



# **BioLayer Corporation Limited**

31 October 2006

Company Announcements Office  
Australian Stock Exchange  
Level 6, 20 Bridge Street  
Sydney NSW 2000

For release to the market

## **Appendix 4C – Quarter ending 30 June 2006** **(ASX: BLS)**

As foreshadowed in an earlier announcement Bio-Layer was awarded and has now completed the documentation pertaining to a government grant to the total value of \$2.67m over 2 years. The details of the grant will be announced, subject to confidentiality provisions, in due course.

Meanwhile the first tranche of grant money, \$1.16m, has already been received by the company and will go towards the continuation of the company's "abiotics" research program. This receipt is not reflected in the attached report due to its date being post the end of the quarter.

Other capital raising initiatives mentioned previously are on-going and will be announced as and when appropriate.

In addition to the above the company has also been intensely engaged in business development activities which are starting to bear fruit.

As a consequence of recent activities in Europe and the US by CEO David Beins, Bio-Layer has started an investigational research project with a multinational European conglomerate which is likely to lead to one or more product development agreements and associated licensing fees in the short to medium term.

The project involves a prototype point-of-care diagnostic device based on proprietary biosensor technology and is subject to a confidentiality agreement.

The company expects the research to conclude by early 2007 and anticipates a speedy progression to follow-on developmental work shortly thereafter.

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Other business development outcomes include commitments by three global *in vitro* diagnostics companies and one Tier 1 life science company to embark on conjoint research projects with BioLayer, all expected to commence within the next 6 months and run for 2 – 3 months each.

The company is currently negotiating terms with these companies and, if not restricted by confidentiality, will announce those terms and the progress of these projects going forward.

Also, Michelle Morrison has been appointed interim Company Secretary to replace Ms Megan Portas (who has resigned to pursue other interests) whilst a permanent replacement is found. We are grateful to Megan for her contribution to the company since joining early this year.

Yours faithfully

**David Beins**, BSc (Hons), MBA  
*Managing Director and CEO*

# Appendix 4C

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

Introduced 31/3/2000.

Name of entity

<b>BioLayer Corporation Limited</b>
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ACN or ARBN

<b>75-070-028-625</b>
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Quarter ended

<b>30-Sep-06</b>
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### Consolidated statement of cash flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from customers and government grants	66	66
1.2	Payments for		
	(a) staff costs	(442)	(442)
	(b) advertising and marketing	(22)	(22)
	(c) research and development (excluding staff costs relating to R&D)	(157)	(157)
	(d) leased assets	-	-
	(e) other working capital	(158)	(158)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	19	19
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
<b>Net operating cash flows</b>		<b>(695)</b>	<b>(695)</b>

NOTES:

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		Current quarter \$A'000	Year to date (3 months) \$A'000
1.8	Net operating cash flows (carried forward)	(695)	(695)
	<b>Cash flows related to investing activities</b>		
1.9	<b>Payment for acquisition of:</b>		
	(a) Businesses	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(7)	(7)
	(e) other non-current assets	-	-
1.10	<b>Proceeds from disposal of:</b>		
	(a) Businesses	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Adjustment for cash remaining in subsidiary entity at disposal	-	-
	<b>Net investing cash flows</b>	<b>(7)</b>	<b>(7)</b>
<b>1.14</b>	<b>Total operating and investing cash flows</b>	<b>(702)</b>	<b>(702)</b>
	<b>Cash flows related to financing activities</b>		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other:		
	Proceeds from issue of converting notes	-	-
	Interest paid on converting notes	(16)	(16)
	Capital raising costs	-	-
	<b>Net financing cash flows</b>	<b>(16)</b>	<b>(16)</b>
	<b>Net increase (decrease) in cash held</b>	<b>(718)</b>	<b>(718)</b>
1.21	Cash at beginning of quarter/year to date	1,289	1,289
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	<b>Cash at end of quarter</b>	<b>571</b>	<b>571</b>

NOTES:

1.20

**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	<b>NIL</b>
1.25	Aggregate amount of loans to the parties included in item 1.11	<b>NIL</b>

1.26 Explanation necessary for an understanding of the transactions

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**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

<b>NIL</b>
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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

<b>NIL</b>
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**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	<b>NIL</b>	<b>NIL</b>
3.2	Credit standby arrangements	<b>NIL</b>	<b>NIL</b>

**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	70	15
4.2	Deposits at call	501	1,274
4.3	Bank overdraft		-
4.4	Other - Funds held in trust re. Open Prospectus Offer		-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>571</b>	<b>1,289</b>

## Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Acquisition/disposal of subsidiary		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets at date of acquisition/disposal		
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 2001 (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: Michelle L Morrison  
(Company Secretary)

Date: 31 October 2006

Print name: **Michelle L Morrison**

## 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

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(ε) - 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.