



# Bone Medical

## ASX/MEDIA RELEASE

31<sup>st</sup> July 2006

### Appendix 4C

**Bone Medical Limited (ASX: BNE)** ("Bone Medical" or "the company") please find attached the 30 June 2006 quarterly cash flow. The company will be proceeding with a \$2,000,000 equity placement during the September 2006 quarter, and at present has conditional undertakings for up to \$1,500,000 of the planned equity raising. The equity raising may be subject to shareholder approval, and the company will inform the market of these details at a time nearing the placement. In accordance with the company's strategy to efficiently use its cash reserves, the company reduced its cash outflows when compared to the March 2006 quarter. As part of this strategy and in accordance with the contract, the company deferred payments to Proxima Laboratory and Research Services Limited whilst still ensuring its Research, Development and Clinical Affairs programmes were maintained.

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### **About Bone Medical Limited**

Bone Medical Limited is an international biopharmaceutical development company positioned to exploit the growing market in the treatment of bone disease particularly in osteoporosis and arthritis. Bone has a portfolio of biopharmaceutical development projects for the treatment of bone disease including,

#### Osteoporosis

- Capsitonin™ oral calcitonin
- oral parathyroid hormone
- bone cell regulators BN005 & BN008

#### Arthritis

- TNF regulators BN006
- joint protection & collagen tolerance BN007

# Appendix 4C

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

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

|   |  |
|---|--|
| Name of entity<br><b>BONE MEDICAL LIMITED</b> |  |
| ABN<br><b>70 009 109 755</b>                  | Quarter ended ("current quarter")<br><b>30th June 2006</b> |

### Consolidated statement of cash flows

|   | Current quarter<br>\$A | Year to date<br>(12 months) \$A |
|---|------------------------|---------------------------------|
| <b>Cash flows related to operating activities</b>         |                        |                                 |
| 1.1 Receipts from customers                               |                        |                                 |
| 1.2 Payments for  |                        |                                 |
| (a) staff costs   | (161,504)              | (739,791)                       |
| (b) advertising and marketing                             | -                      | -                               |
| (c) research and development                              | (465,360)              | (1,799,712)                     |
| (d) leased assets   | -                      | -                               |
| (e) other working capital                                 | (68,816)               | (571,091)                       |
| 1.3 Dividends received                                    | -                      | -                               |
| 1.4 Interest and other items of a similar nature received | 4,858                  | 59,417                          |
| 1.5 Interest and other costs of finance paid              | -                      | -                               |
| 1.6 Income taxes paid                                     | -                      | -                               |
| 1.7 Other – Government Grants                             | 304,986                | 327,579                         |
| <b>Net operating cash flows</b>                           | <b>(385,836)</b>       | <b>(2,723,598)</b>              |

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

|  | Current quarter<br>\$A | Year to date<br>(12 months) \$A |
|--|------------------------|---------------------------------|
| 1.8 Net operating cash flows (carried forward)       | <b>(385,836)</b>       | <b>(2,723,598)</b>              |
| <b>Cash flows related to investing activities</b>    |                        |                                 |
| 1.9 Payment for acquisition of:                      |                        |                                 |
| (a) businesses (item 5)                              | -                      | -                               |
| (b) equity investments                               | -                      | -                               |
| (c) intellectual property                            | -                      | -                               |
| (d) physical non-current assets                      | -                      | -                               |
| (e) other non-current assets                         | (5,738)                | (18,893)                        |
| 1.10 Proceeds from disposal of:                      |                        |                                 |
| (a) businesses (item 5)                              | -                      | -                               |
| (b) equity investments                               | -                      | -                               |
| © 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 Other (provide details if material)             | -                      | -                               |
| <b>Net investing cash flows</b>                      | <b>(5,738)</b>         | <b>(18,894)</b>                 |
| <b>1.14 Total operating and investing cash flows</b> | <b>(5,738)</b>         | <b>(18,894)</b>                 |
| <b>Cash flows related to financing activities</b>    |                        |                                 |
| 1.15 Proceeds from issues of shares, options, etc.   | -                      | 1,575,694                       |
| 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:- Government Grants Income                | -                      | -                               |
| <b>Net financing cash flows</b>                      | <b>-</b>               | <b>1,575,694</b>                |
| <b>Net increase (decrease) in cash held</b>          | <b>(391,574)</b>       | <b>(1,166,797)</b>              |
| 1.21 Cash at beginning of quarter/year to date       | 903,368                | 1,678,591                       |
| 1.22 Exchange rate adjustments to item 1.20          | -                      | -                               |
| <b>1.23 Cash at end of quarter</b>                   | <b>511,794</b>         | <b>511,794</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<br>\$A |
|------|--|------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | 272,398                |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11   | -                      |

1.26 Explanation necessary for an understanding of the transactions

Nil

**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

Nil

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

Nil

**Financing facilities available**

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

|     |                             | Amount available<br>\$A | Amount used<br>\$A |
|-----|-----------------------------|-------------------------|--------------------|
| 3.1 | Loan facilities             | -                       | -                  |
| 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<br>\$A | Previous quarter<br>\$A |
|---|------------------------|-------------------------|
| 4.1 Cash on hand and at bank  | 438,555                | 178,957                 |
| 4.2 Deposits at call  | 73,239                 | 100,186                 |
| 4.3 Bank overdraft  | -                      | -                       |
| 4.4 Other – Investment Bill   | -                      | 624,225                 |
| <b>Total: cash at end of quarter (item 1.22)</b>  | <b>511,794</b>         | <b>903,368</b>          |

**Acquisitions and disposals of business entities**

|   | Acquisitions<br>(Item 1.9(a)) | Disposals<br>(Item 1.10(a)) |
|---|-------------------------------|-----------------------------|
| 5.1 Name of entity                            | Nil                           | Nil                         |
| 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 ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



Chief Financial Officer

Date: 31st July 2006

Print name: Ed Daquino

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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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