

MEDIGARD LIMITED
ABN 49 090 003 044

Results for Announcement to the Market

Financial Year ended 30 June 2016 (Reporting Period)
(Previous Corresponding Period - 30 June 2015)

			30 June 2016	30 June 2015
			\$	\$
Revenues from continuing operations	Up 1910%	to	44,236	2,200
Profit (Loss) from continuing operations after tax attributable to members		to	81,020	(585,260)
Net profit (loss) for the period attributable to members		to	81,020	(585,260)

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 2016	30 June 2015
Net Tangible Assets per Security (cents)	(0.74)	(0.83)

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 2016

		2016	2015
		\$	\$
Revenue	1	44,236	2,200
Other income	2	291,258	-
Depreciation and amortisation expense	3	(18,980)	(19,545)
Finance costs	3	(27,407)	(19,687)
Fair Value Movement	3	-	(317,361)
Other expenses	3	(208,087)	(230,867)
Profit (Loss) before income tax expense		81,020	(585,260)
Income tax expense		-	-
Net Profit (Loss) for the year after income tax expense		81,020	(585,260)
Other Comprehensive Income, net of tax		-	-
Total Comprehensive Income		81,020	(585,260)
Basic & diluted earnings per share (cents per share)		0.09	(0.64)

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
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

		2016	2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	261,678	164,107
Trade and other receivables	5	8,070	1,332
Other current assets		6,095	8,585
TOTAL CURRENT ASSETS		275,843	174,024
NON-CURRENT ASSETS			
Property, plant and equipment		6,480	8,274
Intangible assets	6	58,089	75,275
Other non-current assets		10,560	10,560
TOTAL NON-CURRENT ASSETS		75,129	94,109
TOTAL ASSETS		350,972	268,133
CURRENT LIABILITIES			
Trade and other payables	7	19,736	58,283
Borrowings	8	239,275	275,687
TOTAL CURRENT LIABILITIES		259,011	333,970
NON CURRENT LIAIBILITIES			
Convertible notes at fair value through profit or loss	9	475,553	617,361
Borrowings	8	218,586	-
TOTAL NON CURRENT LIABILITIES		694,139	617,361
TOTAL LIABILITIES		953,150	951,331
NET ASSETS		(602,178)	(683,198)
EQUITY			
Issued capital	10	4,953,560	4,953,560
Accumulated losses		(5,555,738)	(5,636,758)
TOTAL EQUITY		(602,178)	(683,198)

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 2016

		2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		36,253	-
Payments to suppliers and employees		(259,409)	(209,440)
GST refunded		15,533	5,462
Interest received		976	2,200
Interest paid		(298)	-
Net cash used in operating activities	12	(206,945)	(201,778)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from investments		149,450	-
Purchase of property, plant and equipment		-	-
Net cash provided by (used in) investing activities		149,450	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings and convertible note issue		208,760	350,000
Repayment of borrowings		(53,694)	-
Net cash provided by financing activities		155,066	350,000
Net increase/(decrease) in cash held		97,571	148,222
Cash at 1 July 2015		164,107	15,885
Cash at 30 June 2016	4	261,678	164,107

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 2016

	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
As at July 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)
Profit (Loss) for the Year	-	81,020	81,020
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	81,020	81,020
Transfer to/from Reserve	-	-	-
At 30 June 2016	4,953,560	(5,555,738)	(602,178)

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
Note 1 Revenue		
Operating activities		
- Interest received – cash at bank	976	2,200
- Royalties received	43,260	
	44,236	2,200
Note 2 Other income		
Fair value gain on convertible notes	141,808	-
Capital recoveries on investments previously written off	149,450	-
	291,258	-
Note 3 Loss for the Year		
a. Expenses:		
Depreciation of non-current assets:		
- Plant and equipment	1,794	2,359
Total depreciation	1,794	2,359
Amortisation of non-current assets:		
- Patents & trademarks	17,186	17,186
Total amortisation	17,186	17,186
Total amortisation and depreciation	18,980	19,545
Finance costs – interest on loan	27,407	19,687
Fair value loss on convertible notes	-	317,361
Rental expense	9,750	9,750
Research and development Costs	-	2,662
Fees & permits	34,251	31,326
Other expenses	164,086	187,129
	208,087	230,867

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
Note 4 Cash and Cash Equivalents		
Cash at bank	261,678	164,107
	<u>261,678</u>	<u>164,107</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	251,558	148,434
Term deposit	10,120	15,672
	<u>261,678</u>	<u>164,107</u>

Note 5 Receivables

CURRENT

Short term deposits	200	200
Trade debtors	7,007	-
Other debtors	863	1,132
	<u>8,070</u>	<u>1,332</u>

No receivables are past due or impaired at year end.

Note 6 Intangible Assets

Patents and trademarks – at cost	319,453	319,453
Less: Accumulated amortisation	(261,364)	(244,178)
	<u>58,089</u>	<u>75,275</u>
Balance at beginning of year	75,275	92,461
Amortisation	(17,186)	(17,186)
Carrying amount at the end of the year	<u>58,089</u>	<u>75,275</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
Note 7 Payables		
CURRENT		
Unsecured Liabilities		
Trade Creditors	1,236	1,716
Sundry Creditors and Accrued Expenses	18,500	56,567
	19,736	58,283
Note 8 Borrowings		
CURRENT		
Loans provided by a director and an associated entity.	239,275	275,687
	239,275	275,687
NON CURRENT		
Loans provided by Sol Millennium Medical HK Limited	218,586	-
	218,586	-
Note 9 – Convertible notes at fair value through profit and loss		
	475,553	617,361
	475,553	617,361

The convertible 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 \$0.038

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

- Volatility of 150%
- Risk free rate of 1.59%

Fair Value Movement

During this financial year a fair value gain was recorded of \$141,808 based on a valuation of the Notes at 30 June 2016. (Refer Note 2). The carrying value of the convertible note at 30 June 2016 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 \$27,851
 - A 25% decrease in volatility would decrease the fair value by \$30,684

Note 10 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
	2016	2015
	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 2016 there were no unissued ordinary shares for which unlisted options were outstanding (30 June 2015: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 is now receiving royalties from the sales of 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 11 Segment Reporting

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

Note 12 Cash Flow Information

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

Profit (Loss) after income tax	81,020	(585,260)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss		
Amortisation	17,186	17,186
Depreciation	1,794	2,359
Interest accrued	27,109	19,687
Fair Value Movement	(141,808)	317,361
Capital recoveries	(149,450)	-
Changes in assets and liabilities		
(Increase)/decrease in trade and term debtors	(6,739)	4,268
(Increase)/decrease in prepayments	2,490	(5,105)
(Increase)/decrease in rental bond	-	-
Increase/(decrease) in trade creditors and accruals	(38,547)	27,726
Cash flows from operations	(206,945)	(201,778)

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