at cost	68,184	68,184
Accumulated depreciation	(59,910)	(57,551)
Carrying amount	8,274	10,633
Balance at beginning of the year	10,633	17,467
Additions – at cost	-	6,607
Disposal	-	(9,731)
Depreciation	(2,359)	(3,710)
Carrying amount at the end of the year	8,274	10,633
NOTE 12 INTANGIBLE ASSETS		
Patents, and trademarks – at cost	319,453	319,453
Accumulated amortisation	(244,178)	(226,992)
	75,275	92,461
Balance at beginning of year	92,461	115,453
Amortisation	(17,186)	(22,992)
Carrying amount at the end of the year	75,275	92,461
NOTE 13 OTHER NON-CURRENT ASSETS		
Capitalised Development Expenditure – at cost	10,560	10,560
Accumulated Amortisation	-	-
	10,560	10,560

MEDIGARD LIMITED
ABN 49 090 003 044

	2015	2014
	\$	\$
NOTE 14 TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured Liabilities		
Trade Creditors	1,716	12,557
Sundry Creditors and Accrued Expenses	56,567	18,000
	58,283	30,557

NOTE 15 BORROWINGS

Unsecured loans provided by a director and an associated entity of the director	275,687	206,000
	275,687	206,000

Refer also to Note 23 for related party transactions

NOTE 16 CONVERTIBLE NOTES

Convertible notes at fair value through Profit or 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%

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 3). The carrying value of the convertible notes at 30 June 2015

MEDIGARD LIMITED
ABN 49 090 003 044

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

	2015	2014
	\$	\$
NOTE 17 ISSUED CAPITAL		
a. Shares		
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
	Number	Number
At the beginning of the reporting period	91,007,472	91,007,472
Ordinary shares issued during the year	-	-
Options exercised	-	-
At reporting date	91,007,472	91,007,472
	2015	2014
	\$	\$
At the beginning of the reporting period	4,953,560	4,953,560
Ordinary shares issued during the year	-	-
Options exercised	-	-
At reporting date	4,953,560	4,953,560

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 2015 there were no unissued ordinary shares of Medigard Limited under options (2014: no unissued ordinary shares under options).

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 18 CAPITAL AND LEASING COMMITMENTS

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

NOTE 19 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

The company has no known contingent liabilities.

Contingent Assets

The company has no known contingent assets.

NOTE 20 SEGMENT REPORTING

The company's sole operations are the development of innovative medical instruments 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..

	2015	2014
	\$	\$

NOTE 21 CASH FLOW INFORMATION

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

Loss after income tax	(585,260)	(326,743)
Non-cash flows in loss		
Amortisation	17,186	22,992
Depreciation	2,359	3,710
Interest accrued	19,687	6,000

MEDIGARD LIMITED
ABN 49 090 003 044

Fair Value Movement	317,361	-
Loss on scrapping of plant & equipment	-	9,731
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	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)

b. Non-cash Financing and Investing Activities

There were no non-cash financing or investing activities

Note 22 Events After Balance Sheet Date

There are no significant events after balance sheet date.

Note 23 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.

Transactions with related parties	2015 \$	2014 \$
Director related entities		
Office rental payable to Channer Hook Unit Trust of which Donald Channer is a trustee	9,750	1,787
Interest bearing loan from Vestcare Pty Ltd of which Donald Channer is a director	150,000	100,000
Accrued interest payable to Vestcare Pty Ltd	13,113	1,536
Director		
Interest bearing loan from Donald Channer	100,000	100,000
Accrued interest payable to Donald Channer	12,574	4,464

The interest charged on both loans is 7.5%. There is no repayment date on the loans. In July 2015, Vestcare Pty Ltd was repaid \$50,000 plus accrued interest - \$53,694. The director has indicated he does not expect repayment of the balance loans within the next 12 months.

Note 24 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.

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 16.

The borrowings from a Director and a related party are payable at call.

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 8.

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 for the prior year.

	Profit or Loss		Equity	
	+1%	-1%	+1%	-1%
30 June 2015	1,641	-1,641	1,641	-1,641
30 June 2014	547	-547	547	-547

Fair Values

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

Note 25 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

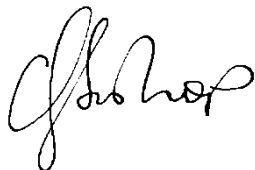
MAIN BEACH QLD 4217

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 2015 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 6 to 9 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2015, 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 Christopher Bishop

Date 23 September 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Medigard Ltd

Report on the Financial Report

We have audited the accompanying financial report of Medigard Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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 Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Medigard Ltd 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 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter - Going Concern

Without modifying our opinion, 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 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.

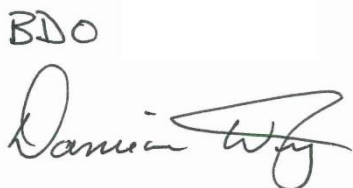
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of Medigard Ltd for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd



D P Wright
Director

Brisbane, 23 September 2015