

**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

Half-year ended 31 December 2010

Previous corresponding period

Half-year ended 31 December 2009

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	down	87%	to	\$ 16,689
Loss from ordinary activities after Income tax	up	66%	to	\$ (409,306)
Net loss for the period attributable To members	up	66%	to	\$ (409,306)

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 2010.

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
0.010	0.007



ABN 49 090 003 044

HALF-YEARLY FINANCIAL STATEMENTS

ENDED 31 DECEMBER 2010

MEDIGARD

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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 ended 31 December 2010.

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:

	2010	2009
	\$	\$
Revenue / Income	16,692	128,258
Expenses	(425,998)	(374,185)
Loss before income tax	(409,306)	(245,927)
Income tax expense	-	-
Net loss after income tax	(409,306)	(245,927)

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

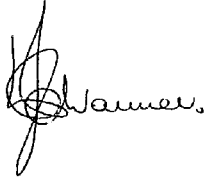
Medigard is nearing the final stages of commercialisation of its Blood Collection Device ('BCD'). The design for the Tooling equipment to manufacture the BCD is complete. Once the assembly design is completed, construction of the equipment to produce the BCD will commence. Medigard will require capital to pay for the equipment that will mass produce the BCD. With interest from America and within Australia to provide these funds, Medigard is well positioned to introduce the BCD to the American market.

Regulatory compliance changes with the FDA has resulted in further tests being undertaken by Medigard of its vacuum retractable syringe. The results of those tests should be known shortly. Medigard remains confident that its suite of syringes will meet and exceed the expectations of the FDA.

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:

A handwritten signature in black ink, appearing to read 'D Channer', is written over a faint, circular stamp or watermark.

D CHANNER
Director

Dated: 24 February 2011

DECLARATION OF INDEPENDENCE BY M R JUST TO THE DIRECTORS OF MEDIGARD LIMITED

As lead auditor for the review of Medigard Limited for the half-year ended 31 December 2010, 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
- of any applicable code of professional conduct in relation to the review.



M R Just

Director

BDO Audit (QLD) Pty Ltd

Brisbane, 24 February 2011

MEDIGARD LIMITED
ABN 49 090 003 044

Statement of Comprehensive Income
For the Half-Year Ended 31 December 2010

	Note	31 December 2010 \$	31 December 2009 \$
Revenue		14,732	19,826
Other income	2	1,960	108,432
Depreciation and amortisation expenses		(23,023)	(22,326)
Finance costs		(2,225)	(3,716)
Other expenses		(400,750)	(348,143)
		<hr/>	<hr/>
Loss before income tax expense		(409,306)	(245,927)
Income tax expense		-	-
		<hr/>	<hr/>
Net loss for the half-year after income tax expense		(409,306)	(245,927)
		<hr/>	<hr/>
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income for half-year		(409,306)	(245,927)
		<hr/> <hr/>	<hr/> <hr/>
		Cents	Cents
Basic earnings per share		(0.952)	(0.661)
Diluted earnings per share		(0.952)	(0.661)

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 2010

	31 December	30 June
	2010	2010
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	858,637	302,039
Other Financial Assets	-	62,500
Trade and Other Receivables	21,254	15,209
Other Current Assets	51,859	3,806
TOTAL CURRENT ASSETS	931,750	383,554
NON-CURRENT ASSETS		
Property, Plant and Equipment	28,745	7,918
Intangible Assets	191,883	202,651
Other Non-Current Assets	10,560	10,560
TOTAL NON-CURRENT ASSETS	231,188	221,129
TOTAL ASSETS	1,162,938	604,683
CURRENT LIABILITIES		
Trade and Other Payables	51,550	37,758
Interest Bearing Liabilities	-	110,734
TOTAL CURRENT LIABILITIES	51,550	148,492
NET ASSETS	1,111,388	456,191
EQUITY		
Issued Capital	4,953,560	3,889,057
Reserves	519,837	519,837
Accumulated Losses	(4,362,009)	(3,952,703)
TOTAL EQUITY	1,111,388	456,191

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 2010

	31 December 2010	31 December 2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(472,396)	(426,289)
Interest received	14,733	19,825
Research and development tax offset	-	97,884
Interest and other costs of finance paid	(2,225)	(3,716)
GST refunded	31,340	19,223
Net cash outflow from operating activities	(428,548)	(293,073)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for intangible assets	(10,840)	(23,073)
Payments for property, plant & equipment	(22,242)	-
Proceeds from sale of investments	64,459	180,703
Net cash inflow from investing activities	31,377	157,630
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,102,490	-
Payments for costs of share issue	(37,987)	-
Repayment of borrowings	(110,734)	-
Net cash inflow from financing activities	953,769	-
NET INCREASE / (DECREASE) IN CASH HELD	556,598	(135,443)
Net cash at beginning of period	302,039	276,374
NET CASH AT END OF PERIOD	858,637	140,931

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

MEDIGARD LIMITED
ABN 49 090 003 044

Statement of Changes in Equity
For the Half-Year Ended 31 December 2010

	Issued Capital \$	Accumulated Losses \$	Share Based Payments Reserve \$	Total Equity \$
Balance at 1 July 2009	3,865,963	(3,552,545)	519,837	833,255
Loss for the half-year	-	(245,927)	-	(245,927)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(245,927)	-	(245,927)
Transactions with owners in their capacity as owners	-	-	-	-
At 31 December 2009	3,865,963	(3,798,472)	519,837	587,328
Balance at 1 July 2010	3,889,057	(3,952,703)	519,837	456,191
Loss for the half-year	-	(409,306)	-	(409,306)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(409,306)	-	(409,306)
Transactions with owners in their capacity as owners				
Issue of shares	1,102,490	-	-	1,102,490
Cost of share issue	(37,987)	-	-	(37,987)
At 31 December 2010	4,953,560	(4,362,009)	519,837	1,111,388

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 2010

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 2010 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

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 signed contracts with a US manufacturer and a US distributor but requires additional capital for the construction of the manufacturing equipment.

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 2010 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.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised in the financial statements of the Company for the current or prior periods.

Note 2. Profit for the Period

	31 December 2010	31 December 2009
	\$	\$
The following income / (expense) item is relevant in explaining the financial performance for the interim period		
Gain on sale of financial assets	1,960	19,602
Fair value gain on financial assets at fair value through profit & loss	-	88,830
	<u>1,960</u>	<u>108,432</u>

Note 3. Segment Information

The company operates within Australia predominantly in one segment – the development of innovative medical instruments. Therefore, reports reviewed by the executive management committee do not differ from that of the company as a whole and no reportable segments exist.

Note 4. Equity Securities Issued

	Half-year		Half-year	
	2010	2009	2010	2009
	Shares	Shares	\$	\$
Issue of ordinary shares during the half-year	16,961,381	-	1,064,503	-

Note 5. Contingent Liabilities and Contingent Assets

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

Note 6. Events Subsequent to the end of the reporting period

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 2010 annual financial report. All arrangements are consistent with those in place at 30 June 2010 with the exception of the following item.

	31 December	30 June
	2010	2010
	\$	\$
Interest bearing loan from Donald Channer	-	100,000
Accrued interest payable to Donald Channer	-	10,734

The interest charged on the loan ranged from 7% to 8%. The loan was repaid in October 2010.

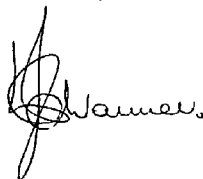
MEDIGARD LIMITED
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Director's Declaration

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 2010 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:

A handwritten signature in black ink, appearing to read 'D Channer', is written over a faint circular stamp or watermark.

D CHANNER
Director

Dated: 24 February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Directors of Medigard Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Medigard Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 disclosing entity's financial position as at 31 December 2010 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*, which has been given to the directors of Medigard Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 disclosing entity's financial position as at 31 December 2010 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 interim financial report which indicates 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 company's medical products and the successful raising in the future of any necessary funding through debt or equity.

BDO Audit (QLD) Pty Ltd

BDO


M R Just

Director

Brisbane, 24 February 2011