

Results for Announcement to the Market

Financial Year ended 30 June 2020 (Reporting Period)
(Previous Corresponding Period - 30 June 2019)

			30 June 2020	30 June 2019
			\$	\$
Revenues from continuing operations	Down 100%	to	13,539	13,539
Profit (Loss) from continuing operations after tax attributable to members	N/A	to	264,600	(854,096)
Net profit (loss) for the period attributable to members	N/A	to	264,600	(854,096)

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.		

Explanation of Figures Included above

The Company recorded a profit of \$264,600, the major factors in the result were non-cash income consisting of \$528,011 gain on disposal of intellectual property and \$95,722 interest forgiven by related parties on loans advanced to the Company. Those gains were offset by \$359,133 normal costs of operating the Company including \$150,000 licence fees for the KT009 project.

Net Tangible Assets per Security	30 June 2020	30 June 2019
Net Tangible Assets per Security (cents)	(0.18)	(0.81)

Results for Announcement to the Market

Financial Year ended 30 June 2020 (Reporting Period)

(Previous Corresponding Period - 30 June 2020)

<p>This report is based on financial statements which have not yet been audited or reviewed.</p>

<p>As in previous years, an emphasis of matter related to going concern is likely to be included in any future independent audit report. Refer to Note 1 Going Concern on Page 7.</p>
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<p>In lodging these unaudited financial statements the Company is relying on the ASIC relief instrument 2020/451 <i>Extended Reporting and Lodgement Deadlines</i>, and will immediately make a further announcement to the market if there is a material difference between its unaudited accounts and its audited accounts.</p>
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<p>The Company did not gain or lose control of any entities during the period.</p>

<p>The Company does not have any associates or joint venture entities.</p>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS AT 30 JUNE 2020

		2020	2019
		\$	\$
Revenue from contracts with customers	2	-	12,364
Other income	3	623,740	1,175
Depreciation and amortisation expense	4	(203)	(9,729)
Consultancy fees		-	(165,136)
Employee benefits expense		(47,304)	(357,304)
Finance costs	4	(3,146)	(20,407)
Impairment of intangible asset		(10,560)	-
Licence fees		(150,000)	(59,891)
Other expenses	4	(147,927)	(255,168)
Profit/ (loss) before income tax expense		264,600	(854,096)
Income tax expense		-	-
Net Profit/ (loss) for the year after income tax expense		264,600	(854,096)
Other Comprehensive Income, net of tax		-	-
Total Comprehensive Income		264,600	(854,096)
Basic & diluted earnings per share (cents per share)	7	.17	(.64)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	1,136	31,190
Trade and other receivables	9	7,440	9,204
Other current assets	10	35,239	22,675
TOTAL CURRENT ASSETS		43,815	63,069
NON-CURRENT ASSETS			
Property, plant and equipment	11	377	471
Intangible assets	12	-	17,097
Other non-current assets	13	-	10,560
TOTAL NON-CURRENT ASSETS		377	28,128
TOTAL ASSETS		44,192	91,197
CURRENT LIABILITIES			
Trade and other payables	14	243,592	41,379
Borrowings	15	106,508	503,994
Convertible notes at fair value through profit or loss	16	-	615,000
TOTAL CURRENT LIABILITIES		350,100	1,160,373
TOTAL LIABILITIES		350,100	1,160,373
NET ASSETS		(305,908)	(1,069,176)
EQUITY			
Issued capital	17	6,306,664	5,807,996
Share-based payments reserve	18	270,000	270,000
Accumulated losses		(6,882,572)	(7,147,172)
TOTAL EQUITY		(305,908)	(1,069,176)

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	20,585
Payments to suppliers and employees	(169,975)	(578,337)
Interest and other costs of finance	(3,147)	
GST refunded	19,097	32,225
Interest received	7	706
Net cash used in operating activities	(154,018)	(524,821)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	-	-
Purchase of property, plant and equipment	-	-
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of share issue	-	-
Costs of share issue	(12,179)	(2,516)
Proceeds of borrowings	136,143	181,600
Net cash provided by financing activities	123,964	179,084
Net increase/(decrease) in cash held	(30,054)	(345,737)
Cash at the beginning of the year	31,190	376,927
Cash at the end of the year	8 1,136	31,190

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital	Share-based Payments Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2018	5,635,512	-	(6,293,076)	(657,564)
Comprehensive income				
Loss for the Year	-	-	(854,096)	(854,096)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(854,096)	(854,096)
Transactions with owners, in their capacity as owners				
Shares issued during the year	175,000	-	-	175,000
Issue of options to a Director (Note 18)	-	270,000	-	270,000
Transaction costs	(2,516)			(2,516)
Balance as at 30 June 2019	5,807,996	270,000	(7,147,172)	(1,069,176)
Comprehensive income				
Profit for the Year	-	-	264,600	264,600
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	264,600	264,600
Transactions with owners, in their capacity as owners				
Shares issued during the year	520,348	-	-	520,348
Transaction costs	(21,680)	-	-	(21,680)
Balance as at 30 June 2020	6,306,664	270,000	(6,882,572)	(305,908)

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 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the Statement of Financial Position, the Company had net asset deficiency of \$305,908 and had net operating cash outflows of \$154,018 for the year ended 30 June 2020. As at 30 June 2020 the Company had cash of \$1,136.

The ability of the Company to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Company to raise further capital as required; and
- share based settlement of a \$150,000 current liability, the terms of which have been generally determined
- continuing support of the directors

These conditions give rise to material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

Notwithstanding the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis after having regard to the following matters:

- Ongoing negotiations with a broker regarding the potential recapitalisation and restructure of the Company
- Potential to settle \$150,000 of the current liabilities of the Company by the issue of 16,666,666 fully paid ordinary shares in the Company

Should the Company be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

Going Concern (Continued)

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Company not be able to achieve the matters set out above and thus be able to continue as a going concern.

	2020 \$	2019 \$
NOTE 2 REVENUE		
Royalties received	-	12,364
	-	12,364
NOTE 3 OTHER INCOME		
- Gain on disposal of intangible assets	528,011	-
- Interest payable forgiven on loans from related parties	95,722	-
- Interest received – cash at bank	7	706
- Foreign currency gain	-	469
	623,740	1,175
NOTE 4 LOSS FOR THE YEAR		
Expenses		
Depreciation of non-current assets		
- Plant and equipment	94	476
Amortisation of non-current assets		
- Patents and trademarks	109	9,253
Total depreciation and amortisation	203	9,729
Interest on loans		19,602
Interest on insurance premium funding	3,146	805
	3,146	20,407
Fair Value Loss on Convertible Notes	-	45,132
Fees & permits	28,350	30,998
Audit fees	27,071	31,159
Legal fees	13,552	10,353
Patent applications and maintenance	27,629	85,346
Rental expense	5,400	5,763
Insurance	30,358	21,914
Other expenses	15,567	24,503
	147,927	255,168

	2020	2019
	\$	\$
NOTE 5 KEY MANAGEMENT PERSONNEL		
Compensation		
Short term employee benefits and consultancy	-	127,855
Post-employment benefits	-	12,145
Share based payments	-	145,800
	<u>-</u>	<u>285,800</u>

NOTE 6 AUDITOR'S REMUNERATION

Remuneration of the auditor of the Company for:

- Auditing or reviewing the financial statements	27,071	32,759
	<u>27,071</u>	<u>32,759</u>

NOTE 7 EARNINGS PER SHARE

a. Reconciliation of Earnings to Net Loss

Net Profit (Loss)	264,600	(854,096)
Earnings used in the calculation of basic and diluted EPS	<u>264,600</u>	<u>(854,096)</u>

b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS

157,246,263	134,478,407
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Options are not taken into account as they were not in-the-money at any time during the year, therefore basic and diluted earnings per share are the same.

NOTE 8 CASH AND CASH EQUIVALENTS

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	<u>1,136</u>	<u>31,190</u>
Total Cash	<u>1,136</u>	<u>31,190</u>

The effective interest rate on short-term bank deposits was 0.1% (2019: 0.1%).

	2020	2019
	\$	\$
NOTE 9 RECEIVABLES		
CURRENT		
Short Term Deposits	200	200
Other Debtors	7,240	9,004
	<u>7,440</u>	<u>9,204</u>
NOTE 10 OTHER CURRENT ASSETS		
Prepayments	35,239	22,675
	<u>35,239</u>	<u>22,675</u>
NOTE 11 PROPERTY PLANT AND EQUIPMENT		
Plant and Equipment – at cost	7,874	7,874
Accumulated depreciation	<u>(7,497)</u>	<u>(7,403)</u>
Carrying amount	<u>377</u>	<u>471</u>
Balance at beginning of the year	4,71	4,024
Additions – at cost	-	-
Disposal	-	(3,076)
Depreciation	<u>(94)</u>	<u>(477)</u>
Carrying amount at the end of the year	<u>377</u>	<u>471</u>
NOTE 12 INTANGIBLE ASSETS		
Patents, and trademarks – at cost	170,869	319,453
Accumulated amortisation	<u>(170,869)</u>	<u>(302,356)</u>
	<u>-</u>	<u>17,097</u>
Balance at beginning of year	17,097	26,350
Disposal	(17,097)	-
Amortisation	<u>-</u>	<u>(9,253)</u>
Carrying amount at the end of the year	<u>-</u>	<u>17,097</u>
NOTE 13 OTHER NON-CURRENT ASSETS		
Capitalised Development Expenditure – at cost	10,560	10,560
Impairment	<u>(10,560)</u>	<u>-</u>
	<u>-</u>	<u>10,560</u>
	2020	2019

	\$	\$
NOTE 14 TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured Liabilities		
Trade Creditors	54,796	7,871
Sundry Creditors and Accrued Expenses	188,796	33,508
	243,592	41,379

NOTE 15 BORROWINGS

CURRENT

Unsecured loans provided by directors and associated entities of directors	69,143	479,070
Insurance premium funding facility	37,365	24,924
	106,508	503,994

Refer also to Note 23 for related party transactions

NOTE 16 CONVERTIBLE NOTES

Convertible notes at fair value through Profit or Loss

Current Liability	-	615,000
	-	615,000

On 28 August 2019 the holders of convertible notes issued by the Company executed deeds to extinguish the Company's convertible note debt of \$615,000, being the total debt as fixed by agreement in May 2019, in exchange for;

- The transfer of all Intellectual Property ("IP") covered by an existing Licence Agreement with the note holders (IP covering items known as the blood collection device and blood flash needle) to the note holders or nominee;
- The issue of 5,000,000 fully paid ordinary shares to the note holders or nominee; and
- Cancellation of the Licence Agreement with the noteholder.

The transaction was finalised on 10 September 2019 and a gain of \$528,011 was recognised in the profit or loss in respect of the disposal of the intellectual property.

Fair Value Movement

During this financial year no fair value gain or loss was recorded in respect of the convertible notes as the amount of the debt was fixed in May 2019 and satisfied on 9 September 2019. (2019 loss of \$45,132).

NOTE 17 ISSUED CAPITAL

a. Shares

	30 June 2020		30 June 2019	
	Number of shares	\$	Number of shares	\$
Movements in ordinary fully paid shares on issue				
Balance at the beginning of the period	135,300,327	5,807,996	125,300,329	5,635,512
Issue of shares in the period:				
Equity Raising	-	-	9,999,998	175,000
Convertible note settlement Purchase	5,000,000	70,000	-	-
Loan settlements (1)	32,167,709	450,348	-	-
Transaction costs on shares issued	-	(21,680)	-	(2,516)
Balance at the end of the period	172,468,036	6,306,664	135,300,327	5,807,996

- (1) Liabilities consisting of loans previously payable to related parties of \$546,070 were settled by reversal (forgiveness) of \$95,722 accrued interest on the loans and by the issue of 32,167,709 fully paid ordinary shares at a deemed issue price of \$0.014 per share, as approved by the Company's Annual General Meeting on 13 November 2109. The forgiveness of interest is recognised in the profit or loss and included in Other Income.

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 2020 there were 80,000,000 unissued ordinary shares of Medigard Limited under options (2019: 80,000,000). Refer Note 18 for details of the 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 and 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 SHARE-BASED PAYMENTS RESERVE

On 31 July 2018 the Company, pursuant to shareholder approval, issued Executive Director Dr Ian Dixon a total of 80,000,000 unlisted, non-transferable options to acquire shares in the Company as follows. The options vested immediately upon grant and the total fair value expense of \$270,000 was recognised in the profit or loss for the year ended 30 June 2019 and in the share-based payments reserve.

NOTE 19 CAPITAL, LEASING AND LICENCE COMMITMENTS

Capital and leasing commitments

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

Intellectual Property licence fees

Minimum payments in respect of a licence to use intellectual property to develop a treatment for degenerative disk disease.

Committed at the reporting date but not recognised as liabilities, payable:	2020	2019
	\$	\$
Within one year	25,000	150,000
Within one to five years	100,000	100,000
Later than five years	475,000	475,000
	600,000	725,000

In addition to the minimum payments under the licence agreement, which expires in 2043, additional milestone payments are contingent upon the completion of phases of clinical testing and regulatory approval of the treatment which is the subject of the licence. Those payments could total a further \$1,450,000 if all milestones are met. Royalties on sales of the treatment become payable by the Company if the treatment is commercialised.

NOTE 20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

The Company has no known contingent liabilities as at reporting date.

Contingent Assets

The Company is expecting a further payment in respect of the failed investments with Lehman Bros. Based on advices from the liquidators, the final payment is estimated to be between \$26,000 and \$35,000.

NOTE 21 SEGMENT REPORTING

The Company's operations are the development of innovative medical technologies 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.

NOTE 22 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance, other than the following, has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state-of-affairs in future financial years.

The Company has assessed some potential opportunities for its future operations and restructure.

One particular opportunity presently looks likely to be suitable. The Board is working on bringing this to a conclusion in September 2020.

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.

	2020	2019
	\$	\$
Other transactions with related parties		
Director related entities		
Office rental payable to Channer Hook Unit Trust of which Donald Channer is a trustee	5,400	5,763
Interest bearing loan from Vestcare Pty Ltd of which Donald Channer is a director – repaid by share issue	(100,000)	100,000
Accrued interest payable to Vestcare Pty Ltd, forgiven	(45,759)	45,759
Non-interest-bearing loan from Altnia Operations Pty Ltd, an associate of Ian Dixon – repaid by share issue	(61,600)	61,600
Directors		
Interest bearing loan from Donald Channer, repaid by share	(100,000)	100,000
Accrued interest payable to Donald Channer - forgiven	(49,963)	49,963
Interest bearing loan from Ian Dixon, received	110,523	75,000
Interest bearing loan from Ian Dixon, repaid by share issue	(142,000)	-
Accrued interest payable to Ian Dixon, paid by share issue	(920)	920
Interest bearing loan from Chris Bishop, repaid by share issue	(25,000)	25,000
Accrued interest payable to Chris Bishop, paid by share issue	(460)	460
Interest bearing loan from Craig Cameron– repaid by share issue	(20,000)	20,000
Accrued interest payable to Craig Cameron	(368)	368

The interest charged on the interest-bearing loans was 7.5%. There was no fixed repayment date on these loans. However the lenders agreed, subject to shareholder approval, to accept shares in the Company in full and final settlement of their loan balances as at 30 September 2019 with interest payable only until 30 April 2019, except for Director Donald Channer and his related entity Vestcare Pty Ltd who forgave all accrued interest (\$95,722) on their loans. Shareholder approval was received and shares were subsequently issued on 9 December 2019. Refer Note 17; Issued Capital

Alternate Director

Interest bearing loan from Patricia Boero - received	25,620	-
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This loan has no fixed term of repayment and does not attract interest.