

# Medigard to needle market for \$4.8m with rights issue

**NICK NICHOLS**  
nicholsn@goldcoast.com.au

**MEDICAL**-device developer Medigard is seeking to raise \$4.8 million from shareholders as it ramps up plans to expand into the US market.

The one-for-one renounceable rights issue to existing shareholders has been priced at 6.5c, almost half Medigard's closing price of 12c yesterday.

Investors appeared to welcome the capital-raising, driving shares in the Gold Coast company 33 per cent higher yesterday, although on low volume.

The previously flagged issue takes Medigard another step closer to commercialising its blood-collection devices.

The rights are attached to a 9.5c Medigard option, exercisable by June 30 next year.

Should the company's shares stay above the strike level, Medigard should expect a further \$7.03 million boost to its kitty once those options are exercised.

In a statement yesterday, the company said it must raise at least \$1.57 million to get its US production plans off the ground.

It plans to apply the surplus funds to support additional research and development, production tooling and provide working capital.

Medigard revealed in December that it had signed up an undisclosed US manufacturer to produce its blood-collection device after

extensive clinical trials in hospitals and clinics.

The five-year production agreement, and a separate distribution agreement with Ventlab subsidiary Outcome Solutions, initially covers the US and Canadian markets.

Medigard holds a US patent for its blood-collection devices and expects the agreement to become a blueprint for other products it has developed, including its patented retractable syringe, intravenous cannula and intravenous valve.

Medigard has forecast revenue of about \$US40 million (\$44.4 million) a year from the initial US agreement and expects its first taste of that revenue in about 18 months. The revenue will be built from a royalty payment of up to US15c per device.

The US market consumes about 700 million blood-collection devices a year and, based on estimates, Medigard is aiming for a 4 per cent share of the market.

"The agreements are the culmination of months of negotiation and the necessary building of key relationships," said chief executive Peter Emery.

"This is an exciting next phase for Medigard."

Medigard shareholders are being offered 74.04 million new shares in the company through the rights issue, and a further 74.04 million shares through the options.

The rights can be traded from July 30 to August 18, before the issue of new shares which will begin trading on September 2.



Exciting phase for company . . . Medigard chief executive Peter Emery