



BRAINZ.

www.brainz.com
ARBN 116 829 675

ASX Announcement

CE Mark received for BrainZ seizure detection software Release of Quarterly Cashflow Figures

21 December 2006: BrainZ Instruments (ASX: BZI) has received CE mark certification for its RecogniZe seizure detection software. This allows the Company to market and sell the RecogniZe software into all major European markets as well as the UK and Canada.

“The RecogniZe seizure detection software is a major addition to the clinical utility of the BrainZ technology as well as a significant new point of competitive advantage” commented BrainZ CEO, Dr Justin Vaughan. “We anticipate receiving FDA approval for the RecogniZe software early in 2007 thereby allowing launch into the US market. We shall launch RecogniZe into global markets in 2007 once we have had sufficient local market experience.”

In Neonatal intensive care conditions, it is very difficult for clinical staff to assess if a baby is experiencing seizure activity. RecogniZe is designed as software that provides this information via the BRM2 monitor. The RecogniZe software has been developed by BrainZ researchers over the past three years and its performance has been presented at several international conferences as well as published in peer-review medical literature.

Quarterly Cash Flow Statement

BrainZ has also released its latest quarterly cashflow figures to the ASX for the 3-month period ended 30 November 2006. As previously announced, the company sold 34 BRM2 monitors during the period, comparing favourably with the sale of 10 monitors in the same quarter the previous year and 74 monitors in the entire 2006 financial year.

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About BrainZ Instruments Limited:

BrainZ (ASX: BZI) is a New Zealand based medical technology company specializing in the research, development, manufacturing and sale of bedside brain monitoring technology. The BRM2 Brain Monitor, BrainZ's first product, is a unique bedside tool that assists in the detection of brain injury and seizure activity in neonates. It has been specifically designed to assist intensive care staff with clinical decision-making in conjunction with other clinical data and in the direction of care on a day-to-day basis.

The BRM2 monitor has received regulatory approval and is in use in 16 countries worldwide. BrainZ dominates the local Australian and New Zealand markets via direct sales channels. BRM2 monitors are also installed in over 40 leading US hospitals. BrainZ has secured an exclusive agreement with GE Healthcare, a leading supplier of patient monitoring systems, for the distribution of BRM2 Brain Monitors in the USA and UK markets.

BrainZ Instruments was established in 2001 to commercialize pioneering neonatal brain research from the Auckland University's Liggins Institute. Originally a subsidiary of NeuronZ Ltd, BrainZ was acquired by Tru-Test Ltd in September 2002. Tru-Test is a multinational company specialising in electronic technology solutions. BrainZ publicly listed on the Australian Stock Exchange (ASX) in December 2005, raising AUD 13 million.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

BRAINZ INSTRUMENTS LIMITED

ABN

ARBN 116 829 675

Quarter ended ("current quarter")

30 NOVEMBER 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$NZ'000	Year to date (... months) \$NZ'000
1.1 Receipts from customers	718	718
1.2 Payments for (a) staff costs	(722)	(722)
(b) advertising and	(363)	(363)
marketing	(384)	(384)
(c) research and	-	-
development	(319)	(319)
(d) leased assets		
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	102	102
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(19)	(19)
1.7 Other – Government Grants	201	201
Net operating cash flows	(786)	(786)

+ See chapter 19 for defined terms.

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

	Current quarter \$NZ'000	Year to date (...3... months) \$NZ'000
1.8 Net operating cash flows (carried forward)	(786)	(786)
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	(73)	(73)
(e) other – Development Asset		
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	(73)	(73)
1.14 Total operating and investing cash flows	(859)	(859)
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 – Cost of share issue		
Net financing cash flows	-	-
Net increase (decrease) in cash held	(859)	(859)
1.21 Cash at beginning of quarter/year to date	10,140	10,140
1.22 Exchange rate adjustments to item 1.15	(465)	(465)
1.23 Cash at end of quarter	8,816	8,816

* Refer note 2.1

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 \$NZ'000
1.24	Aggregate amount of payments to the parties included in item 1.2	149
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 \$68,000 Payments to parent company for Rent , Management and IT services \$81,000
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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

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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

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Financing facilities available

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

		Amount available \$NZ'000	Amount used \$NZ'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ 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 \$NZ'000	Previous quarter \$NZ'000
4.1 Cash on hand and at bank	175	156
4.2 Deposits at call	8,641	9,984
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	8,816	10,140

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
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:



(Company Secretary)

Date: ..21 December 2006..

+ See chapter 19 for defined terms.

Print name:IAN REX HADWIN.....

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.

+ See chapter 19 for defined terms.