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Documents

6-K	zk1517305.htm
	6-K
EX-99.1	exhibit_99-1.htm
	Exhibit 99.1
EX-99.2	exhibit_99-2.htm
	Exhibit 99.2
EX-99.3	exhibit_99-3.htm
	Exhibit 99.3
GRAPHIC	logo.jpg

Module and Segment References

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

For the month of September 2015

MEDIGUS LTD.

(Translation of registrant's name into English)

Omer Industrial Park, No. 7A, P.O. Box 3030, Omer 8496500, Israel
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2 (b) under the Securities Exchange Act of 1934.

Yes

No

On September 9, 2015, the Registrant issued a press release announcing its financial results for the three and six months ended June 30, 2015. The Registrant is also publishing its unaudited condensed consolidated interim financial statements, as well as its operating and financial review, as of June 30, 2015, and for the three and six months then ended. Attached hereto are the following exhibits:

Attached hereto are the following exhibits:

Exhibit 99.1 Press release

Exhibit 99.2 Registrant's Condensed Consolidated Interim Financial Statements (Unaudited) as of June 30, 2015

Exhibit 99.3 Registrant's Operating and Financial Review as of June 30, 2015, and for the Three and Six Months then Ended

Exhibits 99.2 and 99.3 of this Report on Form 6-K are incorporated by reference into the Registrant's Registration Statement on Form S-8 (333-206803).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEDIGUS LTD.

Date: September 9, 2015

By: /s/ Gilad Mamlok
Gilad Mamlok
Chief Financial Officer



Medigus Announces Second Quarter Financial Results

OMER, Israel, September 9, 2015 — Medigus Ltd. (NASDAQ: MDGS) (TASE: MDGS), a medical device company developing minimally invasive endosurgical tools and a leader in direct visualization technology, today announced financial results for its fiscal Year 2015 second quarter ended June 30, 2015.

Revenues for the second quarter were NIS 0.3 million (approximately \$89,000), a 34% decrease vs. Q2 2014. Research and development expenses were up 13% to NIS 4.2 million vs. Q2 2014. Sales and marketing expenses were NIS 3.1 million, approximately flat compared to the same period in 2014. General and administrative expenses increased by 35% to NIS 2.5 million at end of second quarter compared to the same period in Q2 2014, largely reflecting costs associated with the listing of the company's American Depositary Receipts (ADRs) on the Nasdaq exchange.

"Our focus during the first half of this year has been to complete key operating milestones that will position us for a strong second half of 2015," said Chris Rowland, Chief Executive Officer of Medigus. "In addition to hiring a world class CFO, our strategic investments include hiring a new sales team in the U.S., commencing trade on the Nasdaq through the issuance of ADRs and forming a sales and marketing partnership with China's leading medical device distributor. Furthermore, the industry has made recent changes with the American Medical Association recently publishing a new Category I CPT code. The new code will take effect January 1st, 2016."

Net non-operating expenses amounted to NIS 0.2 million, primarily relating to fair-value adjustments of liabilities on account of the warrants issued to investors, which were highly influenced by the Company's share price at each revaluation date. Net financial expense amounted to NIS 1 million this quarter, which includes banking fees offset by income from bank deposits and losses from exchange rates.

The company's net loss for second quarter 2015 amounted to NIS 10.8 million (roughly \$2.9 million).

As of June 30, 2015, Medigus holds NIS 32.9 million in cash and cash equivalents.

Recent Highlights include:

- The American Medical Association (AMA) published a new Category I Current Procedural Terminology (CPT®) code, 43210, for esophagogastric fundoplasty procedures, which the company expects will allow for reimbursement for procedures performed with its MUSE™ system; the new code will take effect January 1st, 2016
- The company raised funds of NIS 26.8 million (roughly \$7.1 million)
- Medigus commenced trading on the Nasdaq in May through ADRs
- The company received advance payment from Shanghai Golden Grand-Medical Instruments Ltd., China's leading medical device distributor, towards the initial purchase of MUSE systems
- Medigus brought on board industry veterans - Gilad Mamluk as the Chief Financial Officer and Jeremy Starkweather as the VP, Sales & Marketing in the U.S.

Medigus' plans for the second half of 2015 center on leveraging resources to strengthen commercialization of the MUSE system in the U.S.

For full second quarter financial results, please visit: <http://www.medigus.com/investor-relations>.

About MUSE™

The MUSE system is a leading technology in Natural Orifice Endoscopic Surgery procedures. The single operator system performs anterior partial fundoplication with standard surgical staples in a less invasive way, compared to other surgical procedures. Its intuitive endosurgical platform consists of a single use flexible surgical endostapler, equipped with a proprietary miniature camera, an ultrasonic sight and a range finder. The endostapler, which resembles an endoscope, is designed to be operated by a single user, includes a handle with controls, an 80cm flexible shaft, a 5cm rigid section holding a cartridge with 5 standard 4.8mm titanium surgical staples, a ratchet controlled one-way articulating section, and a distal tip. The MUSE system is FDA cleared and CE marked, and has also obtained the necessary licenses to market the product in Canada and Israel.

About Medigus

Medigus is a medical device company specializing in developing minimally invasive endosurgical tools and highly innovative imaging solutions. Medigus is a pioneer developer of a unique proprietary endoscopic device, the MUSE™ system, to treat gastroesophageal reflux disease (GERD), one of the most common chronic diseases in the western world. As an expert in micro-endoscopic devices, Medigus has developed a range of micro CMOS (complementary metal-oxide semiconductor) and CCD (charge-coupled device) video cameras, including micro ScoutCam™ 1.2, which to the best of the company's knowledge, is the smallest in the world. These innovative cameras are suitable for both medical and industrial applications. The MUSE system incorporates Medigus' revolutionary micro ScoutCam technology. Based on its proprietary technologies, Medigus designs and manufactures endoscopy and micro camera systems for partner companies, including major players in the medical and industrial fields. The company is committed to providing integrated solutions to meet all of its customer's imaging needs. Medigus is traded on the TASE (Tel-Aviv Stock Exchange). To learn more about the company's advanced technology, please visit www.medigus.com or www.microscoutcam.com.

Cautionary Statement Regarding Forward-Looking Statements

This press release may contain statements that are "Forward-Looking Statements," which are based upon the current estimates, assumptions and expectations of the company's management and its knowledge of the relevant market. The company has tried, where possible, to identify such information and statements by using words such as "anticipate," "believe," "envision," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue," "contemplate" and other similar expressions and derivations thereof in connection with any discussion of future events, trends or prospects or future operating or financial performance, although not all forward-looking statements contain these identifying words. By their nature, Forward-Looking Statements involve uncertainties which may cause future results of the company's activity to differ significantly from the content and implications of such statements. Among the factors which may cause the actual results to differ from the Forward-Looking Statements are changes in the target market and the introduction of competitive products, regulatory, legislative and policy changes, and clinical results. Forward-Looking Statements are pertinent only as of the date on which they are made, and the company undertakes no obligation to update or revise any Forward-Looking Statements, whether as a result of new information, future developments or otherwise. Neither the company nor its shareholders, officers and employees, shall be liable for any action and the results of any action taken by any person based on the information contained herein, including without limitation the purchase or sale of company securities. Nothing in this press release should be deemed to be medical or other advice of any kind.

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MEDIGUS LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
AS OF JUNE 30, 2015

MEDIGUS LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
AS OF JUNE 30, 2015

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MEDIGUS LTD.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

	<u>June 30,</u> <u>2015</u> <u>(unaudited)</u>	<u>December 31,</u> <u>2014</u> <u>(audited)</u>	<u>Convenience</u> <u>translation into</u> <u>USD</u> <u>June 30</u> <u>2015</u> <u>Note 2(c)</u>
	<u>NIS in thousands</u>		<u>USD in thousands</u>
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	32,901	42,067	8,729
Financial assets at fair value through profit or loss		8,187	
Other receivables:			
Trade receivables	108	513	29
Other	3,194	1,738	847
Inventory	<u>1,308</u>	<u>1,403</u>	<u>347</u>
	<u>37,511</u>	<u>53,908</u>	<u>9,952</u>
NON-CURRENT ASSETS:			
Inventory		541	
Property and equipment	876	945	232
Intangible assets	<u>181</u>	<u>185</u>	<u>48</u>
	<u>1,057</u>	<u>1,671</u>	<u>280</u>
TOTAL ASSETS	<u>38,568</u>	<u>55,579</u>	<u>10,232</u>

MEDIGUS LTD.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

	<u>June 30,</u> <u>2015</u> <u>(unaudited)</u>	<u>December 31,</u> <u>2014</u> <u>(audited)</u>	<u>Convenience</u> <u>translation into</u> <u>USD</u> <u>June 30</u> <u>2015</u> <u>Note 2(c)</u>
	<u>NIS in thousands</u>		<u>USD in thousands</u>
Liabilities and equity			
CURRENT LIABILITIES -			
Accounts payable:			
Trade payables	1,040	791	276
Other	3,258	3,223	864
	<u>4,298</u>	<u>4,014</u>	<u>1,140</u>
NON-CURRENT LIABILITIES:			
Warrants at fair value	1,194	428	316
Retirement benefit obligation , net	381	381	101
	<u>1,575</u>	<u>809</u>	<u>417</u>
TOTAL LIABILITIES	<u>5,873</u>	<u>4,823</u>	<u>1,557</u>
EQUITY -			
EQUITY ATTRIBUTED TO THE OWNERS OF THE COMPANY:			
Ordinary share capital	2,499	2,499	663
Share premium	171,051	170,741	45,384
Other capital reserves	4,470	4,498	1,186
Warrants	2,828	2,828	750
Accumulated deficit	(148,153)	(129,810)	(39,308)
TOTAL EQUITY	<u>32,695</u>	<u>50,756</u>	<u>8,675</u>
TOTAL LIABILITIES AND EQUITY	<u>38,568</u>	<u>55,579</u>	<u>10,232</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

MEDIGUS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND
OTHER COMPREHENSIVE LOSS
(UNAUDITED)

	<u>Six months ended</u>		<u>Three months ended</u>		<u>Year ended</u>	<u>Convenience translation into USD</u>		
	<u>June 30</u>		<u>June 30</u>		<u>December 31</u>	<u>Six months ended</u>	<u>Three months ended</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>	<u>June 30</u>	<u>ended</u>	
	<u>(Unaudited)</u>		<u>(Unaudited)</u>		<u>(Audited)</u>	<u>2015</u>	<u>2015</u>	
	NIS in thousands					USD in thousands		
						<u>Note 2(c)</u>		
Revenues	624	1,635	347	522	2,664		166	92
Cost of revenues	224	769	120	283	1,252		59	32
Gross profit	400	866	227	239	1,412		107	60
Research and development expenses	7,855	7,122	4,205	3,720	14,401		2,084	1,116
Selling and marketing expenses	4,780	4,643	3,058	3,125	8,353		1,268	811
General and administrative expenses	4,673	3,379	2,514	1,868	8,206		1,240	667
Other income, net	10	920	13	13	941		3	
Operating loss	(16,898)	(13,358)	(9,550)	(8,461)	(28,607)		(4,482)	(2,534)
Profit (Loss) from changes in fair value of warrants issued to investors	(766)	799	(212)	1,438	3,605		(203)	(56)
Financing income (expenses) in respect of deposits and exchange differences	(518)	10	(1,000)	(73)	2,513		(137)	(266)
Financing expenses in respect of bank commissions	(68)	(57)	(24)	(26)	(127)		(18)	(6)
Financing income (expenses), net	(586)	(47)	(1,024)	(99)	2,386		(155)	(272)
Loss before taxes on income	(18,250)	(12,606)	(10,786)	(7,122)	(22,616)		(4,840)	(2,862)
Taxes on income	(93)		(15)		(13)		(25)	(4)
Loss for the period	(18,343)	(12,606)	(10,801)	(7,122)	(22,629)		(4,865)	(2,866)
Other comprehensive income (loss):								
Amounts which will not be reclassified to profit or loss - re-measurement of net liabilities for employee benefits					(105)			
Amounts which may be subsequently reclassified to profit or loss - Currency translation differences	(10)		(15)		14		(3)	(4)
Other comprehensive loss for the period, net of tax	(10)		(15)		(91)		(3)	(4)
Total comprehensive loss for the period	(18,353)	(12,606)	(10,816)	(7,122)	(22,720)		(4,868)	(2,870)
Basic and diluted loss per share attributed to the owners of the company	(0.07)	(0.08)	(0.04)	(0.04)	(0.12)		(0.02)	(0.01)

The accompanying notes are an integral part of these condensed consolidated financial statements.

MEDIGUS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

Equity attributed to the owners of the Company

	<u>Ordinary shares</u>	<u>Share premium</u>	<u>Capital reserves from options granted</u>	<u>Capital reserves from transactions with controlling shareholders</u>	<u>Currency translation differences</u>	<u>Warrants</u>	<u>Accumulated deficit</u>	<u>Total equity</u>
	NIS in thousands							
BALANCE AS OF JANUARY 1, 2015 (audited)	2,499	170,741	2,434	2,050	14	2,828	(129,810)	50,756
CHANGES DURING THE 6- MONTH PERIOD ENDED JUNE 30, 2015 (unaudited) -								
COMPREHENSIVE LOSS:								
Loss for the period							(18,343)	(18,343)
Other comprehensive loss for the period					(10)			(10)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD					(10)		(18,343)	(18,353)
TRANSACTIONS WITH SHAREHOLDERS:								
Options granted to employees and service providers			292					292
Forfeiture of options		310	(310)					
TOTAL TRANSACTIONS WITH SHAREHOLDERS		310	(18)					292
BALANCE AS OF JUNE 30, 2015 (unaudited)	<u>2,499</u>	<u>171,051</u>	<u>2,416</u>	<u>2,050</u>	<u>4</u>	<u>2,828</u>	<u>(148,153)</u>	<u>32,695</u>

MEDIGUS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

Equity attributed to the owners of the Company

	<u>Ordinary shares</u>	<u>Share premium</u>	<u>Capital reserves from options granted</u>	<u>Capital reserves from transactions with controlling shareholders</u>	<u>Currency translation differences</u>	<u>Warrants</u>	<u>Accumulated deficit</u>	<u>Total equity</u>
NIS in thousands								
BALANCE AS OF APRIL 1, 2015 (unaudited)	2,499	171,001	2,343	2,050	19	2,828	(137,352)	43,388
CHANGES DURING THE 3-MONTH PERIOD ENDED JUNE 30, 2015 (unaudited) -								
COMPREHENSIVE LOSS:								
Loss for the period							(10,801)	(10,801)
Other comprehensive loss for the period					(15)			(15)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD					(15)		(10,801)	(10,816)
TRANSACTIONS WITH SHAREHOLDERS:								
Options granted to employees and service providers			123					123
Forfeiture of options		50	(50)					
TOTAL TRANSACTIONS WITH SHAREHOLDERS		50	73					123
BALANCE AS OF JUNE 30, 2015 (unaudited)	2,499	171,051	2,416	2,050	4	2,828	(148,153)	32,695

MEDIGUS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

	<u>Equity attributed to the owners of the Company</u>						<u>Total equity</u>
	<u>Ordinary shares</u>	<u>Share premium</u>	<u>Capital reserves from options granted</u>	<u>Capital reserves from transactions with controlling shareholders</u>	<u>Warrants</u>	<u>Accumulated deficit</u>	
BALANCE AS OF JANUARY 1, 2014 (audited)	1,646	138,378	2,081	2,050	1,671	(107,076)	38,750
CHANGES DURING THE 6-MONTH PERIOD ENDED JUNE 30, 2014 (unaudited) -							
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD						(12,606)	(12,606)
TRANSACTIONS WITH SHAREHOLDERS:							
Options granted to employees and service providers			469				469
Forfeiture of options		264	(264)				
TOTAL TRANSACTIONS WITH SHAREHOLDERS		264	205				469
BALANCE AS OF JUNE 30, 2014 (unaudited)	<u>1,646</u>	<u>138,642</u>	<u>2,286</u>	<u>2,050</u>	<u>1,671</u>	<u>(119,682)</u>	<u>26,613</u>

MEDIGUS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

	<u>Equity attributed to the owners of the Company</u>					<u>Accumulated deficit</u>	<u>Total equity</u>
	<u>Ordinary shares</u>	<u>Share premium</u>	<u>Capital reserves from options granted</u>	<u>Capital reserves from transactions with controlling shareholders</u>	<u>Warrants</u>		
BALANCE AS OF APRIL 1, 2014 (unaudited)	1,646	138,421	2,155	2,050	1,671	(112,560)	33,383
CHANGES DURING THE 3-MONTH PERIOD ENDED JUNE 30, 2014 (unaudited) -							
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD						(7,122)	(7,122)
TRANSACTIONS WITH SHAREHOLDERS:							
Options granted to employees and service providers			352				352
Forfeiture of options		221	(221)				
TOTAL TRANSACTIONS WITH SHAREHOLDERS		221	131				352
BALANCE AS OF JUNE 30, 2014 (unaudited)	<u>1,646</u>	<u>138,642</u>	<u>2,286</u>	<u>2,050</u>	<u>1,671</u>	<u>(119,682)</u>	<u>26,613</u>

MEDIGUS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

Equity attributed to the owners of the Company

	<u>Ordinary shares</u>	<u>Share premium</u>	<u>Capital reserves from options granted</u>	<u>Capital reserves from transactions with controlling shareholders</u>	<u>Currency translation differences</u>	<u>Warrants</u>	<u>Accumulated deficit</u>	<u>Total equity</u>
USD in thousands (Note 2(c))								
BALANCE AS OF JANUARY 1, 2015 (audited)	663	45,301	647	544	4	750	(34,443)	13,466
CHANGES DURING THE 6- MONTH PERIOD ENDED JUNE 30, 2015 (unaudited) -								
COMPREHENSIVE LOSS:								
Loss for the period							(4,865)	(4,865)
Other comprehensive loss for the period					(3)			(3)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD					(3)		(4,865)	(4,868)
TRANSACTIONS WITH SHAREHOLDERS:								
Options granted to employees and service providers			77					77
Forfeiture of options		83	(83)					
TOTAL TRANSACTIONS WITH SHAREHOLDERS		83	(6)					77
BALANCE AS OF JUNE 30, 2015 (unaudited)	<u>663</u>	<u>45,384</u>	<u>641</u>	<u>544</u>	<u>1</u>	<u>750</u>	<u>(39,308)</u>	<u>8,675</u>

MEDIGUS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

Equity attributed to the owners of the Company

	<u>Ordinary shares</u>	<u>Share premium</u>	<u>Capital reserves from options granted</u>	<u>Capital reserves from transactions with controlling shareholders</u>	<u>Currency translation differences</u>	<u>Warrants</u>	<u>Accumulated deficit</u>	<u>Total equity</u>
	USD in thousands (Note 2(c))							
BALANCE AS OF APRIL 1, 2015 (unaudited)	663	45,371	621	544	5	750	(36,442)	11,512
CHANGES DURING THE 3- MONTH PERIOD ENDED JUNE 30, 2015 (unaudited) -								
COMPREHENSIVE LOSS:								
Loss for the period							(2,866)	(2,866)
Other comprehensive loss for the period					(4)			(4)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD					(4)		(2,866)	(2,870)
TRANSACTIONS WITH SHAREHOLDERS:								
Options granted to employees and service providers			33					33
Forfeiture of options		13	(13)					
TOTAL TRANSACTIONS WITH SHAREHOLDERS		13	20					33
BALANCE AS OF JUNE 30, 2015 (unaudited)	<u>663</u>	<u>45,384</u>	<u>641</u>	<u>544</u>	<u>1</u>	<u>750</u>	<u>(39,308)</u>	<u>8,675</u>

MEDIGUS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	<u>Six months ended</u>		<u>Three months ended</u>		<u>Convenience translation into USD</u>	
	<u>June 30</u>		<u>June 30</u>		<u>Six months ended</u>	<u>Three months ended</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>June 30</u>	
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>2015</u>	
	<u>NIS in thousands</u>				<u>Note 2(c)</u>	
					<u>USD in thousands</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash used in operations (see Appendix)	(8,367)	(14,848)	(9,608)	(8,311)	(2,220)	(2,550)
Income tax paid	(93)		(15)		(25)	(4)
Interest received	14	66	6	9	4	2
Net cash flow used in operating activities	<u>(8,446)</u>	<u>(14,782)</u>	<u>(9,617)</u>	<u>(8,302)</u>	<u>(2,241)</u>	<u>(2,552)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Short-term deposits, net		(554)		(5,061)		
Acquisition of property and equipment	(127)	(216)	(46)	(57)	(34)	(12)
Acquisition of intangible assets	(35)	(141)		(85)	(9)	
Net cash flow used in investing activities	<u>(162)</u>	<u>(911)</u>	<u>(46)</u>	<u>(5,203)</u>	<u>(43)</u>	<u>(12)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(8,608)	(15,693)	(9,663)	(13,505)	(2,284)	(2,564)
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	42,067	23,926	43,563	21,722	11,161	11,558
LOSSES FROM EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	(558)	(40)	(999)	(24)	(148)	(265)
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>32,901</u>	<u>8,193</u>	<u>32,901</u>	<u>8,193</u>	<u>8,729</u>	<u>8,729</u>

MEDIGUS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

Appendix to the condensed statements of cash flows

	Six months ended		Three months ended		Convenience translation into USD	
	June 30		June 30		Six months ended	Three months ended
	2015	2014	2015	2014	2015	
	(Unaudited)		(Unaudited)		Note 2(c)	
	NIS in thousands				USD in thousands	
Net used in operations:						
Loss for the period before taxes on income	(18,250)	(12,606)	(10,786)	(7,122)	(4,840)	(2,862)
Adjustment in respect of:						
Interest received	(14)	(66)	(6)	(9)	(4)	(2)
Liability for employee benefits, net		22		22		
Depreciation	196	223	99	123	52	26
Amortization of intangible assets	39	281	20	11	10	5
Losses from exchange differences on cash and cash equivalents	548	40	984	24	145	261
Amounts charged in respect of options granted to employees and service providers	292	469	123	352	77	33
Gains on change in the fair value of financial instruments at fair value through profit or loss	(10)	(45)		(13)	(3)	
Revaluation of and exchange differences on short-term deposits		(31)		36		
Loss (profit) on change in the fair value of warrants issued to investors	766	(799)	212	(1,438)	203	56
Changes in operating asset and liability items:						
Decrease (increase) in accounts receivables :						
Trade	405	(50)	(32)	93	108	(8)
Other	(915)	(780)	(574)	92	(243)	(152)
Increase (decrease) in accounts payable :						
Trade	249	(73)	163	(393)	66	43
Other	35	(1,309)	187	179	9	50
Increase (decrease) in inventory	95	(153)	2	(268)	25	
Net sales of financial assets at fair value through profit or loss	8,197	29			2,175	
Net used in operations	(8,367)	(14,848)	(9,608)	(8,311)	(2,220)	(2,550)

The accompanying notes are an integral part of these condensed consolidated financial statements.

MEDIGUS LTD.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
JUNE 30, 2015
(UNAUDITED)

NOTE 1 - GENERAL:

- a. Medigus Ltd. (hereinafter – the “Company”) together with its subsidiary (hereinafter – the “Group”) is a medical device group specializing in research and development of innovative endoscopic procedures and devices. To date, most of the Group's research and development activities have been focused in the development of the MUSE endoscopy system (hereinafter - “MUSE”) for the treatment of gastroesophageal reflux disease (GERD), which is one of the most common chronic diseases in the western world. In addition, the Group uses the technological platform it developed for the purpose of additional special endoscopy-based systems and products and endeavors to enter into agreements and/or joint ventures with companies in the medical device industry in order to integrate the systems and products it has developed. To date, the MUSE product has not generated significant revenues and most of the Group's revenues arise from sales of miniature cameras and related equipment, which it developed and manufactures and which are used in endoscopic procedures. For information as to the Group's reportable segments see Note 4.

In addition, the Company has FDA approval to market the MUSE endoscopy system in the USA, and it continues negotiations to market the main product and sell miniature cameras for endoscopic devices and other endoscopy instruments, which can serve as a source of future revenues.

The Company is a publicly traded limited liability corporation and the Company's shares are listed on the Tel Aviv Stock Exchange. Since May 20, 2015, the Company's American Depositary Receipts (ADRs) are also listed for trading on the NASDAQ Capital Market. As of the report date, each ADR certificate represents 50 ordinary shares of the Company. The Company's depository agent for the ADR program is The Bank of New York Mellon.

The Company was incorporated in Israel on December 9, 1999 and is resident in Israel.

- b. On July 22, 2007 the Company established a wholly owned subsidiary, Medigus USA LLC, in the USA (hereinafter - the “Subsidiary”). The Subsidiary did not engage in any business activities until October 2013.

On October 1, 2013, the Company and the Subsidiary entered into an agreement where the subsidiary provides services to the Company in consideration for reimbursement of direct costs plus a reasonable premium. It is noted that the CEO of the Company is employed directly by the Subsidiary.

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NOTE 1 – GENERAL (continued):

- c. During the six-month period ended June 30, 2015, the Group incurred losses of approximately – NIS 18.3 million. As of June 30, 2015 the Group had total accumulated losses of approximately NIS 148 Million, however had positive working capital of approximately NIS 33.2 million.

Subsequent to the balance sheet date, in July 2015 the Group raised a total of approximately NIS 26.8 million (gross) in cash, as discussed in Note 6d of these financial statements.

Based on the projected cash flows prepared by the Company, which is based on estimated future revenues and expenses and based on its cash balances as of June 30, 2015, and considering the amounts received from the issue as stated above the Company is of the opinion that it has the ability to continue its actions including the development, manufacture and marketing of its products for a period of at least 12 months from the date of approval of these financial statements.

NOTE 2 - BASIS FOR PREPARATION OF THE CONDENSED FINANCIAL STATEMENTS:

- a. The Group's condensed consolidated financial information as of June 30, 2015 and for the six-month and three-month interim period ended on this date (hereinafter—"the interim financial information") has been prepared in accordance with the guidance of IAS 34 'Interim Financial Reporting' (hereafter – "IAS 34"). The interim financial information does not include all of the information and disclosures required in annual financial statements. The interim financial information should be read in conjunction with the 2014 annual financial statements and its accompanying notes, which are in compliance with International Financial Reporting Standards, which are standards and interpretations issued by the International Accounting Standards Board (hereinafter – "IFRS").

b. **Estimates**

The preparation of interim financial statements requires the Group's management to exercise judgment and also requires use of accounting estimates and assumptions that affect the application of the Group's accounting policy and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

In the preparation of these interim financial statements, the significant judgments exercised by management in the application of the Group's accounting policy and the uncertainty involved in the key sources of those estimates were identical to the ones used in the Group's annual financial statements for the year ended December 31, 2014.

c. **Convenience translation**

For the convenience of the reader, the reported NIS amounts as of June 30, 2015 have been translated into U.S. dollars using exchange rate as of June 30, 2015 (U.S. \$1 = NIS 3.769). The U.S. dollar amounts presented in these financial statements should not be construed as representing amounts that are receivable or payable in dollars or convertible into U.S. dollars. The U.S. dollar amounts were rounded to whole numbers for convenience.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and the calculation methods applied in the preparation of the interim financial information are consistent with those used in the preparation of the Group's 2014 annual financial statements.

NOTE 4 - SEGMENT INFORMATION:

The Group's management determined that the Company CEO is the Chief Operating Decision Maker (hereinafter - "CODM") of the Group. The Group's management had previously determined that there are two operating segments, on the basis of the organizational structure of the Group, the business activities, and the information which is reviewed by the CODM in order to evaluate performance and the appropriate allocation of resources. Commencing with the third quarter of 2014, the CODM of the Group evaluated performance and allocated resources based on two operating segments of the Company. In accordance therewith, the segment data was implemented retroactively in these financial statements.

The CODM of the Group examined the performance of the segments on the basis of operating loss excluding general and administrative expenses and other income, net. Further, the internal reports of the CODM did not include assets and liabilities. The information provided to the CODM were measured consistent with the measurement methods in the financial statements.

The operating segments of the Group are detailed in accordance with IFRS 8 as follows:

- 1) MUSE segment – development, manufacturing and marketing of an endoscopy system for the treatment of gastroesophageal reflux disease (GERD).
- 2) Visual segment - development, manufacturing and marketing of products based on miniature cameras and related equipment. To date, most of the Group's revenue arises from this segment.

As of the third quarter of 2015, the company decided that the CODM will no longer invest efforts in evaluating separately the performance of the Visual segment and the MUSE segment, but will evaluate the performance of all of the Group's operations together. Accordingly, commencing with the third quarter, the CODM is no longer reported separately on each of the said operations but is reported on all of the Group's operations together. Due to that fact, commencing as of July 1, 2015 the Group will have one reportable operating segment.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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NOTE 4 - SEGMENT INFORMATION (continued):

	<u>Visual Segment</u>	<u>MUSE Segment</u>	<u>Total</u>
	<u>NIS in thousands</u>		
For the six-month ended June 30,2015			
Revenues from external customers	<u>624</u>		<u>624</u>
Segment results	<u>(1,724)</u>	<u>(10,511)</u>	<u>(12,235)</u>
General and Administrative expenses			(4,673)
Other income, net			10
Operating loss			<u>(16,898)</u>
Loss from change in fair value of warrants			(766)
Financing expenses, net			(586)
Taxes on income			(93)
Loss for the period			<u>(18,343)</u>

MEDIGUS LTD.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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NOTE 4 - SEGMENT INFORMATION (continued):

	<u>Visual Segment</u>	<u>MUSE Segment</u>	<u>Total</u>
	<u>NIS in thousands</u>		
For the three-month ended June 30, 2015			
Revenues from external customers	347		347
Segment results	(800)	(6,236)	(7,036)
General and Administrative expenses			(2,514)
Operating loss			(9,550)
Loss from change in fair value of warrants			(212)
Financing expenses, net			(1,024)
Taxes on income			(15)
Loss for the period			(10,801)
	<u>Visual Segment</u>	<u>MUSE Segment</u>	<u>Total</u>
	<u>NIS in thousands</u>		
For the six-month ended June 30, 2014			
Revenues from external customers	1,307	328	1,635
Segment results	(741)	(10,158)	(10,899)
General and Administrative expenses			(3,379)
Other income, net			920
Operating loss			(13,358)
Profit from change in fair value of warrants			799
Financing expenses, net			(47)
Loss for the period			(12,606)

MEDIGUS LTD.
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NOTE 4 - SEGMENT INFORMATION (continued):

	<u>Visual Segment</u>	<u>MUSE Segment</u>	<u>Total</u>
	<u>NIS in thousands</u>		
For the three-month ended June 30, 2014			
Revenues from external customers	455	67	522
Segment results	(499)	(6,107)	(6,606)
General and Administrative expenses			(1,868)
Other income, net			13
Operating loss			(8,461)
Profit from change in fair value of warrants			1,438
Financing expenses, net			(99)
Loss for the period			(7,122)
	<u>Visual Segment</u>	<u>MUSE Segment</u>	<u>Total</u>
	<u>NIS in thousands</u>		
Year ended December 31, 2014			
Revenues from external customers	2,336	328	2,664
Segment results	(2,144)	(19,198)	(21,342)
General and Administrative expenses			(8,206)
Other income, net			941
Operating loss			(28,607)
Profit from change in fair value of warrants WARRANTS ISSUED TO INVESTORS			3,605
Financing income, net			2,386
Taxes on income			(13)
Loss for the year			(22,629)

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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NOTE 5 - TRANSACTIONS WITH RELATED PARTIES:

- a. Compensation to related parties for patent preparation services that they provide to the Company in the six and three months period ended June 30, 2015 was NIS 224 thousand and NIS 78 thousand respectively (in the six and three month periods ended June 30, 2014, NIS 269 thousand and NIS 148 thousand, respectively, and in the year 2014 – NIS 522 thousand).
- b. The amount of compensation to key management personnel for employment services they provide to the Group (including the value of benefit in granted options) in the six and three month periods ended June 30, 2015 was NIS 1,117 thousand and NIS 633 thousand, respectively (in the six and three month periods ended June 30, 2014, NIS 1,419 thousand and NIS 959 thousand, respectively, and in the year 2014 – NIS 2,556 thousand).

NOTE 6 - EQUITY:

- a. On May 6, 2015, a special general meeting of the Company's shareholders approved an increase to the Company's authorized share capital by an additional NIS 10,000,000, such that after the increase the Company's authorized share capital is now NIS 15,000,000 divided into 1,500,000,000 ordinary shares par value NIS 0.01. In addition, the Company's shareholders approved a 10:1 reverse share split such that every 10 ordinary shares of the Company par value NIS 0.01 shall be converted into one ordinary share par value NIS 0.10, without changing the rights attached to each share. The reverse share split shall be implemented by the Company within six months from the date of approval. The shareholders further approved an amendment to the Company's articles of association to reflect the aforesaid reverse share split once implemented. Following the reverse share split, the Company's share option plans and outstanding options and warrants to purchase its ordinary shares shall also be adjusted to reflect the reverse share split. Following the reverse share split, the Company will effect a change in the ratio of ordinary shares to each ADR, such that after the reverse share split is implemented each ADR certificate will represent 5 post-reverse share split ordinary shares, instead of a ratio of 50:1 as currently in place prior to the implementation of the reverse share split.
- b. On June 16, 2015, 80,000 options (Series 6) were forfeited, due to cessation of service of a director of the Company.
- c. On July 17, 2015, 187,500 options (Series D) were expired, due to the cessation of the employment of a Company employee.

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NOTE 6 - EQUITY (continued):

- d. On July 8, 2015 the Company published a shelf offering report in Israel in accordance with a shelf prospectus of the Company dated August 28, 2013.

In accordance with results of the offering to the public the Company issued 70,525 units at the price of NIS 380 per unit. Each unit was comprised of 1,000 ordinary shares and 500 warrants (Series 9).

Each warrant (Series 9) is exercisable into 1 share in consideration for an exercise price of NIS 0.532 until July 8, 2018.

The immediate proceeds (gross) from the issuance of all securities offered amounted to approximately NIS 26.8 million. In addition, if all of the warrants (Series 9), offered in the shelf offering, are exercised, the Company will receive an additional amount of NIS 18.8 million (gross).

Net proceeds from the issuance, net of cash issuance expenses, amounted to approximately NIS 25.8 million of which a total of NIS 23 million were allocated to shares, and a total of NIS 2.8 million to warrants (Series 9) in accordance to the fair value ratios of the instruments.

Medigus Ltd.**Operating and Financial Review as of June 30, 2015, and for the Three and Six Months then Ended**

The information contained in this section should be read in conjunction with (1) our unaudited condensed consolidated interim financial statements as of June 30, 2015 and for the six months and three months then ended and related notes included in this report and (2) our audited consolidated financial statements and related notes for the year ended December 31, 2014 which appears in Medigus Ltd.'s Form 20-F filed with the Securities and Exchange Commission on May 7, 2015 and the other information contained in such Form 20-F. Factors that could cause our actual results in the future to differ from our expectations or projections include the risks and uncertainties relating to our business described in our Form 20-F filed with the Securities and Exchange Commission on May 7, 2015 under the heading "Risk Factors."

Revenues for the three month ended June 30, 2015 were NIS 0.3 million, a decrease of NIS 0.2 million, or 34%, compared to NIS 0.5 million for the three months ended June 30, 2014. The decrease was primarily due to a decrease in the quantity of goods sold. Revenues for the six month ended June 30, 2015 were NIS 0.6 million, a decrease of NIS 1 million, or 62%, compared to NIS 1.6 million for the six months ended June 30, 2014. The decrease was primarily due to a decrease in the quantity of goods sold, as well as the fact that in the prior year the Company recorded revenues of approximately NIS 0.4 million from the termination of an agreement with a customer (see note 12b to our financial statements for the year ended December 31, 2014). All revenues in 2015 were generated from the Visual segment.

Research and development expenses for the three months ended June 30, 2015 were NIS 4.2 million, an increase of NIS 0.5 million, or 13%, compared to NIS 3.7 million for the three months ended June 30, 2014. The increase was primarily due to the recruitment of additional human resources. Research and development expenses for the six months ended June 30, 2015 were NIS 7.9 million, an increase of NIS 0.8 million, or 10%, compared to NIS 7.1 million for the six months ended June 30, 2014. The increase was primarily due to the recruitment of additional human resources during the second quarter of 2015.

Sales and marketing expenses for the three months ended June 30, 2015 were NIS 3.1 million, which was substantially similar to the comparable period in 2014. Sales and marketing expenses for the six months ended June 30, 2015 were NIS 4.8 million, an increase of NIS 0.2 million, or 3%, compared to NIS 4.6 million for the six months ended June 30, 2014. The increase resulted primarily from the Company's preparations towards the marketing of its products, which is reflected, inter alia, by investment in advertising, and recruitment of additional human resources for the penetration of new markets.

General and administrative expenses for the three months ended June 30, 2015 were NIS 2.5 million, an increase of NIS 0.6 million, or 35%, compared to NIS 1.9 million for the three months ended June 30, 2014. The increase was primarily due to the increase in professional services expenses due to expenses which were incurred by the Company with respect to, and from actions which are being performed for the purpose of, the implementation of the ADR program and the listing of the ADRs for trading on the NASDAQ. General and administrative expenses for the six months ended June 30, 2015 were NIS 4.7 million, an increase of NIS 1.3 million, or 38%, compared to NIS 3.4 million for the six months ended June 30, 2014. The reason for the increase is similar to the one discussed above in the three-month comparison.

Other income, net, for the six months period ended June 30, 2015 were NIS 0.01 million, a decrease of NIS 0.9 million, or 99%, compared to NIS 0.9 million for the six months ended June 30, 2014. Other income, net, for the six month period ended June 30, 2015 includes income with respect to the Group's investment portfolio in the amount of approx. NIS 0.1 million. Other income, net, in the corresponding period last year included income in the amount of approximately NIS 0.9 million in respect of the termination of an agreement with a customer (see note 12b to our financial statements for the year ended December 31, 2014).

The Company's operating loss for the three months ended June 30, 2015 amounted to NIS 9.6 million, compared with an operating loss of NIS 8.5 million for the corresponding 2014 period. The Company's operating loss for the six months ended June 30, 2015 amounted to NIS 16.9 million, compared with an operating loss of 13.4 million for the corresponding 2014 period.

Net non-operating expenses amounted to NIS 0.2 million for the three months ended June 30, 2015, a change of NIS 1.6 million, compared to net non-operating income of NIS 1.4 million for the three months ended June 30, 2014. Non-operating income (expenses) for both periods primarily relates to fair-value adjustments of liabilities on account of the warrants issued to investors. These fair-value adjustments were highly influenced by the Company's share price at each period end (revaluation date). Net non-operating expenses amounted to NIS 0.8 million for the six months ended June 30, 2015, a change of 1.6 million, compared to net non-operating income of NIS 0.8 million for the corresponding 2014 period. The reason for the decrease is similar to the one discussed above in the three-month comparison.

Net financial expense amounted to NIS 1 million for the three months ended June 30, 2015, compared to net financial expense of 0.1 million for the corresponding 2014 period. Net financial expense amounted to 0.6 million for the six months ended June 30, 2015, compared to net financial expense of NIS 0.05 million for the corresponding 2014 period. Net financial expenses for the both periods includes banking fees offset by income from bank deposits. The increase in financial expenses for the 2015 period however, primarily occurred as a result of losses from exchange rate differences, primarily relating to changes in the USD/NIS exchange rate, in the amounts of USD 147 thousand for the six months ended June 30, 2015 and USD 265 thousand for the three months ended June 30, 2015.

The Company's net loss for the three months ended June 30, 2015 amounted to NIS 10.8 million, compared with a net loss of NIS 7.1 million for the corresponding 2014 period. The Company's net loss for the six months ended June 30, 2015 amounted to NIS 18.3 million, compared with a net loss of NIS 12.6 million for the corresponding 2014 period.

The Company held NIS 32.9 million in cash and cash equivalents as of June 30, 2015.

Net cash used in operating activities was NIS 9.6 million for the three months ended June 30, 2015, compared to net cash used in operating activities of 8.3 million for the corresponding 2014 period.

The NIS 1.3 million increase in net cash used in operating activities during the three-month period in 2015, compared to the three-month period in 2014, was primarily the result of an increase in operating loss of approximately NIS 1 million.

Net cash used in operating activities was NIS 8.4 million for the six months ended June 30, 2015, compared to net cash used in operating activities of 14.8 million for the corresponding 2014 period.

The NIS 6.4 million decrease in net cash used in operating activities during the six-month period in 2015, compared to the six-month period in 2014, was primarily the result of a sales of financial assets at fair value through profit or loss of approximately NIS 8.2 million, increase in operating asset and liability items of approximately NIS 2 million and offset by an increase in operating loss of approximately NIS 3.5 million.

Net cash used in investing activities for the three months ended June 30, 2015 was NIS 0.05 million, compared to net cash used in investing activities of NIS 5.2 million for the corresponding 2014 period. The changes in cash flows from investing activities relate primarily to investments in short-term bank deposits in three month ended June 30, 2014 of approximately NIS 5 million.

Net cash used in investing activities for the six months ended June 30, 2015 was NIS 0.2 million, compared to net cash used in investing activities of NIS 0.9 million for the corresponding 2014 period. The changes in cash flows from investing activities relate primarily to investments in short-term bank deposits in six month ended June 30, 2014 of approximately NIS 0.55 million.

As of the third quarter of 2015, the company decided that the Chief Operating Decision Maker (hereinafter - "CODM") will no longer invest efforts in evaluating separately the performance of the Visual segment and the MUSE segment, but will evaluate the performance of all of the Group's operations together. Accordingly, commencing with the third quarter, the CODM is no longer reported separately on each of the said operations but is reported on all of the Group's operations together. Due to that fact, commencing as of July 1, 2015 the Group will have one reportable operating segment.
