



BioLayer Corporation Limited

27th February 2008

BioLayer Corporation Limited
Results for Announcement to the Market
Appendix 4D - Half Year report
given to the ASX under listing rule 4.2A

Current Reporting Period
Half year ended 31 December 2007

Previous Reporting Period
Half year ended 31 December 2006

Revenue from ordinary activities	down	35%	to	\$723,305
Profit / (loss) from ordinary activities after tax attributable to members	up	24%	to	(\$632,769)
Net profit / (loss) for the period attributable to members	up	24%	to	(\$632,769)

Dividends / distributions	Amount per security	Franked amount per security
Interim dividend	\$ -	\$ -
Final dividend	\$ -	\$ -

The directors do not propose or recommend the payment of a dividend

Record date for determining entitlements to the dividend

Not applicable

For an explanation of the figures reported above please see the attached Interim Financial Report.

These accounts have been reviewed.

This information should be read in conjunction with the most recent annual financial report.

Net tangible assets

As at 31 December 2007
cents per share

As at 30 June 2007
cents per share

Net tangible assets backing per ordinary share

\$ 0.01

\$

0.02

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BIOLAYER CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
ABN 75 070 028 625

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

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CORPORATE DIRECTORY

Directors	Bruce Rathie Peter Rayner Dr Tony Evans Dr Carmel (Carrie) Hillyard Richard Martin David Beins	Chairman, Non Executive Director Non Executive Director Non-Executive Director Non Executive Director Non Executive Director Managing Director and CEO
Company Secretary	Michael Moloney	
Chief Financial Officer	Michael Moloney	
Registered office	4/26 Brandl Street, Eight Mile Plains QLD 4113	
Mailing address	4/26 Brandl Street, Eight Mile Plains QLD 4113	
E-mail:	contact@biolayercorp.com	
Website:	www.biolayercorp.com	
Legal advisors	ClarkeKann Lawyers 300 Queen Street, Brisbane QLD 4000	
Auditors	Grant Thornton Queensland Partnership 102 Adelaide Street, Brisbane QLD 4000	
Patent attorneys	Davies Collison Cave 1 Nicholson Street, Melbourne Victoria 3000	
Share registry	Registries Limited Level 7, 207 Kent Street, Sydney NSW 2000	
Insurance advisors	Austcover Pty Ltd 99 Melbourne Street, South Brisbane 4101 Marsh Pty Ltd 123 Eagle St, Brisbane QLD 4000	
Bankers	Australia and New Zealand Banking Group Limited 3 Sherwood Road, Toowong QLD 4066	

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

The Directors of BioLayer Corporation Limited submit herewith the financial report for the halfyear ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names of the Directors of the Company during or since the end of the half-year are:

Mr Bruce Rathie
Mr Peter Rayner
Dr Tony Evans
Mr David Beins
Dr Carmel (Carrie) Hillyard
Mr Richard Martin

REVIEW OF OPERATIONS

Throughout the half-year to 31 Dec 2007 the Company maintained its commercial focus on international diagnostics and life science companies where incorporation of the Company's surface coating technologies into existing assays on the market could realize short to medium term license fees and royalties.

In addition the Company embarked on a bold new initiative to develop proprietary diagnostic tests of its own in areas of high unmet medical need, such as in the diagnosis of Alzheimer's Disease. This initiative is expected to yield higher returns for the Company in the longer term.

Over this period the Company's legacy Mix&Go product has been re-worked to facilitate its use in coating a range of surfaces for research and diagnostic applications, including in particular the Luminex platform. The product development program for Mix&Go has been complemented by the introduction of Mix&Go Plus formulations for novel silica (glass) beads, together with Mix&Select, arising from the 'abiotics' research program, for coating polyurethane and other synthetic surfaces commonly used in diagnostic assays.

The advances made by the Company in product development will ensure it continues to build a portfolio of products and capabilities that meet a wider range of customer needs.

Similarly, progress with the 'Selective Chemical Tagging' project commenced with the University of Queensland's Institute of Molecular Biosciences early in the year has been pleasing. Apart from the new product opportunities inherent in this project, important flow-on benefits for the Company's abiotics project, ie. Mix&Select, have also been realized through this work.

The Company's resources will be deployed in the remaining half of the year to meet the research, development and commercial milestones scheduled to be completed. These include:

- o Externally validate the Mix&Go product line, particularly for the Luminex platform
- o Complete the development of a new coating arising from the abiotics project called Mix&Select. Mix&Select will be used in customer (OEM) projects to enhance the binding performance of a number of different immunoassay bead types.
- o Further develop assays for the diagnosis of Alzheimer's Disease (continuation of joint project with Alzhyme)
- o Commence an external collaboration to develop an assay for Parkinson's Disease

The Company has, in anticipation of completion of the rights issue, reprioritized its activities towards developing its own assets and projects which are likely to generate revenue in a shorter timeframe.

CAPITAL RAISING: NON-RENOUNCEABLE RIGHTS ISSUE

On 14th December 2007, the Company announced and launched an underwritten non-renounceable rights issue to raise \$3,733,652. A prospectus was issued on that date for this purpose. Terms of the underwriting agreement included a right to terminate should, from the date of that agreement, the S&P/ASX 200 Share Price Index fall below 10% at the close of trading at any date during the rights period.

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

On 31st January 2008, the Company announced that the closing date for the rights issue would be extended by 45 days at the request of the underwriter given the volatility in the financial markets being experienced. A Supplementary Prospectus was issued on the 4th February 2008 dealing with the extension of the closing date for the rights issue to 20th March 2008, disclosure of information relating to a \$300,000 loan facility agreement entered into by the Company with the underwriter (which converts to equity should the rights offering not complete for any reason) so as to meet working capital requirements, disclosure of a variation to the terms of the underwriting agreement and other consequential changes to the original prospectus.

The underwriting agreement at the date of this review remains in full force and effect and the Company expects to receive the funds from the rights issue on or about 1st April 2008 as per the Supplementary Prospectus.

The underwriter now has the right to terminate the underwriting agreement should the 4 day average of the S&P/ASX 200 Index of the ASX fall by more than 7.5% (from the close of trading on the 1st February 2008) as per the revised term to the underwriting agreement described in Clause 5 of the Supplementary Prospectus. Should this happen and the underwriter exercises its right to terminate the underwriting agreement, the rights issue will fail with the consequence that the Company may not be able to continue as a going concern without capital from another source being raised. The Company may then be forced to realise assets and extinguish liabilities other than in the normal course of business and at amounts different from those stated in this Interim Financial Report. Given the recent volatility in the equity markets, the Company acknowledges that there is uncertainty regarding the completion of the rights issue, and whether the underwriter would exercise its right to terminate the agreement, if the share index movement referred to above occurred.

Meanwhile all of the Company's operational activities remain fully engaged with the priorities set out above. The Company expects to make announcements as to the outcomes of its endeavours as and when they occur.

RESULT FOR THE PERIOD

The net loss after tax for the half-year ending 31 December 2007 was \$632,769 compared with a loss of \$510,756 in the same period last year.

As at 31 December 2007, the Company maintained cash reserves of \$677,006.

DIVIDENDS

The Directors have not declared a dividend to be paid during the period.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration (as required under Section 307C of the Corporations Act 2001) is shown on page 16 and forms part of this report.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the Directors



.....
Mr. B. Rathie
Chairman

Brisbane, Dated this 27 day of February 2008

CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Note	Economic Entity	
		31 December 2007 \$	31 December 2006 \$
Other revenue from ordinary activities	2	723,305	1,110,467
Selling, distribution and business development expenses		(142,694)	(202,239)
Administration expenses		(276,056)	(264,019)
Borrowing costs	2	(187)	(592)
Research and development expenses		(936,910)	(1,152,733)
Other expenses from ordinary activities		<u>(227)</u>	<u>(1,640)</u>
Loss from ordinary activities before income tax		(632,769)	(510,756)
Income tax benefit relating to ordinary activities		<u>-</u>	<u>-</u>
Loss from ordinary activities after income tax		<u>(632,769)</u>	<u>(510,756)</u>
Loss attributable to members of the parent entity		<u><u>(632,769)</u></u>	<u><u>(510,756)</u></u>
Basic earnings per share (cents per share)		(1.0)	(0.8)
Diluted earnings per share (cents per share)		(0.9)	(0.7)

The financial statements should be read in conjunction with the accompanying notes.

BIOLAYER CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
ABN 75 070 028 625

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	31 December 2007 \$	30 June 2007 \$
CURRENT ASSETS		
Cash assets	677,006	1,281,123
Receivables	164,832	173,445
Other	73,361	28,066
TOTAL CURRENT ASSETS	<u>915,199</u>	<u>1,482,634</u>
NON-CURRENT ASSETS		
Property, plant and equipment	395,041	475,930
TOTAL NON-CURRENT ASSETS	<u>395,041</u>	<u>475,930</u>
TOTAL ASSETS	<u>1,310,240</u>	<u>1,958,564</u>
CURRENT LIABILITIES		
Payables	308,236	331,482
Provisions	96,946	77,221
TOTAL CURRENT LIABILITIES	<u>405,182</u>	<u>408,703</u>
TOTAL LIABILITIES	<u>405,182</u>	<u>408,703</u>
NET ASSETS	<u>905,058</u>	<u>1,549,861</u>
EQUITY		
Contributed equity	18,288,769	18,359,128
Accumulated losses	<u>(17,383,711)</u>	<u>(16,809,267)</u>
TOTAL EQUITY	<u>905,058</u>	<u>1,549,861</u>

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BIOLAYER CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Ordinary Shares \$	Convertible Notes \$	Options \$	Accumulated Losses \$	Total \$
Balance at 1 July 2006	16,559,314	-	186,418	(15,153,975)	1,591,757
Expensed for the period			21,621	-	21,621
Reversal of lapsed share options			(17,094)	17,094	-
Converting note distributions				(31,796)	(31,796)
Losses attributable to members of the parent entity				(510,756)	(510,756)
Balance at 31 December 2006	16,559,314	-	190,945	(15,679,433)	1,070,826
Balance at 1 July 2007	16,859,314	1,287,601	212,213	(16,809,267)	1,549,861
Expensed for the period			23,153		23,153
Reversal of lapsed share options			(159,047)	159,047	-
Converting note distributions				(100,720)	(100,720)
Accrued interest on converting note		65,534			65,534
Converting note costs					-
Losses attributable to members of the parent entity				(632,770)	(632,770)
					-
					-
					-
Balance at 31 December 2007	16,859,314	1,353,135	76,319	(17,383,710)	905,058

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BIOLAYER CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
ABN 75 070 028 625

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	31 December 2007 \$	31 December 2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	675,371	1,248,182
Payments to suppliers and employees	(1,219,630)	(1,474,954)
Borrowing costs	(248)	(4,294)
Interest received	30,027	27,784
Net cash (used in) operating activities	<u>(514,480)</u>	<u>(203,282)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for property, plant and equipment	-	(13,575)
Net cash (used in) investing activities	<u>-</u>	<u>(13,575)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital raising costs	(55,028)	(32,872)
Converting note distributions	(34,609)	(32,196)
Net cash (used in) provided by financing activities	<u>(89,637)</u>	<u>(65,068)</u>
Net increase (decrease) increase in cash held	(604,117)	(281,925)
Opening cash brought forward	1,281,123	1,293,823
Closing cash carried forward	<u>677,006</u>	<u>1,011,898</u>

The financial statements should be read in conjunction with the accompanying notes.

1. Summary of accounting policies

Basis of Preparation

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001, AASB 134 Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include disclosures or notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any other public announcements made during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2007

Going Concern

On 14th December 2007, the Company announced and launched an underwritten non-renounceable rights issue to raise \$3,733,652. A prospectus was issued on that date for this purpose. Terms of the underwriting agreement included a right to terminate should, from the date of that agreement, the S&P/ASX 200 Share Price Index fall below 10% at the close of trading at any date during the rights period.

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Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the half-year financial report:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

(b) Comparatives

When required by accounting standards or accounting policy, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of the services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(d) Financial assets

Financial investments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these investments are assessed at each reporting date to determine whether there is any evidence that an investment is impaired. Any such impairment is reported in the Income Statement.

(e) Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Goodwill

Pursuant to the adoption of AASB3 Business Combinations (reverse acquisitions), goodwill, representing the excess of the cost of combination to Bio-Layer Pty Limited over the fair value of the identifiable assets, liabilities and contingent liabilities acquired of BioLayer Corporation Limited, is recognised as an asset and not amortised, but tested for impairment at each reporting date and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

(h) Government grants

Government grants are assistance by the government in the form of transfers or resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the consolidated entity other than the requirement to operate in certain regions or industry sectors.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs.

(i) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill is tested for impairment at each reporting date and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase.

(j) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilized. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probably that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

(k) Intangible assets

Patents, trademarks and licenses

Patents, trademarks and license costs are recognised as an expense in the period in which it is incurred.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

(l) Overheads

The Company allocates overheads for the operating entity to their business cost centres. This procedure has been adopted in this period to more accurately represent operating costs of the economic entity.

(m) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after assessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(o) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements	10% - 50%
Plant and equipment	20% - 40%
Furniture and office equipment	20% - 40%
Leased plant and equipment	20%

(p) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(q) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services

Revenue for a contract to provide services is recognised by reference to the stage of completion of the contract. Revenue is not recognised until each milestone has been successfully completed under the terms of the contract.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(r) Share-based payments

Share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black Scholes valuation model (a binomial model).

The fair value determined as at the grant date of the share-based payments is expensed on a straight line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

2. Loss from Ordinary Activities

31 December
2007
\$

31 December
2006
\$

The loss from ordinary activities before income tax expense has been determined after:

Depreciation of non-current assets:

Plant and equipment	<u>80,888</u>	<u>134,542</u>
Total depreciation of non-current assets	<u>80,888</u>	<u>134,542</u>

Borrowing costs:

Interest, other persons	<u>187</u>	<u>592</u>
	<u>187</u>	<u>592</u>

Movements in provisions:

Employee benefits increase / (decrease)	<u>19,727</u>	<u>9,800</u>
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Other Revenue from ordinary activities

Grants	621,924	1,053,488
Other revenue from operating activities	71,354	29,195
Interest – other corporations	<u>30,027</u>	<u>27,784</u>
	<u>723,305</u>	<u>1,110,467</u>

3. Events Subsequent to Reporting Date

Other than the matters referred to in the Going Concern issue stated in Note 1 to the Accounts, there are no after balance date events that the Directors believe should be reported to shareholders.

DIRECTORS' DECLARATION

The Directors declare that:

- (a) the company is currently undertaking a fully underwritten rights issue to raise working capital, the details of which are outlined in note 1 in the accounts. On the assumption that the rights issue is successful, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto comply with the Corporations Act 2001 and Accounting Standard AASB134: Interim Financial Reporting.

Signed in accordance with a resolution of the directors made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Directors



.....
Mr. B Rathie
Chairman

Brisbane, Dated this 27 day of February 2008



Grant Thornton

AUDITOR'S INDEPENDENCE DECLARATION

Grant Thornton Queensland Partnership
ABN 13 131 589 059

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In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Bio Layer Corporation Limited for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

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

GRANT THORNTON QUEENSLAND PARTNERSHIP
Chartered Accountants

Grant Thornton Queensland Partnership

DJ Carroll

DJ CARROLL
Partner

Brisbane

27 February 2008



Grant Thornton

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BIOLAYER CORPORATION LIMITED AND CONTROLLED ENTITY

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Report on the half-year financial report

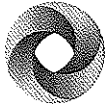
We have reviewed the accompanying half-year financial report of Biolayer Corporation Limited (the Company) and the Entity it controlled (the consolidated entity), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a summary of significant accounting policies, and other selected explanatory notes. The consolidated entity comprises both Biolayer Corporation Limited (the Company) and the Entity it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity 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 control 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 Engagement ASRE 2410: Review of an Interim 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 consolidated entity's financial position as at 31 December 2007 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 Biolayer Corporation 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 complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Biolayer Corporation Limited on 27 February 2008, would be in the same terms if provided to the directors as at the date of this auditor's review 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 Biolayer Corporation Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As disclosed in note 1, the entity has issued an underwritten rights issue to raise working capital, which does not close until 20 March 2008. The underwriting agreement allows the underwriter the opportunity to terminate the underwriting agreement in certain situations, particularly if the S&P/ASX 200 Share Price Index falls below a specified benchmark.

Should the S&P/ASX 200 Share Price Index fall below the benchmark and the underwriter elects to exercise the opportunity to terminate the agreement, there exists significant uncertainty whether Biolayer Corporation Limited would be able to continue as a going concern and therefore may be forced to realise its assets and extinguish its liabilities other than in the normal course of business and at the amounts stated in the financial report.

GRANT THORNTON QUEENSLAND PARTNERSHIP

Grant Thornton Queensland Partnerships
Dan Carroll

D J CARROLL
Partner
Brisbane

Date: 27 February 2008