QUARTERLY REPORT

THREE MONTHS ENDED 30 SEPTEMBER

2006

bioMD LIMITED

23 October 2006

BIOMD

HIGHLIGHTS

- bioMD increases holding in Celxcel Pty Ltd, developer of the ADAPT™ Advanced Tissue Process, by 21.5% to 71.5% with the issue of 2,942,105 ordinary shares in bioMD and the payment of $147,105 in cash.
- bioMD's subsidiary company, Celxcel Pty Ltd continues to demonstrate the outstanding performance of the ADAPT™ Advanced Tissue Process in pre-clinical animal trials.
- The results of the latest trial over 120 days further indicate that the ADAPT™ Advanced Tissue Process produces a bio-implant that is highly resistant to calcification and fibrosis whilst remaining pliable and supple.
- Celxcel began steps to commence human clinical trials in early 2007 of ADAPT™ treated bovine pericardium patch material for cardiovascular indications.
- Dr Leon Neething, who has played the major scientific role in development of the ADAPT™ Advanced Tissue Process, has been appointed Chief Scientific Officer of Celxcel.
- Continuing progress was reported with the CSIRO Material Technology Project and the Injection Therapy Project.

CORPORATE

- bioMD is currently capitalised at $7.08 million.
- The consolidated group has $2.2 million in cash reserves and an average burn rate of $120,000 per month for the 12 months to 30 June 2007.

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bioMD LIMITED

QUARTERLY 2006

REPORT ON ACTIVITIES
Three months ended 30 September

celxcel
Bioimplant Solutions

BIOMD LIMITED INCREASES ITS HOLDING IN CELXCEL PTY LTD

As a result of the significant scientific outcomes from pre-clinicial animal trials using the ADAPT™ Advanced Tissue Process (ADAPT™), the Board of bioMD made an offer to all shareholders in Celxcel for the 50% of the company not already held. We are pleased to report acceptances representing 21.5%, taking our shareholding to 71.5%. As consideration we issued 2,942,105 ordinary shares in bioMD and paid $147,105 in cash.

Celxcel is currently conducting a pre-clinical animal trial to evaluate ADAPT™ treated Bovine and Kangaroo pericardial patches and ADAPT™ treated Kangaroo carotid arteries used as Vascular Grafts. Both series of implants have been implanted into sheep. This trial will be conducted over 150 days *(150 days in sheep = ≈10 years in humans)* and is due for completion in December 2006.

The ongoing pre-clinicial studies and their results will provide further important data as Celxcel moves towards Human Clinical studies, which are scheduled to commence during the first half of 2007.

Celxcel Achieves Breakthrough With Animal Tissue Implants

Throughout the process and following the acquisition of Celxcel by bioMD, Celxcel has continued to demonstrate in pre-clinical trials the outstanding performance of its ADAPT™ Advanced Tissue Process.

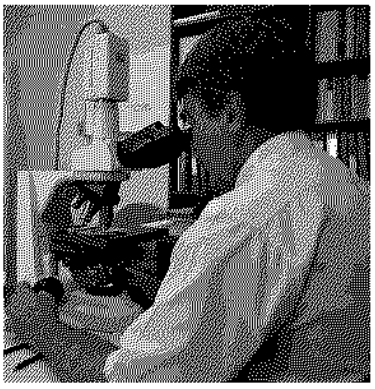
In the most recent results, animal tissue patches treated with ADAPT™ and subsequently implanted into laboratory rats for a period of 120 days *(120 days in rats = ≈ 2 years in humans)* demonstrated three significant outcomes:

- The explanted tissue did not show any scar formation;
- Signs of angiogenesis (the process of host blood vessel regeneration) taking place; and
- Granulation tissue was cellular, indicating visible host cell infiltration.

These results clearly indicate that the ADAPT™ process produces bioimplants that are highly resistant to calcification and fibrosis whilst remaining pliable and supple.

Bioimplant patches made from animal tissue with functional and durable properties are applicable to a global medical device market segment worth US$700 million a year. They include patches and biomaterials for many surgical procedures such as hernias, pelvic floor reconstruction, heart abnormalities and replacement tissue heart valves.

Dr Leon Neethling appointed Chief Scientific Officer



Dr Leon Neethling, Associate Professor in Cardiothoracic Surgery at the University of Free State, South Africa who has played the major scientific role in the development of the ADAPT™ Advanced Tissue Process has agreed to become Celxcel's Chief Scientific Officer and bring the ADAPT™ process to the human clinical trial stage.

Dr Neethling and his team's main priority will be the commercial utilisation of the ADAPT™ Process.

With Dr Neethling, bioMD is in a strong position to further develop the ADAPT™ process and bring it to the attention of the global medical device market.

CSIRO MATERIALS TECHNOLOGY PROJECT

bioMD is partnering the CSIRO – Division of Manufacturing and Infrastructure Technology - in developing a new material for use in the manufacture of medical devices used in the vascular access market.

bioMD proceeded to the Third Decision Gate within the Materials Development Stage of the Collaborative Research Agreement. bioMD has provided the fourth instalment under its commitment to underwrite the Research Collaboration up to $661,000 over a period of 24 months.

INJECTION THERAPY PRODUCTS

Prefilled Safety Syringe

The Company is currently in early stage negotiations regarding the viability of its Prefilled Syringe with a major Original Equipment Manufacturer (OEM), which contract manufactures packaging solutions for the major pharmaceutical companies around the world.

POP Safety Injection Needles

Design modifications have been completed and these are being translated into our Production Costing template. This will determine whether or not this product is taken forward to the commercial prototype stage.

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

bioMD Limited

ABN

36 088 221 078

Quarter ended ("current quarter")

30 September 2006

Consolidated statement of cash flows

			Current quarter $A'000	Year to date (3 months) $A'000
Cash flows related to operating activities				
1.1	Receipts from customers		-	-
1.2	Payments for	(a) staff costs	(16)	(16)
		(b) advertising and marketing	-	-
		(c) research and development	(111)	(111)
		(d) leased assets	-	-
		(e) other working capital	(344)	(344)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		30	30
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other - ATO refunds		15	15
	Net operating cash flows		**(426)**	**(426)**

		Current quarter $A'000	Year to date (3 months) $A'000
1.8	Net operating cash flows (carried forward)	**(426)**	**(426)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	(147)	(147)
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(7)	(7)
	(e) other non-current assets	(12)	(12)
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(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	Other (provide details if material)	-	-
	Net investing cash flows	**(166)**	**(166)**
1.14	**Total operating and investing cash flows**	**(592)**	**(592)**
	Cash flows related to financing activities		
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 - option issue costs	-	-
	Net financing cash flows	**-**	**-**
	Net increase (decrease) in cash held	(592)	(592)
1.21	Cash at beginning of quarter/year to date	2,745	2,745
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	**2,153**	**2,153**

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	175
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Consultancy services and superannuation contributions.

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

N/A

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

N/A

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	-	-
3.2	Credit standby arrangements	-	-

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	756	1,029
4.2	Deposits at call	1,397	1,716
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.23)	**2,153**	**2,745**

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	Celxcel Pty Ltd (CXC)	
5.2	Place of incorporation or registration	Western Australia	
5.3	Consideration for acquisition or disposal	$147,105 in cash plus issue of 2,942,105 ordinary shares in bioMD Limited	
5.4	Total net assets	$493,029	
5.5	Nature of business	Development of bioimplant material for humans. (Additional 21.5% acquired in CXC on 10 July 2006, increasing bioMD's share in CXC from 50% to 71.5%).	

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: ..... Date: .....23 October 2006....
(Company Secretary)

Print name: .....Caroline L Bentley.....