

MEDIGARD LIMITED
ABN 49 090 003 044

Results for Announcement to the Market

Financial Year ended 30 June 2018 (Reporting Period)
(Previous Corresponding Period - 30 June 2017)

| | | | 30 June 2018 | 30 June 2017 |
|--|-------------|----|--------------|--------------|
| | | | \$ | \$ |
| Revenues from continuing operations | Down 44% | to | 36,693 | 65,295 |
| Profit (Loss) from continuing operations after tax attributable to members | 401% | to | (614,648) | (122,690) |
| Net profit (loss) for the period attributable to members | 401% | to | (614,648) | (122,690) |

| 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. | | |

MEDIGARD LIMITED
ABN 49 090 003 044

Explanation of Figures Included above

Income was derived from royalties and interest on investments.

| Net Tangible Assets per Security | 30 June 2018 | 30 June 2017 |
|--|---------------------|---------------------|
| Net Tangible Assets per Security (cents) | (0.53) | (0.13) |

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

MEDIGARD LIMITED
ABN 49 090 003 044

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

| | | 2018 | 2017 |
|---|---|-----------|-----------|
| | | \$ | \$ |
| Revenue | 1 | 36,693 | 65,295 |
| Other income | 2 | - | 126,800 |
| Depreciation and amortisation expense | 3 | (15,624) | (18,571) |
| Employee benefits expense | | (140,000) | - |
| Equity based remuneration | | (218,700) | - |
| Finance costs | 3 | (20,018) | (25,981) |
| Other expenses | 3 | (256,999) | (270,233) |
| Profit (Loss) before income tax expense | | (614,648) | (122,690) |
| Income tax expense | | - | - |
| Net Profit (Loss) for the year after income tax expense | | (614,648) | (122,690) |
| Other Comprehensive Income, net of tax | | - | - |
| Total Comprehensive Income | | (614,648) | (122,690) |
| | | | |
| Basic & diluted earnings per share (cents per share) | | (0.58) | (0.13) |

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 2018

| | | 2018 | 2017 |
|--|----|-------------------------|-------------------------|
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 376,927 | 78,721 |
| Trade and other receivables | 5 | 11,250 | 50,880 |
| Other current assets | | 6,846 | 5,953 |
| TOTAL CURRENT ASSETS | | <u>395,023</u> | <u>135,554</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 4,024 | 5,094 |
| Intangible assets | 6 | 26,350 | 40,904 |
| Other non-current assets | | 10,560 | 10,560 |
| TOTAL NON-CURRENT ASSETS | | <u>40,934</u> | <u>56,558</u> |
| TOTAL ASSETS | | <u><u>435,957</u></u> | <u><u>192,112</u></u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 70,785 | 79,258 |
| Borrowings | 8 | 452,868 | 257,850 |
| Convertible notes at fair value through profit or loss | 9 | 569,868 | 361,337 |
| TOTAL CURRENT LIABILITIES | | <u>1,093,521</u> | <u>698,445</u> |
| NON CURRENT LIABILITIES | | | |
| Convertible notes at fair value through profit or loss | 9 | - | 218,535 |
| TOTAL NON CURRENT LIABILITIES | | <u>-</u> | <u>218,535</u> |
| TOTAL LIABILITIES | | <u><u>1,093,521</u></u> | <u><u>916,980</u></u> |
| NET ASSETS | | <u><u>(657,564)</u></u> | <u><u>(724,868)</u></u> |
| EQUITY | | | |
| Issued capital | 10 | 5,635,512 | 4,953,560 |
| Accumulated losses | | (6,293,076) | (5,678,428) |
| TOTAL EQUITY | | <u><u>(657,564)</u></u> | <u><u>(724,868)</u></u> |

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 2018

| | 2018 | 2017 |
|---|--------------|-----------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 75,430 | 28,573 |
| Payments to suppliers and employees | (402,522) | (227,662) |
| GST refunded | 26,414 | 9,986 |
| Interest received | 1,233 | 1,019 |
| Net cash used in operating activities | 12 (299,445) | (188,084) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from investments | - | 5,127 |
| Net cash provided by (used in) investing activities | - | 5,127 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds of share issue | 488,000 | - |
| Costs of share issue | (24,748) | - |
| Proceeds of borrowings and convertible note issue | 175,000 | - |
| Repayment of borrowings | (40,601) | - |
| Net cash provided by financing activities | 597,651 | - |
| Net increase/(decrease) in cash held | 298,206 | (182,957) |
| Cash at 1 July 2017 | 78,721 | 261,678 |
| Cash at 30 June 2018 | 4 376,927 | 78,721 |

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 2018

| | Issued Capital | Accumulated Losses | Total Equity |
|--|------------------|-----------------------|------------------|
| | \$ | \$ | \$ |
| As at July 2016 | 4,953,560 | (5,555,738) | (602,178) |
| Loss for the Year | - | (122,690) | (122,690) |
| Other comprehensive income, net of tax | - | - | - |
| Total comprehensive income | - | (122,690) | (122,690) |
| Transfer to/from Reserve | - | - | - |
| At 30 June 2017 | 4,953,560 | (5,678,428) | (724,868) |
| Profit (Loss) for the Year | - | (614,648) | (614,648) |
| Other comprehensive income, net of tax | - | - | - |
| Total comprehensive income | - | (614,648) | (614,648) |
| Shares issued during the year | 706,700 | | 706,700 |
| Transaction costs | (24,748) | | (24,748) |
| Transfer to/from Reserve | - | - | - |
| At 30 June 2018 | 5,635,512 | (6,293,076) | (657,564) |

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

MEDIGARD LIMITED
ABN 49 090 003 044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| Note 1 Revenue | | |
| Operating activities | | |
| - Interest received – cash at bank | 1,233 | 1,019 |
| - Royalties received | 35,460 | 64,276 |
| | 36,693 | 65,295 |
| Note 2 Other income | | |
| Fair value gain on convertible notes | - | 121,673 |
| Capital recoveries on investments previously written off | - | 5,127 |
| | - | 126,800 |
| Note 3 Loss for the Year | | |
| a. Expenses: | | |
| Depreciation of non-current assets: | | |
| - Plant and equipment | 1,070 | 1,386 |
| Total depreciation | 1,070 | 1,386 |
| Amortisation of non-current assets: | | |
| - Patents & trademarks | 14,554 | 17,185 |
| Total amortisation | 14,554 | 17,185 |
| Total amortisation and depreciation | 15,624 | 18,571 |
| Finance costs – interest on loan | 20,018 | 25,981 |
| Rental expense | 9,750 | 9,750 |
| Fair Value Loss on Convertible Notes | 30,597 | - |
| Research and development Costs | - | 5,040 |
| Fees & permits | 29,817 | 27,657 |
| Other expenses | 186,835 | 227,786 |
| Total other expenses | 256,999 | 270,233 |

MEDIGARD LIMITED
ABN 49 090 003 044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 | 2017 |
|---|----------------|---------------|
| | \$ | \$ |
| Note 4 Cash and Cash Equivalents | | |
| 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 | 376,927 | 78,721 |
| | 376,927 | 78,271 |

Note 5 Receivables

CURRENT

| | | |
|---------------------|---------------|---------------|
| Short term deposits | 200 | 200 |
| Trade debtors | 6,985 | 42,151 |
| Other debtors | 4,065 | 8,529 |
| | 11,250 | 50,880 |

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 | (293,103) | (278,549) |
| | 26,350 | 40,904 |
| Balance at beginning of year | 40,904 | 58,089 |
| Amortisation | (14,554) | (17,185) |
| Carrying amount at the end of the year | 26,350 | 40,904 |

Note 7 Payables

CURRENT

Unsecured Liabilities

| | | |
|---------------------------------------|---------------|---------------|
| Trade Creditors | 33,214 | 17,320 |
| Sundry Creditors and Accrued Expenses | 37,571 | 61,938 |
| | 70,785 | 79,258 |

MEDIGARD LIMITED
ABN 49 090 003 044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 | 2017 |
|---|----------------|----------------|
| | \$ | \$ |
| Note 8 Borrowings | | |
| CURRENT | | |
| Loans provided by a director and an associated entity. | 277,868 | 257,850 |
| Loans from related parties (converted to equity 31/07/18) | 175,000 | - |
| | 452,868 | 257,850 |
| | | |
| Note 9 – Convertible notes at fair value through profit and loss | | |
| Current liability | 569,868 | 361,337 |
| Non current liability | - | 218,535 |
| | 569,868 | 579,872 |

The initial convertible notes (valuation \$316,851) have an extended maturity date of 9 January 2019 with no interest accruing from 1 September 2018 to 9 January 2019. 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 balance convertible notes (valuation \$253,017) have a maturity date of 9 January 2019 with an interest rate of 8% compounding daily. All other terms and conditions are the same 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.

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 2018 \$0.016
- Volatility of 150%
- Risk free rate of 1.66%

MEDIGARD LIMITED
ABN 49 090 003 044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 | 2017 |
|--|-------------|-------------|
| | \$ | \$ |

Fair Value Movement

During this financial year a fair value loss was recorded of \$30,597 based on a valuation of the Notes at 30 June 2018. (Refer Note 3). The carrying value of the convertible note at 30 June 2018 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 \$13,413
 - A 25% decrease in volatility would decrease the fair value by \$11,720

Note 10 Issued Capital

| | | |
|--|------------------|------------------|
| a. 125,300,329 (2017: 91,007,472) fully paid ordinary shares | 5,635,512 | 4,953,560 |
| | 5,635,512 | 4,953,560 |

| | 2018 | 2017 |
|--|--------------------|-------------------|
| | No. | No. |
| At the beginning of the reporting period | 91,007,472 | 91,007,472 |
| Placements – November 2017 | 7,142,857 | - |
| Remuneration shares – December 2017 | 9,000,000 | - |
| Share Purchase Plan – December 2017 | 18,150,000 | - |
| At reporting date | 125,300,329 | 91,007,472 |

b. Options

As at 30 June 2018 there were no unissued ordinary shares for which unlisted options were outstanding (30 June 2017: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 assist the company to progress with further research and development activities of other medical technologies.

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

MEDIGARD LIMITED
ABN 49 090 003 044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 | 2017 |
|---|-----------|-----------|
| | \$ | \$ |
| Note 11 Segment Reporting | | |
| The company operates within Australia predominantly in one segment – the development of innovative medical technologies. 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 | (614,648) | (122,690) |
| Cash flows excluded from loss attributable to operating activities | | |
| Non-cash flows in loss | | |
| Amortisation | 14,554 | 17,185 |
| Depreciation | 1,070 | 1,386 |
| Interest accrued | 20,017 | 25,981 |
| Fair value movement | 30,597 | (121,673) |
| Equity based remuneration | 218,700 | - |
| Capital recoveries | - | (5,127) |
| Changes in assets and liabilities | | |
| (Increase)/decrease in trade and term debtors | 39,631 | (42,811) |
| (Increase)/decrease in prepayments | (893) | 142 |
| Increase/(decrease) in trade creditors and accruals | (8,473) | 59,523 |
| Cash flows from operations | (299,445) | (188,084) |

Note 13 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