MEDIGARD LIMITED
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ABN 49 090 003 044

26 February, 2010

Manager of Company Announcements
Australian Stock Exchange Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

By e-lodgement **No of pages: 17 inclusive**

Half Yearly Report and Appendix 4D

Please find attached the Company's Half Yearly Report for the period ending 31 December, 2009.

Peter Emery
Chief Executive Officer

For further information contact:
Peter Emery, Telephone (07) 5528 0370

HALF YEAR INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A

Name of entity

MEDIGARD LIMITED

ABN or equivalent reference #

49 090 003 044

Reporting Period	Previous corresponding period
Half Year ended 31 December 2009	Half Year ended 31 December 2008

The information contained in this report should be read in conjunction with the most recent annual financial report.

Contents	Item
Results for announcement to the market	1.
Net tangible assets per ordinary share	2.

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities	up	263%	to	$ **128,258**
Loss from ordinary activities after Income tax	down	270%	to	$ **(245,927)**
Net loss for the period attributable To members	down	270%	to	$ **(245,927)**

Dividends per share

	Amount per share	Franked amount per Share
Final	0 cents	0 cents
Interim	0 cents	0 cents

It is intended that no dividends will be paid prior to the profitable commercialisation of Medigard's products.

Explanations

The company has not traded during the half year ended 31 December 2009.

Income is mainly the return on invested capital. The company's activities have been the continuing research and development of the company's products.

2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA BACKING)

Current Period	Previous Corresponding Period
0.007	0.006

HALF YEARLY FINANCIAL REPORT

ENDED 31 DECEMBER 2009

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MEDIGARD LIMITED

ABN 49 090 003 044

Directors' Report

Your directors present their report on the company for the half-year 31 December 2009.

Directors

The names of persons who were directors of Medigard Limited during the whole of the half-year and up to the date of this report are:

D Channer
P Clark
C Bishop
P Boero (alternate for D Channer)

Review of Operations

A summary of the revenues and results are set out below:

	2009 $	2008 $
Revenues	128,258	48,748
Expenses	(374,185)	(712,136)
Loss before income tax	(245,927)	(663,388)
Income tax expense	-	-
Net loss after income tax	(245,927)	(663,388)

Comments on the operations and the results of those operations are set out below:

Having completed all aspects of design and development of the blood collection device (BCD) and the 3ml vacuum retractable syringe, the next phase for Medigard is to appoint both a manufacturer and a distributor. Heads of Agreement have been signed with a manufacturer in the United States of America and the company hopes shortly to enter into a formal and binding agreement with them. Medigard is also well advanced in its discussions with a distributor and again hopes to sign a formal agreement in the near future. Once these agreements have been signed the company will progress the manufacturing of its BCD which entails building the tools and assembly and packaging equipment. That process is expected to take some six to eight months at the conclusion of which marketing can commence in earnest.

An application for regulatory approval from the FDA in the USA will shortly be made for Medigard's 3ml retractable syringe. All prerequisites have been completed including successful biocompatibility and standards testing. Approval, if granted, should be available by June 2010.

In order to pay for the manufacturing equipment and to complete its other suite of products, Medigard will need to raise further capital. The Board is currently examining alternatives and having discussions with advisors and stockbrokers.

Auditor's Independence Declaration

A copy of the independence declaration by the auditor under section 307C of the Corporations Act 2001 is included on page 5 to this half-year financial report.

This report is made in accordance with a resolution of the Board of Directors and is signed for on behalf of the directors by:

D CHANNER
Director

Dated: 26 February 2010

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DECLARATION OF INDEPENDENCE BY ANTHONY WHYTE TO THE DIRECTORS OF MEDIGARD LIMITED

As lead auditor for the review of Medigard Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

BDO Audit (QLD) Pty Ltd

Anthony Whyte
Director

Brisbane: 26 February 2010

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MEDIGARD LIMITED
ABN 49 090 003 044

Statement of Comprehensive Income
For the Half-Year Ended 31 December 2009

	Note	31 December 2009 $	31 December 2008 $
Revenue from continuing operations		19,826	48,748
Other Income	2	108,432	-
Share Based Payments Expense		-	-
Depreciation and amortisation expenses		(22,326)	(23,922)
Other expenses	2	(351,859)	(688,214)
Loss before income tax expense		(245,927)	(663,388)
Income tax expense		-	-
Net loss for the half-year after income tax expense		(245,927)	(663,388)
Other Comprehensive Income		-	-
Total Comprehensive Income for half year		(245,927)	(663,388)

	Cents	Cents
Basic earnings per share from continuing operations	(0.661)	(1.96)
Diluted earnings per share from continuing operations	(0.661)	(1.96)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

MEDIGARD LIMITED
ABN 49 090 003 044

Statement of Financial Position
as at 31 December 2009

	31 December 2009 $	30 June 2009 $
CURRENT ASSETS		
Cash and Cash Equivalents	140,931	276,374
Trade and Other Receivables	8,725	108,808
Other Financial Assets	150,795	298,250
Other Current Assets	8,794	4,462
TOTAL CURRENT ASSETS	309,245	687,894
NON-CURRENT ASSETS		
Other Financial Assets	171,882	96,696
Property, Plant and Equipment	9,387	10,883
Intangible Assets	219,557	217,314
Other Non-Current Assets	10,560	10,560
TOTAL NON-CURRENT ASSETS	411,386	335,453
TOTAL ASSETS	720,631	1,023,347
CURRENT LIABILITIES		
Trade and Other Payables	26,397	86,902
Interest Bearing Liabilities	106,906	103,190
TOTAL CURRENT LIABILITIES	133,303	190,092
NET ASSETS	587,328	833,255
EQUITY		
Issued Capital	3,865,963	3,865,963
Retained Earnings	(3,798,472)	(3,552,545)
Option Reserve	519,837	519,837
TOTAL EQUITY	587,328	833,255

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

MEDIGARD LIMITED
ABN 49 090 003 044

Statement of Cash Flows
For the Half-Year Ended 31 December 2009

	31 December 2009 $	31 December 2008 $
CASH FLOWS FROM OPERATING ACTIVITES		
Payments to Suppliers and Employees	(430,005)	(338,876)
Interest Received	19,825	48,748
Research and Development Tax Offset	97,884	113,489
GST Refunded	19,223	19,598
Net cash outflow from operating activities	(293,073)	(157,041)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Intangible Assets	(23,073)	(51,781)
Proceeds from Sale of Investments	180,703	147,805
Proceeds from Loans	-	100,929
Net cash inflow from investing activities	157,630	196,953
NET DECREASE IN CASH HELD	(135,443)	39,912
Net cash at beginning of period	276,374	131,673
NET CASH AT END OF PERIOD	140,931	171,585

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

MEDIGARD LIMITED
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Statement of Changes in Equity
For the Half-Year Ended 31 December 2009

	Contributed Equity $	Retained Earnings $	Option Reserves $	Total Equity $
Balance at 1 July 2008	3,534,600	(2,791,222)	519,837	1,263,215
Total Comprehensive Income for the Half Year	-	(663,388)	-	(663,388)
At 31 December 2008	**3,534,600**	**(3,454,610)**	**519,837**	**599,827**
Balance at 1 July 2009	3,865,963	(3,552,545)	519,837	833,255
Total Comprehensive Income for the Half Year	-	(245,927)	-	(245,927)
At 31 December 2009	**3,865,963**	**(3,798,472)**	**519,837**	**587,328**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

MEDIGARD LIMITED
ABN 49 090 003 044

Notes to the Financial Statements
For the Half-Year Ended 31 December 2009

Note 1. Basis of Preparation of Half-Year Financial Statements

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with Australian Accounting Standard 134 'Interim Financial Reporting' and the Corporations Act 2001.

The historical cost basis has been used, except for other financial assets which have been measured at fair value.

These half year financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the company to continue to adopt the going concern assumption will depend upon the successful commercialisation of the company's medical products and the successful raising in the future of any necessary funding through debt or equity.

The company has entered into a heads of agreement with a US manufacturer and is well advanced in its discussions with a distributor. The company is hoping to enter into formal and binding agreements with these parties in the short term with a view to both making and selling the Medigard products in North America.

The ability of the Company to continue to adopt the going concern assumption is dependent on the Company being able to raise capital as and when required. A successful conclusion to current negotiations with US manufacturers and distributors is expected to assist with the raising of capital required.

These half year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Medigard Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared with the most recent annual financial statements.

Key Judgements – Market Value of Floating Rate Notes

Included in Financial Assets are Floating Rate Notes which have been booked to account at a market value of $322,677 at 31 December 2009. The market for floating rate notes is affected by the thin trading that prevails for such investments. Any sale of these securities will be conducted in an orderly manner as working capital is required.

Note 2: Profit for the Period

	31 December 2009	31 December 2008
The following income / (expense) item is relevant in explaining the financial performance for the interim period		
Net gain / (loss) on write up / (down) of market value of Floating Rate Notes.	108,433	(383,170)

The net gain for the six months ended 31 December 2009 includes an unrealised gain of $88,830.

Note 3. Segment Information

The company has only one reportable segment. It operates in one business – the development of innovative medical devices. The company operates in Australia and is working on penetrating its target market in the United States of America.

Note 4 Individually Significant Items

There were no individually significant items during the reporting period that have not been otherwise disclosed in this financial report.

Note 5 Contingent Liabilities

There are no contingent liabilities or contingent assets as at reporting date.

Note 6 Events Subsequent to Balance Date

No significant events have occurred since balance date.

Note 7 Related Party Transactions

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2009 annual financial report. All arrangements are consistent with those in place at 30 June 2009 with the exception of the following item.

	31 December 2009 $	30 June 2009 $
Interest bearing loan from Donald Channer	100,000	100,000
Accrued interest payable to Donald Channer	6,906	3,190

The interest charged on the loan ranged was 7%. The loan is repayable by 31 March 2010.

MEDIGARD LIMITED
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Director's Declaration

The directors of the company declare that:

1. The financial statements and notes set out on pages 6 to 11 are in accordance with the Corporations Act 2001, and

   (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

   (b) give a true and fair view of the company's financial position as at 31st December 2009 and of its performance for the half-year ended on that date.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the directors by:

D CHANNER
Director

Dated this twenty sixth day of February 2010.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MEDIGARD LIMITED

We have reviewed the accompanying half-year financial report of Medigard Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Medigard Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Medigard Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the ability of the company to continue to adopt the going concern basis of accounting, to maintain continuity of normal business activities, and to pay its debts as and when they fall due, is dependent on the successful commercialisation of the company's medical products and the successful raising in the future of any necessary funding through debt or equity. No adjustments have been made to the carrying value of assets of the recorded amount of liabilities should the company's plans not eventuate.

BDO Audit (QLD) Pty Ltd

BDO

A J Whyte

Director

Brisbane: 26 February 2010

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