

ASX Company Announcement**ACTIVITY REPORT & APPENDIX 4C**

29 July 2014

The Company continues to focus its main activities on bringing the Oraline® drug testing products to the market. After initial testing by an external NATA certified laboratory the company is currently working on fine-tuning the four drug immunoassay test strip for Oraline® 4. In addition, the decision has been taken to prototype the Oraline® 6 Dual strip, the six drug version of the product.

The six drug test operates with two strips that have three tests each. Risks associated with cross contamination of reagents are significantly lower with this configuration because of the fewer tests on each strip, and the ability to separate the various types of tests into groups that have a lower propensity to affect each other.

While a supplier has yet to be formally appointed for manufacturing Oraline® 6, the Company envisages the process to be relatively efficient as much of the work was completed throughout the redevelopment of Oraline® 4 test.

The Company continues to operate a lean, outsourced “virtual” model so as to maximize progress while conserving capital.

The Company has previously stated its intention to investigate licensing or investment opportunities in therapeutic applications. During the June quarter Sun Biomedical has furthered discussion with various groups and shortlisted a number of areas, which are considered suitable for evaluation by the board of the Company.

The following is a summary of Oraline® development progress in the June quarter and activities to continue into the next quarter.

Conducted in June Quarter

1. Manufacture initial market testing quantities;
2. Australian product testing with NATA approved laboratory;
3. Initial market entry plans in place, - on hold until re-testing of modified strip performance;
4. Hardened Oraline® 4 moulds;
5. Printed pouches, packaging and drafted user guides;
6. Signed off on dual strip Oraline model drawings and ordered 3D-printed prototype;
7. Suppliers have started costing out Oraline® 6 development process.

To be conducted in September Quarter

1. Prototype and test Oraline® 6 Housings;
2. Secure test strip supply with alternate manufacturers;
3. Finish modifications of Oraline® 4 improved Strips;
4. Initial testing of 3 drug strips for Oraline® 6;
5. Sign off on market entry plans;
6. Negotiate distribution agreements.

Howard Digby
Executive Chairman

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Sun Biomedical Limited

ABN

18 001 285 230

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for:		
(a) staff costs	-	-
(b) business development	-	(97)
(c) research and development	(56)	(134)
(d) commercialisation	(15)	(86)
(e) other working capital	(62)	(295)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(126)	(569)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(126)	(569)
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	-	116
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Payment for term deposit	-	(20)
1.13 Other (proceeds from convertible notes)	-	500
Net investing cash flows	-	596
1.14 Total operating and investing cash flows	(126)	27
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 (share issue costs)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(126)	27
1.21 Cash at beginning of quarter/year to date	1,305	1,152
1.22 Exchange rate adjustments to item 1.21	-	-
1.23 Cash at end of quarter	1,179	1,179

+ 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 \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	61
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions Directors' fees, salaries including superannuation benefits and corporate secretarial fees. All payments are on normal commercial terms.	

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.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	N/A	N/A
3.2 Credit standby arrangements	N/A	N/A

+ See chapter 19 for defined terms.

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	5	4
4.2 Deposits at call	1,174	1,301
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,179	1,305

Acquisitions and disposals of business entities

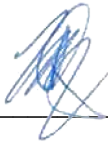
	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

+ See chapter 19 for defined terms.

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:



Date: 29 July 2014

Print name: Howard Digby
(Chairman)

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 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting 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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