

MEDIGARD LIMITED
ABN 49 090 003 044

Results for Announcement to the Market

Financial Year ended 30 June 2017 (Reporting Period)
(Previous Corresponding Period - 30 June 2016)

		30 June 2017	30 June 2016
		\$	\$
Revenues from continuing operations	Up 47%	to 65,295	44,236
Profit (Loss) from continuing operations after tax attributable to members		to 79,252	81,020
Net profit (loss) for the period attributable to members		to 79,252	81,020

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 2017	30 June 2016
Net Tangible Assets per Security (cents)	(0.81)	(0.74)

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 2017

		2017	2016
		\$	\$
Revenue	1	65,295	44,236
Other income	2	126,800	291,258
Depreciation and amortisation expense	3	(18,571)	(18,980)
Finance costs	3	(25,981)	(27,407)
Other expenses	3	(226,795)	(208,087)
Profit (Loss) before income tax expense		(79,252)	81,020
Income tax expense		-	-
Net Profit (Loss) for the year after income tax expense		(79,252)	81,020
Other Comprehensive Income, net of tax		-	-
Total Comprehensive Income		(79,252)	81,020
Basic & diluted earnings per share (cents per share)		(0.09)	0.09

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 2017

		2017	2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	78,721	261,678
Trade and other receivables	5	50,880	8,070
Other current assets		5,953	6,095
TOTAL CURRENT ASSETS		135,554	275,843
NON-CURRENT ASSETS			
Property, plant and equipment		5,094	6,480
Intangible assets	6	40,904	58,089
Other non-current assets		10,560	10,560
TOTAL NON-CURRENT ASSETS		56,558	75,129
TOTAL ASSETS		192,112	350,972
CURRENT LIABILITIES			
Trade and other payables	7	35,820	19,736
Borrowings	8	257,850	239,275
TOTAL CURRENT LIABILITIES		293,670	259,011
NON CURRENT LIAIBILITIES			
Convertible notes at fair value through profit or loss	9	579,872	475,553
Borrowings	8	-	218,586
TOTAL NON CURRENT LIABILITIES		579,872	694,139
TOTAL LIABILITIES		873,542	953,150
NET ASSETS		(681,430)	(602,178)
EQUITY			
Issued capital	10	4,953,560	4,953,560
Accumulated losses		(5,634,990)	(5,555,738)
TOTAL EQUITY		(681,430)	(602,178)

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 2017

	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	28,573	36,253
Payments to suppliers and employees	(227,662)	(259,409)
GST refunded	9,986	15,533
Interest received	1,019	976
Interest paid	-	(298)
Net cash used in operating activities	12 (188,084)	(206,945)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	5,127	149,450
Purchase of property, plant and equipment	-	-
Net cash provided by (used in) investing activities	5,127	149,450
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of borrowings and convertible note issue	-	208,760
Repayment of borrowings	-	(53,694)
Net cash provided by financing activities	-	155,066
Net increase/(decrease) in cash held	(182,957)	97,571
Cash at 1 July 2016	261,678	164,107
Cash at 30 June 2017	4 78,721	261,678

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 2017

	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
As at July 2015	4,953,560	(5,636,758)	(683,198)
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)
Profit (Loss) for the Year	-	(79,252)	(79,252)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(79,252)	(79,252)
Transfer to/from Reserve	-	-	-
At 30 June 2017	4,953,560	(5,634,990)	(681,430)

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 2017

	2017	2016
	\$	\$
Note 1 Revenue		
Operating activities		
- Interest received – cash at bank	1,019	976
- Royalties received	64,276	43,260
	65,295	44,236
Note 2 Other income		
Fair value gain on convertible notes	121,673	141,808
Capital recoveries on investments previously written off	5,127	149,450
	126,800	291,258
Note 3 Loss for the Year		
a. Expenses:		
Depreciation of non-current assets:		
- Plant and equipment	1,386	1,794
Total depreciation	1,386	1,794
Amortisation of non-current assets:		
- Patents & trademarks	17,185	17,186
Total amortisation	17,185	17,186
Total amortisation and depreciation	18,571	18,980
Finance costs – interest on loan	25,981	27,407
Rental expense	9,750	9,750
Research and development Costs	5,040	-
Fees & permits	27,657	34,251
Other expenses	184,347	164,086
	226,794	208,087

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Note 4 Cash and Cash Equivalents		
Cash at bank	78,721	261,678
	78,721	261,678
 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	78,271	251,558
Term deposit	-	10,120
	78,271	261,678
 Note 5 Receivables		
CURRENT		
Short term deposits	200	200
Trade debtors	42,151	7,007
Other debtors	8,529	863
	50,880	8,070
 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	(278,549)	(261,364)
	40,904	58,089
 Balance at beginning of year	 58,089	 75,275
Amortisation	(17,185)	(17,186)
Carrying amount at the end of the year	40,904	58,089

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Note 7 Payables		
CURRENT		
Unsecured Liabilities		
Trade Creditors	17,320	1,236
Sundry Creditors and Accrued Expenses	18,500	18,500
	35,820	19,736
Note 8 Borrowings		
CURRENT		
Loans provided by a director and an associated entity.	257,850	239,275
	257,850	239,275
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		
	579,872	475,553
	579,872	475,553

The initial convertible notes (valuation \$361,337) have an extended maturity date of 31 August 2017 with an interest rate of 8% compounding daily. The notes are unsecured. 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 Company is in discussions with its Note Holder in relation to these Notes.

The balance convertible notes (valuation \$218,535) have a maturity date of 9 January 2019 with the same terms and conditions as the initial notes.

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.

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FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

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 2017 \$0.011
- Volatility of 150%
- Risk free rate of 1.66%

Fair Value Movement

During this financial year a fair value gain was recorded of \$121,673 based on a valuation of the Notes at 30 June 2017. (Refer Note 2). The carrying value of the convertible note at 30 June 2017 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 \$8,606
 - A 25% decrease in volatility would decrease the fair value by \$7,304

Note 10 Issued Capital

a. 91,007,472 (2016: 91,007,472) fully paid ordinary shares	4,953,560	4,953,560
	4,953,560	4,953,560
	2017	2016
	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 2017 there were no unissued ordinary shares for which unlisted options were outstanding (30 June 2016:nil).

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FOR THE YEAR ENDED 30 JUNE 2017

2017 2016
\$ \$

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.

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	(79,252)	81,020
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss		
Amortisation	17,185	17,186
Depreciation	1,386	1,794
Interest accrued	25,981	27,109
Fair Value Movement	(121,673)	(141,808)
Capital recoveries	(5,127)	(149,450)
Changes in assets and liabilities		
(Increase)/decrease in trade and term debtors	(42,811)	(6,739)
(Increase)/decrease in prepayments	142	2,490
Increase/(decrease) in trade creditors and accruals	16,085	(38,547)
Cash flows from operations	(188,084)	(206,945)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note 13 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