

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

BONE MEDICAL LIMITED

ABN

70 009 109 755

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A	Year to date (6 months) \$A
1.1	Receipts from customers	-	-
1.2	Payments for (a) staff costs	-	(16,402)
	(b) advertising and marketing	-	-
	(c) research and development	(144,013)	(295,843)
	(d) leased assets	-	-
	(e) other working capital	(206,558)	(216,785)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	(1,092)	(4,811)
1.6	Income taxes paid	-	-
1.7	Other	(3,538)	(6,619)
Net operating cash flows		(355,201)	(540,460)

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	Current quarter \$A	Year to date (6 months) \$A
1.8 Net operating cash flows (carried forward)	(355,201)	(540,460)
Cash flows related to investing activities		
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	-	-
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	-	-
1.14 Total operating and investing cash flows	(355,201)	(540,460)
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	381,902	573,744
1.18 Repayment of borrowings (IP related)	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	381,902	573,744
Net increase (decrease) in cash held	26,701	33,284
1.21 Cash at beginning of quarter/year to date	17,068	10,485
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	43,769	43,769

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
1.24	Aggregate amount of payments to the parties included in item 1.2	35,079
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments arising from operating activities relate to salaries, fees, and expense reimbursements paid to Directors and their associates.

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

The company has continued to draw down on a second of four convertible note with face value of USD 1,500,000 each. During the current quarter, AUD 139,100 was converted for 68,397,436 ordinary shares. Additionally, AUD 528,025 of related party debt was converted for 194,008,453 ordinary shares.

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

None

Financing facilities available

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

	Amount available \$A	Amount used \$A
3.1 Loan facilities	580,011	878,059
3.2 Credit standby arrangements	-	-

Notes:

The amount available and amount used relates to the second of four convertible notes with face value of USD 1,500,000 each and has been converted to Australian dollars as at 31 December 2012. The underlying convertible note is subject to foreign exchange movements.

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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 \$A	Previous quarter \$A
4.1	Cash on hand and at bank	43,769	17,068
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		43,769	17,068

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	None
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 give a true and fair view of the matters disclosed.



Sign here:
 (Chartered Accountants)

Date: 31st January 2013

Print name: Steve Ledger for and on behalf of Ledger Corporate Chartered Accountants.

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.