



MEDIGARD LIMITED

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ABN 49 090 003 044

28 October, 2010

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

**By e-lodgement**

**No of pages: 7 inclusive**

### **Appendix 4C – Quarterly Report**

Please find attached the Company's Quarterly Report for the period ending 30 September, 2010.

The Company takes this opportunity to also provide an update on its activities.

### **Operational Update**

#### **Food and Drug Administration (FDA) Submission Automatic Retractable 3mL Syringe**

Medigard's application to the FDA to obtain approval for its Automatic Retractable 3mL Syringe has been delayed owing to an unexpected change in the requirements of the FDA. This has meant that the Company has had to repeat its earlier tests, in particular biocompatibility and accelerated shelf life. Details of those tests follow.

Because of the time involved in testing, it is now expected that the FDA application will not be submitted until early 2011. This is disappointing but has eventuated because of a tightening in FDA procedures.

- Biocompatibility Testing

Medigard has received the Final Report on the Elution Test (Biocompatibility) on the new materials for the Medigard automatic (vacuum) retractable 3mL syringe. It is with pleasure that Medigard reports that the materials of Medigard's syringe recorded a reactivity of zero and hence passed the biocompatibility testing required by the FDA.

- Pre-IDE FDA Submission

Medigard has submitted a pre-original investigational device exemption (Pre-IDE) to the FDA for its consideration and approval. If approved, Medigard will be able to use the protocols submitted as part of the Pre-IDE in order to undertake Accelerated Shelf Life testing of the Automatic Retractable 3mL Syringe at 50°C. It is Medigard's intention to

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**Quarterly report for entities**  
**admitted on the basis of commitments**

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initially seek a two year's shelf life for the Syringe. This will be extended over time and it is hoped to establish a five year shelf life for the Syringe.

**Manufacturing**

Medigard's Research & Development Team have recently travelled to the USA to visit our manufacturing partners. The aim of the trip was to finalise the design for the manufacturing tooling, the assembly, packaging and palletizing for the Auto-retractable Blood Collection Device (BCD).

A formal Design Agreement will be signed in the coming weeks. The agreement will include a design protocol for exactly how the BCD will be tooled, assembled and packaged under full automation.

A construction agreement detailing production fee progress payments, timeframes, warranties and other items will follow the signing of the design agreement. Actual payments under the construction agreement will depend in part on further capital being raised.

**South African Patent**

Medigard was recently granted a South African patent for its auto vacuum retractable 3mL syringe. This is the first granted patent for the Medigard syringe and gives us considerable confidence that the patents applied for in other jurisdictions will be granted.

**Capital Raising**

Medigard is continuing to investigate additional sources of capital and is in active discussions with introducers both in Australia and overseas. Capital raising remains the prime focus of the Company in the short term with additional announcements in relation to capital raising expected in the coming weeks.

**Annual General Meeting**

The Company's Annual General Meeting will take place at 6.00 pm on Tuesday 23 November, 2010 at the Southport Yacht Club, Macarthur Parade, Main Beach, Gold Coast, Queensland. All shareholders are welcome. In addition to presentations from the Chairman and CEO, there will be an opportunity to mix with staff and guests before and after the meeting.

**Peter Emery**  
**Chief Executive Officer**

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

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+ See chapter 19 for defined terms.

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

MEDIGARD LIMITED

ABN

49 090 003 044

Quarter ended ("current quarter")

30 SEPTEMBER 2010

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers		
1.2 Payments for (a) staff costs	(32)	(32)
(b) advertising and marketing		
(c) research and development	(38)	(38)
(d) leased assets		
(e) other working capital	(115)	(115)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material) Research & Development Tax Offset		
<b>Net operating cash flows</b>	<b>(183)</b>	<b>(183)</b>

+ See chapter 19 for defined terms.



**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	19
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	100	100
3.2	Credit standby arrangements		

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,214	289
4.2 Deposits at call	13	13
4.3 Bank overdraft		
4.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	1,227	302

Note: Whilst not strictly a cash item, the company, as at 30 September 2010, held approximately \$16,000 in floating rate securities which in a normal market are readily convertible to cash.

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 28 October, 2010  
 Company Secretary

Print name: Peter M Emery

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+ See chapter 19 for defined terms.

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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