

**MEDIGARD LIMITED**  
**ABN 49 090 003 044**

*Results for Announcement to the Market*

**Financial Year ended 30 June 2011 (Reporting Period)**  
**(Previous Corresponding Period - 30 June 2010)**

			30 June 2011	30 June 2010
			\$	\$
Revenues from continuing operations	Down 42%	to	166,727	285,832
Loss from continuing operations after tax attributable to members	Up 60%	to	638,390	400,158
Net loss for the period attributable to members	Up 60%	to	638,390	400,158

<b>Dividends</b>	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, a Research and Development Tax Offset and an Export Market Development Grant.

<b>Net Tangible Assets per Security</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
Net Tangible Assets per Security (cents)	0.74	0.33

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

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**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2011**

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		<b>2011</b>	<b>2010</b>
		<b>\$</b>	<b>\$</b>
Revenue	1	166,727	285,832
Depreciation and amortisation expense	2	(50,299)	(44,831)
Finance costs	2	(2,225)	(7,544)
Other expenses	2	(752,593)	(633,615)
Loss before income tax expense		(638,390)	(400,158)
Income tax expense		-	-
Loss for the year		(638,390)	(400,158)
Basic earnings per share (cents per share)		(0.72)	(0.54)
Diluted earnings per share (cents per share)		(0.72)	(0.54)

The Statement of 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 2011**

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		2011	2010
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	599,991	289,435
Trade and other receivables	4	66,258	15,209
Financial assets	5	13,271	75,104
Other current assets		11,143	3,806
<b>TOTAL CURRENT ASSETS</b>		690,663	383,554
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		29,471	7,918
Intangible assets	6	202,758	202,651
Other non current assets		10,560	10,560
<b>TOTAL NON-CURRENT ASSETS</b>		242,789	221,129
<b>TOTAL ASSETS</b>		933,452	604,683
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	51,148	37,758
Interest bearing liabilities		-	110,734
<b>TOTAL CURRENT LIABILITIES</b>		51,148	148,492
<b>TOTAL LIABILITIES</b>		51,148	148,492
<b>NET ASSETS</b>		882,304	456,191
<b>EQUITY</b>			
Issued Capital	8	4,953,560	3,889,057
Reserves		519,837	519,837
Retained losses		(4,591,093)	(3,952,703)
<b>TOTAL EQUITY</b>		882,304	456,191

The Statement of Financial Position 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 2011

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	Issued Capital	Retained Earnings	Share Based Payment	Total Equity
	\$	\$	\$	\$
<b>At 1 July 2009</b>	3,865,963	(3,552,545)	519,837	833,255
Loss for the Year	-	(400,158)	-	(400,158)
Issue of Shares	35,524	-	-	35,524
Cost of Share Issue	(12,430)	-	-	(12,430)
<b>At 30 June 2010</b>	<b>3,889,057</b>	<b>(3,952,703)</b>	<b>519,837</b>	<b>456,191</b>
Loss for the Year	-	(638,390)	-	(638,390)
Cost of Share Issue	(37,987)	-	-	(37,987)
Issue of Shares	1,102,490	-	-	1,102,490
<b>At 30 June 2011</b>	<b>4,953,560</b>	<b>(4,951,093)</b>	<b>-</b>	<b>882,304</b>

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

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**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011**

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	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(716,956)	(729,098)
Research and Development Tax Offset	-	173,961
GST Refunded	50,667	42,709
Interest received	31,244	30,180
Net cash used in operating activities	(635,045)	(482,248)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	64,460	512,021
Proceeds from loans	-	-
Purchase of property, plant and equipment	(26,927)	-
Proceeds from sale of property, plant and equipment	-	-
Purchase of other non-current assets	(45,033)	(27,202)
Net cash provided by investing activities	(7,500)	484,819
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Shares	1,102,490	35,524
Payment for Costs of Share Purchase Plan	(37,987)	(12,430)
Repayment of Borrowings	(110,734)	-
	953,769	23,094
Net increase/(decrease) in cash held	311,223	25,665
Cash at 1 July 2010	302,039	276,374
Cash at 30 June 2011	<b>613,262</b>	<b>302,039</b>

The Statement of Cash Flows 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 2011**

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	2011	2010
	\$	\$
<b>Note 1 Revenue</b>		
Operating activities		
- interest received – cash at bank	31,244	4,799
interest received – financial instruments	-	25,381
- Research & Development Tax Offset	61,161	76,078
- Subsidies	72,362	-
- Profit on Financial Assets at fair value through Profit and Loss	1,960	179,574
	166,727	285,832
<b>Note 2 Loss for the Year</b>		
<b>a. Expenses:</b>		
Depreciation of non-current assets:		
- Plant and equipment	5,374	2,965
Total depreciation	5,374	2,965
Amortisation of non-current assets		
- Patents & Trademarks	44,925	41,866
Total amortisation	44,925	41,866
Rental Expense	27,500	24,690
Research and Development Costs	194,473	127,327
Consulting Fees	140,961	75,775
Directors Fees	101,621	99,251
Fees & Permits	79,536	37,371
Finance Costs	2,225	7,544
Loss on Financial Assets at fair value through Profit and Loss	-	-
Other Expenses	208,502	269,201
	754,818	641,159
<b>Note 3 Cash and Cash Equivalents</b>		
Cash at bank	599,991	289,435
	599,991	289,435

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	2011	2010
	\$	\$
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	599,991	289,435

**Note 4 Receivables**

CURRENT

Short Term Deposits	3,357	500
Other Debtors	62,901	14,709
	66,258	15,209

No receivables are past due or impaired at year end.

**Note 5 Other Financial Assets**

CURRENT

Investments held at fair value through Profit and Loss account.

Floating Rate Interest Rate Securities - listed, at market value	-	62,500
Term Deposit	13,271	12,604
	13,271	75,104

**Note 6 Intangible Assets**

Patents, and trademarks – at cost	437,943	392,911
Less: Accumulated amortisation	(235,185)	(190,260)
	202,758	202,651

Balance at beginning of year	202,651	217,314
Additions – at cost	45,032	27,203
Amortisation	(44,925)	(41,866)
Carrying amount at the end of the year	202,758	202,651

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	2011	2010
	\$	\$
<b>Note 7 Payables</b>		
CURRENT		
Unsecured Liabilities		
Trade Creditors	28,381	24,116
Sundry Creditors and Accrued Expenses	22,767	13,642
Interest Bearing Liabilities	-	110,734
	51,148	148,492

**Note 8 Issued Capital**

a. 91,007,472 (2010: 74,046,091) fully paid ordinary shares	4,953,560	3,889,057
	4,953,560	3,889,057
	No.	No.
At the beginning of the reporting period	74,046,091	73,750,055
Shares issued during the year		
- 26 February 2010 – Options Exercised	-	667
16 March 2010 – Options exercised	-	37,818
26 March 2010 – Options exercised	-	92,984
8 April 2010 – Options exercised	-	164,567
30 August 2010 – Share Issue	16,284,981	-
10 September 2010 – Share Issue	500,400	-
15 October 2010 – Share Issue	16,000	-
26 October 2010 – Share Issue	160,000	-
At reporting date	91,007,472	74,046,091

**b. Options**

- i. 16,961,381 listed options issued under the rights issue up to 26 October 2010 lapsed on 30 June 2011.

As at 30 June 2011 there were 6,750,000 (30 June 2010: 7,600,000) unissued ordinary shares for which unlisted options were outstanding. There were no (30 June 2010: Nil) unissued ordinary shares for which listed options were outstanding.

**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.

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	2011	2010
	\$	\$

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

**Note 9 Cash Flow Information**

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

Loss after income tax	(638,390)	(400,158)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss		
Amortisation	44,925	41,866
Depreciation	5,374	2,965
Movement in market value of investments	(1,960)	(179,574)
Changes in assets and liabilities,		
(Increase)/decrease in trade and term debtors	(61,161)	93,599
(Increase)/decrease in prepayments	(7,336)	655
(Increase)/decrease in bonds paid	(2,857)	-
Increase/(decrease) in trade creditors and accruals	26,360	(41,601)
Cash flows from operations	(635,045)	(482,248)

**b. Non-cash Financing and Investing Activities**

During the financial year 16,961,381 shares were exercised. 16,961,381 options were issued. The options lapsed 30 June 2011 and no options were exercised.

**Note 10 Company Details**

The registered office of the company is:  
MEDIGARD LIMITED  
LEVEL 5 HQ  
58 RIVERWALK AVENUE  
ROBINA QLD 4226

The principal place of business is:  
MEDIGARD LIMITED  
LEVEL 5 HQ  
58 RIVERWALK AVENUE  
ROBINA QLD 4226