

BioLayer Corporation Limited

Annual Report 2008

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CORPORATE DIRECTORY

Directors	Bruce Rathie Richard Martin Lara Iacusso Robert Gilmour	Chairman, Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Company Secretary	Shane Hartwig	
Registered office	4/26 Brandl Street, Eight Mile Plains QLD 4113	
Mailing address	4/26 Brandl Street, Eight Mile Plains QLD 4113	
E-mail	contact@biolayercorp.com	
Website	www.biolayercorp.com	
Legal advisors	ClarkeKann Lawyers 300 Queen Street, Brisbane QLD 4000	
Auditors	Grant Thornton 102 Adelaide Street, Brisbane QLD 4000	
Patent attorneys	Davies Collison Cave 1 Nicholson Street, Melbourne Victoria 3000 Duane Morris LLP Suite 900, 101 West Broadway, San Diego, CA 92101-8285 USA	
Share registry	Registries Limited Level 2, 28 Margaret Street, Sydney NSW 2000	
Insurance advisors	Marsh Pty Limited 123 Eagle Street, Brisbane QLD 4000 Austcover Pty Ltd 99 Melbourne Street, South Brisbane 4101	
Bankers	Australia and New Zealand Banking Group Limited 3 Sherwood Road, Toowong QLD 4066	

CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of the Board of Directors, I present BioLayer's financial report for the year ended 30 June 2008.

Year in Review

Last year's annual report foreshadowed the need to recapitalise the company. This was the focus of the company during the first half of the financial year culminating in the rights issue launched in December 2007.

The turmoil in the global debt and equity markets made this task difficult. However, with the help of the underwriter to the company's rights offering, Transocean Securities, it closed successfully raising approximately \$3.7 million in April 2008.

Our scientific operations team continued to develop as a more customer focused and rigorous unit. This resulted in research and development under our Commercial Ready Grant program moving towards a successful outcome, expected this quarter. As well we have transformed the use of Mix&Go from one product on one bead format to a family of four products operating functionally on five different bead formats. Mix&Go is now a commercially sound product range offering versatility, ease of use and stability. The transformation of the Mix&Go products has been reviewed by a major life sciences group which provides further credibility to our core technology claims.

A review of core capabilities was undertaken early in the year and the results highlighted key strengths within BioLayer that could be utilised in a broader manner. Following this assessment, with the help of Dr Robert Gilmour from Bodyworks Holdings Limited, the company's consultant on strategic technology, a review of the company's underlying strategy and the manner in which it could exploit its core technology, was undertaken. This review highlighted a number of outcomes where the company can now seek early revenue sources from marketing and packaging its assets in a different manner. The company also looks forward to expanding its core intellectual property platform through new patent applications.

The CEO will in his report provide more detail on this strategic and marketing refocus. Suffice for me to say, the company remains committed to generating value for shareholders and ensuring short term revenue opportunities are pursued to limit reliance on future capital raisings.

Result for the Year to 30 June 2008

The net consolidated operating loss of the economic entity for the financial year, after providing for income tax, amounted to \$1.76 million compared to a loss for the 2007 year of \$1.56 million.

The 2008 operating result reflects spending of \$1.9 million on research & development activities, \$0.3 million on business development and \$0.4 million on capital raising activities.

The income received during the year comprised predominantly of grants and royalties \$1.2 million.

Changes to the Board of Directors

On close of the rights offering, Dr Carrie Hillyard and Dr Tony Evans left the Board and Ms Lara Iacusso and Dr Robert Gilmour joined the Board.

The company is greatly appreciative of the contribution both Carrie and Tony made to the company particularly having regard to the uncertainty brought about by volatile capital markets.

We are however, fortunate to now have access to the Robert's knowledge and experience in and with strategies which might be adopted to successfully commercialize and exploit technology not only in Australia and New Zealand but also of particular value, the United States and Lara's skill and experience in finance and the capital markets.

Both have made a very positive contribution to the company's endeavours since joining the Board in April.

CHAIRMAN'S REPORT

On 16 September 2008, Mr Peter Rayner resigned from the Board due to other work commitments. The company thanks Peter for his commitment over the past two years and his contribution to the Board.

Changes to Management

In May, Mr David Beins the company's chief executive and Managing Director expressed a desire for personal reasons to return to his family in Sydney and tendered his resignation both as CEO and as a Director. The Board wishes David well in his future endeavours elsewhere and thanks him for his contribution whilst with the company.

As announced to the ASX at the time, Dr Joe Maeji one of the founders of the company was asked to assume the role of acting Chief Executive Officer of the company and the Board was delighted that he accepted. Dr Maeji has shown, in the short time in the role to date, great drive and enthusiasm and the Board is very pleased with recent progress of the initiatives he has already taken since assuming this role.

Other Comments

The recent signing of a commercial agreement with Sydney-based Prince of Wales Medical Research Institute (POWMRI) to develop an assay and other diagnostic tools relating to the early detection of neurodegenerative diseases, including Parkinson's Disease, is a positive example of how BioLayer's core technology can be applied to a wider field, and the company looks forward to working more closely with the Australian science community to assist them in commercialising and exploiting the smart science being developed.

Notwithstanding the significant amount of positive research being undertaken in the Australian science community, we were extremely disappointed that the Federal Government has suspended its Commercial-Ready Grant programme. BioLayer is looking at alternative funding sources, including Government grant funds available in foreign markets, for example New Zealand, where local Governments are investing heavily in the science and technology market. We look forward to the Federal Government in Australia reinstating a positive grant and funding programme that truly encourages and allows Australia to develop a sustainable and profitable sciences industry.

Conclusion

The Board believes that the company now has strategies in place to deliver value to shareholders. The company has promised much in the past and recognizes that delivery will be the only way to demonstrate to shareholders that its business model creates value. Rest assured that every effort is being made on that delivery.

The Board is very appreciative of the loyalty and dedication of the staff of the company.

Thank you shareholders for continuing with your support. We believe the company has a bright and exciting future which will become increasingly evident as the current year progresses.



Mr Bruce Rathie
Chairman

Dated this 25th day of September 2008

CEO'S REPORT

Dear Shareholders

I became CEO of BioLayer in July 2008 on the completion of David Bein's term. During David's tenure as CEO our management team undertook the process of commercialising the company. I would like to thank David for his contribution.

During the year the Company continued to progress its core scientific competencies as outlined in the Chairman's letter.

During the period January to May 2008, BioLayer undertook a strategic review of the company. As part of this process we gave particular attention to our core scientific capability and the business we are in. Set out below is the outcome of this exercise.

Core Scientific Capability

Our scientific operations team continued to develop as a more customer focused and rigorous unit. This resulted in research and development under our Commercial Ready Grant program moving towards a successful outcome, expected this quarter. As well we expanded the Mix&Go application from one product to a family of four products operating functionally on five different bead formats. Mix&Go is a commercially sound product and the company will seek to exploit this in the coming year.

A review of core capabilities was undertaken to ensure the company was properly equipped to deliver its objectives. The results highlighted key strengths within BioLayer that could be utilised in a broader manner.

Review and Refocussing the Business

Following the assessment of core capabilities, a review of the company's underlying strategy was undertaken in conjunction with Bodyworks Holdings Limited the company's consultant on strategic technology. This review had the following outcomes:

- BioLayer's technology is suited to providing solutions for the changing \$23bn diagnostic market place.
- The opportunity for BioLayer is to deliver valuable quantitative and high quality diagnostic tests faster and cheaper.
- BioLayer will utilise an end-to-end assay development capability to crystallise and commercialise important diagnostic tests.

This strategic direction provides shareholders and the company with the ability to benchmark value in two ways:

- Putting disruptive Intellectual Property (IP) Assets and valuable data on the Balance Sheet by:
 - Accessing and owning novel diagnostic science
 - Turning IP assets into products and generating data
 - Validating the value of data in world markets; and
 - Achieving revenues in proprietary markets.
- Earning Revenue from
 - Licensing Fees up front and long term Royalties from core technology,
 - Product Development Income, and
 - Sale of component products (beads and trays)

This shift in focus change broadens the application of the company's technology and capabilities and, in doing so, enabling revenue generation within shorter timeframes.

Upon my appointment in July this year I asked myself a series of questions about the outcomes of the strategic review.

CEO'S REPORT

What business are we in?

We are in the business of enabling and delivering valuable assay and data for better health management.

How do we deliver valuable data and assays?

By offering a comprehensive service end-to-end assay capability providing quality assay information for disease and health diagnosis.

What will our service consist of?

- **Complete immunoassays that are more accurate and robust; and**
- **valuable intermediates and immunoassay components**

Why should we take this approach?

- **Research institutions need their novel diagnostic assets turned into commercial assays. With a one stop assay development and commercialisation capability BioLayer can be the provider of choice.**
- **Biomarker product "seconds" and by-products will be created and can be commercialised.**
- **Commodity products will provide revenue and establish BioLayer in the market.**
- **Component sales can provide near term revenue and creates relationships with potential acquirers of completed high value biomarker assays.**

With my team, we have set out an operational plan to bring into effect the strategic direction outlined above. This plan involves four sets of activity.

1. Assay Development Capability
2. Biomarker Discovery and Commercial Assay Delivery
3. Assay Component Products Delivery
4. Research

We have set short term outcomes for these activities as follows:

1. Demonstrate "one stop shop" for assay development is established.
2. Generate one cohort study on one biomarker sufficient for high value licensing (or other) opportunity.
3. We have set two outcomes in this area of activity
 - a. Finalise a paid agreement with a large life sciences company
 - b. Develop at least one bead or plate product sufficient for commercialisation.
4. Complete current grant sponsored research programs successfully.

I am particularly excited about our collaboration with the Prince of Wales Medical Research Institute (POWMRI), announced recently, because it provides a platform for our role in the diagnostic industry.

POWMRI has developed an assay and other diagnostic tools relating to the early detection of neurodegenerative diseases, including Parkinson's Disease. Under the collaboration, BioLayer is able to exclusively develop existing POWMRI intellectual property and to collaborate on further research and development, including the development of a marketable assay and other diagnostic tools

We need to understand the possible market opportunities.

Parkinson's Disease is a debilitating disease with no known cure and few indicators prior to physical symptoms. The cause is not well understood and so at present there is no way to stop the disease progressing. About 85% of the time the diagnosis is primarily made by clinical observation and secondarily

CEO'S REPORT

by observing the response to medication. The current treatments minimise symptoms but do not prevent the breakdown of neurological tissue.

The potential size of the market for a diagnostic in the Parkinson's Disease field is still being investigated; however, early indications suggest this could be in excess of \$500 million globally. In the US, over 500,000 patients have been diagnosed with Parkinson's Disease with an annual estimated cost to treat of US\$11 billion. Over the coming months, BioLayer will actively investigate opportunities to develop revenues streams and grant funding within this global market as the development plan is executed.

We need to add value

To date we have filed a further key patent that provides a completely different approach to protecting assay processes for the early detection of neurodegenerative diseases. Together with POWMRI's existing intellectual property, this patent will strengthen the Collaboration's intellectual property position to enable commercial exploitation to proceed. This patent application will have commercial use outside the Collaboration and expands the core intellectual property base that BioLayer has developed.

The POWMRI intellectual property can be exploited in a number of ways and BioLayer is now focused on seeking early opportunities to generate revenues across research, diagnostic and therapeutic fields. In the first instance, these opportunities are likely to relate to data generation for research purposes. The scope of potential revenues and value may be substantial given the potential to develop a diagnostic assay for the detection or pre-detection of Parkinson's Disease in both a research and commercial capacity.

We need to develop the commercial assays

BioLayer needs to make assays that allow it to generate well defined data sets for each target market. The collaboration with POWMRI presents the opportunity to do this in a specific field, however the aim is for BioLayer to have several collaborations in place.

Our strategic direction is very exciting because our capabilities enable this company to build a sustainable business.

As an original founder of BioLayer and most recently as its Chief Scientific Officer and Acting Chief Executive Officer, I am looking forward to seeing the core BioLayer technology and other assets being exploited in the market and ensuring the company has a viable future.

Dr Joe Maeji
CEO
BioLayer Corporation Limited

CORPORATE GOVERNANCE STATEMENT

The Board of BioLayer Corporation Limited aims for best practice in the area of corporate governance and supports the governance practices contained in the ASX Corporate Governance Council's ("ASX CGC") Corporate Governance Principles and Recommendations (2nd edition).

The statement below indicates the degree of conformance to the ASX CGC recommendations as at the date of this report.

Structure of the Board

Directors at the date of this annual report and their skills, experience and expertise relevant to the position they hold are on page 11 in the Directors' Report:

The Board of Directors should comprise a majority of Independent Directors. When determining whether a Non-Executive Director is independent the Director must not fail any of the following:

- Less than 5% of company shares are held by the Director and any entity or individual directly or indirectly associated with the Director
- Has not held an executive position within the Company within the last three years
- Has not held a position as a principal in any firm providing material professional advice to the Company within the last three years
- Has no material contractual relationship with the Company or Group other than being a Director

The ASX CGC recommendations require the materiality threshold that was used to determine whether a Director is independent to be disclosed. Notwithstanding there are no contracts outside those disclosed in the Annual Report, a level of materiality of 5% of the Independent Directors' annual income has been set for any non-remuneration based consulting or other financial arrangements.

Directors may access or request such information as they consider necessary to diligently fulfil their responsibilities. Independent professional advice may be sought on Company related matters, at the Company's expense, subject to prior approval by the Chairman.

Directors are required to comply with their legal, statutory and other duties and obligations when acting in their capacity as Directors of the economic entity, including acting in good faith and with due diligence and care. Directors are required to avoid conflict of interests with the companies within the economic entity. Any actual or potential conflict of interest is required to be disclosed immediately to the Board.

The Board annually revisits its objectives and duties and evaluates the effectiveness of its performance taking these into account. Remuneration of Directors, including retirement benefits (superannuation) and entitlements under equity-based remuneration schemes are set out in the Directors' Report under "Remuneration Report".

Ethical standards and corporate code of conduct

The Board has adopted a corporate code of conduct to ensure that each of its members and all employees are aware of the requirement to adhere to best principles of ethical standards which encompass:

- The management of conflicts of interest to ensure that Directors and executives act in the best interests of all stakeholders in the business
- Compliance with all laws and regulatory requirements
- Adoption of acceptable standards of custodianship and use of Company assets
- Ensuring that all company information remains confidential except where disclosure is either authorised by the Board or legally mandated
- Enforcement of accountabilities and the fostering of an environment in which all officers and employees can identify and bring to the attention of Directors any unlawful or unethical behaviour

CORPORATE GOVERNANCE STATEMENT

Audit & Risk Committee

The Company has a formally constituted an Audit & Risk Committee comprising two Non-Executive Directors. The Audit & Risk Committee must meet at least twice each reporting year. Other Directors and executives may be invited to attend meetings at the discretion of the Chairman of the Committee.

The composition of the Audit & Risk Committee and its conformance to ASX CGC Principle 4 is as below:

Rec.No	Description	Conform	Comments
4.1	The Board should establish an Audit Committee	Yes	2 Audit & Risk Committee meetings were held during the financial year
4.2	Audit committee should comprise:		
	Only Non-Executive Directors	Yes	Mr Peter Rayner – Independent (resigned 16 September 2008) Ms Lara Iacusso – Independent (appointed 16 September 2008)
	A majority of Independent Directors	No	Mr Richard Martin – Non-Independent Both Directors attended all meetings. Given the background and financial acumen of the committee members, it is the Board's view that these two Directors should form the Audit and Risk Committee.
	An independent chairperson, who is not chairperson of the board	Yes	
	At least three members	No	The Audit & Risk Committee has only two members. It is the Board's view that two members are adequate to perform the duties required by the audit & risk committee.
4.3	Audit Committee to have formal charter	Yes	

The Company requests the external auditor to attend the Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and preparation and content of the auditor's report.

The Committee annually revisits its objectives and duties and evaluates the effectiveness of its performance taking these into account.

Continuous Disclosure

The Company's shares are traded on the ASX and the Company is subject to the ASX Listing Rules.

The responsibility for ensuring that the continuous disclosure requirements of ASX Listing Rule 3.1 are complied with is vested in the Board and the Company Secretary.

CORPORATE GOVERNANCE STATEMENT

All meetings of the Board incorporate a standing agenda item advising the Directors of any disclosure that is required prior to the next scheduled meeting. Confirmation is provided of the release of any items since the previous meeting.

In addition the Directors are asked to consider whether they have become aware of information concerning the Company that could be expected to have an impact on the price or value of the Company's securities.

This includes new information that has arisen or, if necessary, amendments to information previously disclosed to the market.

The responsibility for deciding what information is disclosed to the market rests with the Chairman of the Board. Where appropriate all disclosure articles are approved by the Board of Directors prior to release to the market.

All Directors and executives have been made aware of their obligations to ensure that the Company complies at all times with the ASX Listing Rules.

Business Risk Management

The Board has adopted a formal risk management policy.

The identification and management of risk inherent to the operation of the economic entity is managed by the Directors on a day-to-day basis. Where necessary individual Directors do, through the forum of regular Board meetings, bring matters before the Board collectively who will review, evaluate and deal with any matters arising in a manner that serves the best interests of the Company and its shareholders. This is in addition to the role of the Audit and Risk Committee which ensures the company maintains effective risk management and internal control systems.

The Board continually receives reports from the executive team as to the effectiveness of the Company's management of its material business risks. The Board has received assurance from the Chief Executive Officer and Finance Director that the declaration on page 50 of the annual report provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Shareholder Communication

The Company communicates with shareholders through the following media:

- All announcements that may affect the price of the Company's securities are released to the market through the ASX
- Following this all announcements are placed onto the Company's website: www.bio-layer.com
- Any press releases are also placed on the Company's website www.bio-layer.com
- It is Company policy that updates are posted to all shareholders at regular intervals.

Trading in Company Shares

The Company's policy regarding Directors, officers and employees trading in its securities, is set by the Board of Directors. The policy restricts Directors, officers and employees from acting on material information until it has been released to the market.

The period in which Directors, officers and employees can deal in the Company's securities is not sooner than two days, or later than 30 days, after the yearly or half yearly profit announcement to the ASX.

CORPORATE GOVERNANCE STATEMENT

Outside this period, in the current environment by which companies are required to maintain a continuously informed market, Directors, officers or employees may buy or sell subject to specific approval by the Chairman or by the Board.

Remuneration & Nomination Committee

The Company's Constitution contains specific provisions for the remuneration of Non-Executive Directors. There has been no change to these specific provisions since the incorporation of the Company.

The Board has a formally constituted a Remuneration & Nomination Committee comprising only Non-Executive Directors. The Remuneration & Nomination Committee meets as required during the year. Other Directors and executives may be invited to attend meetings at the discretion of the Chairman of the Committee. The composition of the Remuneration & Nomination Committee and its conformance to ASX CGC Principles 2.4 and 8.1 is as below:

Rec.No	Description	Conform	Comments
2.4 & 8.1	Remuneration Committee should comprise:		
	A minimum of three members	No	The Remuneration & Nomination committee only has two members. It is the Board's view that two members are adequate to perform the duties required by the Remuneration & Nomination Committee.
	A majority of independent Directors	Yes	Remuneration & Nomination Committee members: Mr Bruce Rathie – Independent Ms Lara Iacusso - Independent (appointed 15 April 2008) Mr Tony Evans – Independent (resigned 15 April 2008)
	A chairperson who is an independent Director	Yes	Chairperson: Mr Bruce Rathie

The Director's attendance at meetings of the committee is contained on page 18 of the Annual Report.

The Committee annually revisits its objectives and duties and evaluates the effectiveness of its performance taking these into account.

Remuneration Policies

The Company's policy for remuneration and performance evaluation of Directors and executives has been stated in the Directors' Report under "Remuneration Report".

There are no schemes for retirement benefits, other than superannuation, for any Director.

Other Information

The Company's corporate governance practices and policies are publicly available at the Company's registered office. These policies have also been posted on the Company's website (www.bio-layer.com).

DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entity ("the Group" or "economic entity") for the financial year ended 30 June 2008.

DIRECTORS

Persons holding the position of Directors at any time during or since the end of the year are:

Mr Bruce Rathie	
Mr Richard Martin	
Ms Lara Iacusso	(appointed 15 April 2008)
Dr. Robert Gilmour	(appointed 15 April 2008)
Mr Peter Rayner	(resigned 16 September 2008)
Mr David Beins	(resigned 30 June 2008)
Dr Tony Evans	(resigned 15 April 2008)
Dr Carmel (Carrie) Hillyard	(resigned 15 April 2008)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The Directors of the Company at the date of this report are set out below, together with details of their qualifications and experience.

Mr Bruce Rathie

Chairman – Independent, Non-Executive Director

Mr Rathie holds a Bachelor of Commerce, a Bachelor of Law, a Master of Business Administration, a Diploma Company Director from AICD and a Graduate Diploma CSP from Chartered Secretaries Australia and is a Fellow of both the AICD and AIM.

He has been a Director of BioLayer since July 2006 and is a non-executive Director of USCOM Limited and Datadot Technology Limited. He was formerly a non-executive Director of Compumedics Ltd (October 2004 to December 2006).

Responsibilities: Chairman of the Board and Chairman of the Remuneration & Nomination Committee.

Mr Richard Martin

Non-Executive Director

Mr Martin holds a Bachelor of Business. He practised as a Chartered Accountant for 16 years, 11 as a partner in a medium sized Sydney practice. He has considerable experience both inside and advising corporate entities, his work has included complex business structuring and financing, the establishment of international hotels from conception, the public listing of resource companies, the management of foreign currency loan portfolios, establishing and operating start up technology companies and the negotiation and implementation on the purchase and sale of enterprises.

He has been a Director of BioLayer since September 2005 and is a non-executive Director of Boulder Steel Limited.

Responsibilities: Member of the Audit & Risk Committee.

Ms Lara Iacusso

Independent, Non-Executive Director

Ms Iacusso is a Chartered Accountant, a Fellow of FINSIA and a Director of Transocean Group Pty Ltd. She has over 20 years experience and specialises in the provision of equities and corporate finance services to emerging companies. Her focus is on providing advice relating to corporate transactions and strategies including overall project management, valuation, due diligence and other transaction support, corporate advice associated with transactions, stock exchange listings, and capital raisings and commercial negotiation.

DIRECTORS' REPORT

During Lara's 20 years professional experience she has developed expertise in a wide variety of industries and transactions, including medical products and diagnostics sector and she has strong technical and commercial background, which provides significant value to all corporate transactions.

Prior to joining Transocean, Lara was a Corporate Finance partner with Deloitte in Australia. Lara has worked in several countries over her professional career including Australia, Hong Kong, China and Indonesia.

Ms Iacusso has been a Director of BioLayer since April 2008.

Responsibilities: Chairperson of the Audit & Risk Committee and member of the Remuneration & Nomination Committee

Dr Robert Gilmour

Independent, Non-Executive Director

Dr Gilmour has degrees in Biochemistry and Medicine from the University of Otago NZ. He held academic teaching positions at each of Monash University, Melbourne and Stanford University Palo Alto, and pursued orthopaedic training in Melbourne.

From 1998 Dr Gilmour moved into the medical devices business, developing orthopaedic devices for the major markets. He founded Bodyworks Healthcare in New Zealand then Bodyworks Inc. in California. He is currently a Director and significant shareholder in Omni Life Science Inc., a US orthopaedic implant maker.

Since retiring from day to day management in 2004, Dr Gilmour has focused his attention on investment in medical devices in particular diagnostic assets in New Zealand and Australia. He is a senior adviser to the Foundation for Research Science and Technology in New Zealand. He is the New Zealand based Managing Director of the San Diego based Venture Capital firm Finistere Partners which is focused on device and diagnostic assets. He is the founding Director and a significant shareholder in a New Zealand based diagnostic investment company known as NZDX (New Zealand Diagnostics Limited).

Dr Gilmour has an extensive network in California and particularly in the diagnostic market segment.

Dr Gilmour has been a Director of BioLayer since April 2008.

COMPANY SECRETARY

The position of Company Secretary has been held by Mr Shane Hartwig since 24 May 2008. Mr Hartwig's experience is set out below.

Mr Hartwig is a Certified Practising Accountant and Chartered Company Secretary and holds a Bachelor of Business degree, majoring in Accounting and Taxation from Curtin University of Technology in Western Australia.

Mr Hartwig is involved in the areas of IPOs, capital raisings, prospectus and information memorandum preparation and project management, company assessments and due diligence reviews, mergers and acquisitions and providing general corporate advice and is currently Company Secretary of ASX listed Nimrodel Resources Limited and GLG Corp Limited on a contract basis. Mr Hartwig has over fifteen years experience in the finance industry both nationally and internationally with exposure in both the debt and equity capital markets.

The position of Company Secretary was held by Mr Michael Moloney up until 29 February 2008 and was held by Ms Michelle Morrison from 29 February 2008 to 24 May 2008.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the economic entity in the course of the year were the development and commercialisation of specialised surfaces used in life sciences, and the research & development of surfaces for specific binding of proteins ("abiotics"). The economic entity is applying capability in surfaces and binding of proteins to the development of invitro diagnostic tests.

There were no significant changes in the nature of the economic entity's principal activities during or after the end of the financial year.

CONSOLIDATED OPERATING RESULT

The net consolidated operating loss of the economic entity for the financial year, after providing for income tax, amounted to \$1,762,320 compared with a loss for the 2007 year of \$1,563,497.

As at 30 June 2008, the Company maintained cash reserves of \$3,120,952 (2007: \$1,281,123) which will be used in the further development and commercialisation of Bio-Layer Pty Limited's proprietary technology.

DIVIDENDS PAID OR RECOMMENDED

No dividend has been paid during the year and the Directors do not recommend payment of a dividend.

REVIEW OF OPERATIONS

The review of operations is set out in the Chairman's Letter and CEO Report above.

AFTER BALANCE DATE EVENTS

There are no after balance date events that the Directors believe should be reported to shareholders other than on 9 September 2008 the Company, through its new wholly-owned subsidiary Aged Care Diagnostics Pty Ltd, entered into a commercial agreement with Prince of Wales Medical Research Institute (POWMRI Limited) to develop an assay and other diagnostic tools relating to the early detection of neurodegenerative diseases, including Parkinson's Disease, using the Company's core technology.

FUTURE DEVELOPMENTS

Going forward the Company will focus on progressing its business strategy in the diagnostic market place.

ENVIRONMENTAL ISSUES

BioLayer is licensed under the Queensland Health (Drugs and Poisons) Regulations 1996 for the use and storage of sodium cyanide.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director of BioLayer Corporation Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of BioLayer Corporation Limited currently consists of a base salary and the issue of options at the Board's discretion. The Board believes the policy is appropriate as it repositions itself in the market, aligning Director and executive objectives with shareholder and business objectives. The Board of

DIRECTORS' REPORT

BioLayer Corporation Limited is in the process of altering the remuneration policy to enhance its ability to attract and retain the best executives and Directors to run and manage the economic entity, as well as create goal congruence between Directors, executives and shareholders. Specifically, the Board is currently considering a staff incentive plan to be put in place for all employees, incorporating base salary, bonus and share option elements.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the economic entity is as follows:

The remuneration policy, setting the terms and conditions for the executive Directors and other senior executives, was developed by the Remuneration & Nomination Committee, and approved by resolution of the Board. All executives receive a base salary and superannuation with options issued at the discretion of the Board. The Board of Directors review executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. Director and executive performance is evaluated based on achievement of Business Plan and objectives set by the Board. Performance evaluation of executive Directors and executives was carried out during the reporting period.

Directors and executives receive a superannuation guarantee contribution required by the Government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Shares (if any) attained by Directors and executives are valued as the difference between the market price of those shares and the amount paid by the Director or executive. Options are valued using the Black-Scholes methodology. The company prohibits Directors and executives entering into transactions in associated products which limit the economic risk in relation to securities and enforce this policy.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Remuneration & Nomination Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Any changes to the maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to performance of the economic entity. However to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee share option plan. Non-Executive Directors receive a superannuation guarantee contribution required by the Government, which is currently 9%, and do not receive any other retirement benefits.

Performance Based Remuneration

As part of each executive's remuneration package there is a performance based component, consisting of key performance indicators ("KPIs") which affect the vesting of options that have been granted. The intention of this programme is to facilitate goal congruence between executives with that of the business and shareholders. The KPIs are set with a certain level of consultation with Directors and executives to ensure "buy-in". The measures are particularly tailored to the areas each executive is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit.

The Board is currently considering a staff incentive plan to be put in place for all employees, incorporating bonus and share option elements.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

During the financial year, executives were issued options that vest on the achievement of certain KPIs. These KPIs were set with the objective of ultimately positively affecting the company's earnings and enhancing the company's performance so as to increase shareholder wealth.

As stated above, the Board is currently considering a staff incentive plan to be put in place for all employees, incorporating bonus and share option elements to greater align personal and shareholder interests.

DIRECTORS' REPORT

In the previous four years there have been two methods applied to achieve goal congruence between shareholders and executives, the first being a performance based bonus based on KPIs, the second being the issue of options to the majority of executives to encourage the alignment of personal and shareholder interests.

Details of Directors' Remuneration for the Year Ended 30 June 2008

Parent Entity	Note	Base Fee / Salary	Bonus	Post	Termination and Similar Payments	Share Based Options	Other	Total
				Employment Super-annuation				
B Rathie	1	65,000	-	5,850	-	-	-	70,850
P Rayner	2	39,999	-	3,600	-	-	-	43,599
R Martin	3	38,150	-	-	-	(17,410)	-	20,740
L Iacusso	4	-	-	-	-	-	-	-
R Gilmour	5	-	-	-	-	-	198,067	198,067
T Evans	6	-	-	36,333	-	-	-	36,333
C Hillyard	7	31,792	-	-	-	(17,410)	-	14,382
D Beins	8	169,566	-	60,540	-	(107,398)	20,000	142,708
Total		344,507	-	106,323	-	(142,218)	218,067	526,679

Emoluments of the specified executive officers of the group for the Year Ended 30 June 2008

Economic Entity	Note	Base Fee / Salary	Bonus	Post	Termination and Similar Payments	Share Based Options	Other	Total
				Employment Super-annuation				
J Maeji	9	136,356	-	65,022	-	8,884	-	210,262
N Abernethy	10	87,333	-	7,860	-	4,442	-	99,635
M Moloney	11	85,197	-	8,407	-	-	8,750	102,354
Total		308,886	-	81,289	-	13,326	8,750	412,251

A detailed list of Directors including their skills and experience can be found on page 13.

Notes regarding Directors and executive emoluments:

- (1) Mr Rathie was a Director for the full year.
- (2) Mr Rayner was a Director for the full year and resigned on 16 September 2008.
- (3) Mr Martin was a Director for the full year. Mr Martin is paid fees through First Cape Management Pty Ltd and further information is disclosed as part of related party transactions in the Financial Statements.
- (4) Ms Iacusso was appointed on 15 April 2008 and is a Director of Transocean Group Pty. Limited. Transactions with Transocean are disclosed as part of related party transactions in the Financial Statements.
- (5) Dr Gilmour was appointed on 15 April 2008 and is a Director of Bodyworks Holdings Limited. Transactions with Bodyworks are disclosed as part of related party transactions in the Financial Statements.
- (6) Dr Evans resigned from the Board on 15 April 2008.
- (7) Dr Hillyard resigned from the Board on 15 April 2008.
- (8) Mr Beins was the Chief Executive Officer and a Director on the board and resigned from this role on 30 June 2008.
- (9) Dr Maeji is the Chief Scientific Officer and held this role for the full year. On 1st July 2008 Dr Maeji became Acting CEO.
- (10) Dr Abernethy is the Chief Product Development and Research Officer and was appointed on 30 August 2007.
- (11) Mr Moloney was the Chief Financial Officer and Company Secretary and resigned from this role on 29 February 2008.

DIRECTORS' REPORT

Details of Directors' Remuneration for the Year Ended 30 June 2007

Parent Entity	Note	Base Fee /		Post	Termination and Similar Payments	Share	Other	Total
		Salary	Bonus	Employment Super-annuation		Based Options		
B Rathie	1	64,583	-	5,813	-	-	-	70,396
P Rayner	2	39,583	-	5,813	-	-	-	45,396
T Evans	3	39,583	-	5,813	-	-	-	45,396
C Hillyard	4	38,607	-	-	-	-	-	38,607
R Martin	5	37,100	-	1,050	-	-	-	38,150
D Beins	6	220,000	20,000	18,000	-	42,889	-	300,889
J Armstrong	7	288	-	-	-	-	-	288
S Erichsen	8	15,000	-	1,350	-	-	-	16,350
Total		454,744	20,000	37,839	-	42,889	-	555,472

Emoluments of the specified executive officers of the group for the Year Ended 30 June 2007

Economic Entity	Note	Base Fee /		Post	Termination and Similar Payments	Share	Other	Total
		Salary	Bonus	Employment Super-annuation		Based Options		
J Maeji	9	150,000	1,000	13,500	-	-	-	164,500
D Gorse	10	145,129	-	13,062	-	-	-	158,191
M Moloney	11	59,538	1,000	5,317	-	-	-	65,855
M Portas	12	44,244	15,123	5,343	-	-	-	64,710
Total		398,911	17,123	37,222	-	-	-	453,256

Notes regarding Directors and executive emoluments:

- (1) Mr Rathie was appointed on 1 July 2006.
- (2) Mr Rayner was appointed on 1 July 2006.
- (3) Dr Evans was appointed on 1 July 2006.
- (4) Dr Hillyard was a Director for the entire 2007 financial year.
- (5) Mr Martin was a Director for the entire 2007 financial year.
- (6) Mr Beins was the Chief Executive Officer and, was appointed to the Board on 3 July 2006.
- (7) Dr Armstrong resigned on 3 July 2006.
- (8) Mr Erichsen resigned from the Board on 21 November 2006.
- (9) Dr Maeji was the Chief Scientific Officer and held this role for the entire 2007 financial year.
- (10) Dr Gorse was the Chief Technology Officer and resigned on 22 June 2007.
- (11) Mr Moloney was the Chief Financial Officer and Company Secretary and was appointed to this role on 3 January 2007.
- (12) Ms Portas' was the Chief Financial Officer and Company Secretary and resigned from this role on 18 October 2006.

Performance Remuneration as a Proportion of Total Remuneration

The vesting of options issued to Joe Maeji and Nevin Abernethy are subject to the achievement, or material progress towards achievement of business goals (KPIs). These goals relate specifically to the achievement of certain operational milestones including commercialisation and licensing arrangements. These conditions were chosen as they are short term objectives that the Board believes will enhance the value of the company. As these are not quantifiable objectives, achievement of the conditions is to be assessed by the Board, using its discretion.

DIRECTORS' REPORT

Options Issued as Part of Remuneration for the Year Ended 30 June 2008

	Granted No.	Options Granted as Part of Remuneration \$	Total Remuneration Represented by Options %	Options Exercised \$	Options Lapsed (\$)	Total \$
J Maeji	2,000,000	8,884	4	0	0	8,884
N Abernethy	1,072,329	4,763	4	0	0	4,763
Total	3,072,329	13,647				13,647

The terms and conditions of these options are as follows:

	Options Granted No.	Options Vested No.	Grant Date	Value per Option \$	Exercise Price \$	Expiry Date
J Maeji	2,000,000	-	22/05/08	\$0.004	0.065	01/02/11
N Abernethy	1,000,000	-	22/05/08	\$0.004	0.065	01/02/11
N Abernethy	72,329	72,329	31/07/08	\$0.004	0.081	31/07/11
	3,072,329	72,329				

3,000,000 options vest under the achievement of KPIs as discussed above under "Performance Based Remuneration".

In respect of the 72,329 options, 25% of vest on 29 August 2008, 25% vest on 29 August 2009, 25% vest on 29 August 2010 and 25% vest on 29 August 2011.

All options were granted for nil consideration.

Employment contracts of Directors and senior executives

The executives of company are employed on open-ended employment contracts that provide for termination by either party with notice. For J Maeji, the notice period is 3 months and for N Abernethy the notice period is one month. There are no special termination provisions.

None of the Directors have contracts of employment directly with the company. R Gilmour, through the mandate with Bodyworks Holdings Ltd, receives a retainer. This mandate may be terminated with 30 days notice.

There are no terms in any of the above agreements that provide for changes to remuneration for future periods. The Nomination and Remuneration Committee may review these arrangements annually or as required.

MEETINGS OF DIRECTORS

During the financial year, 21 meetings of Directors, 2 meetings of the Audit & Risk Committee, 3 meetings of the Remuneration and Nomination Committee and 3 meetings of the Science & Ethics Committee were held. Attendances were as follows:

DIRECTORS' REPORT

Director	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee		Science & Ethics Committee	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
B Rathie	21	21	-	-	3	3	-	-
C Hillyard	18	18	-	-	-	-	3	3
R Martin	21	20	2	2	-	-	-	-
P Rayner	21	17	2	2	-	-	-	-
T Evans	18	15	-	-	2	2	3	3
D Beins	20	20	-	-	-	-	-	-
L Iacusso	3	3	-	-	1	1	-	-
R Gilmour	3	3	-	-	-	-	-	-

INDEMNIFYING OFFICERS

The Company's Constitution provides that the Company will indemnify officers of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or officer of the Company other than conduct involving a wilful breach of duty in relation to the Company.

The Company has paid premiums to insure the Directors and officers against such liabilities that may arise. The amount of the premium for the period was \$16,787.

DIRECTORS' REPORT

SHARE OPTIONS

At the date of this report, the un-issued ordinary shares of BioLayer Corporation Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price (Post consolidation value)	Number under Option (Post consolidation number)
30 September 2005	18 December 2010	\$0.52	23,036
30 September 2005	22 January 2011	\$0.52	8,398
30 September 2005	1 April 2011	\$0.52	49,191
30 September 2005	31 July 2011	\$0.52	4,799
30 September 2005	13 September 2011	\$0.65	9,598
30 September 2005	19 October 2011	\$0.52	16,479
30 September 2005	1 January 2012	\$0.65	60,790
30 September 2005	1 March 2012	\$0.65	9,598
30 September 2005	1 April 2012	\$0.65	72,152
30 September 2005	25 April 2012	\$0.65	3,840
30 September 2005	31 October 2012	\$0.65	4,800
30 September 2005	1 September 2013	\$0.16	76,786
30 September 2005	18 December 2013	\$0.16	3,656,206
30 September 2005	24 May 2014	\$0.16	71,643
30 September 2005	1 October 2014	\$0.16	71,987
30 September 2005	20 December 2014	\$0.16	3,087,902
30 September 2005	20 January 2015	\$0.16	105,865
30 September 2005	20 February 2015	\$0.16	58,166
2 April 2008	2 February 2011	\$0.065	**79,014,916
2 April 2008	1 April 2011	\$0.055	14,356,713
18 April 2008	2 February 2011	\$0.065	**2,928,365
22 May 2008	2 February 2011	\$0.065	3,000,000
31 July 2008	31 July 2013	\$0.081	72,329
			106,763,559

** Listed on ASX

CONVERTING NOTES

At the date of this report, there are 1,220,000 converting notes outstanding in the Company. These Notes entitle the holder to convert the notes into ordinary shares in the Company at any time prior to 28 October 2008. The notes automatically convert into shares on 28 October 2008, if not converted prior to that case. In both cases each converting note will convert into one ordinary share in the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

DIRECTORS' REPORT

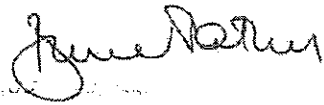
NON-AUDIT SERVICES

There were no fees for non-audit services paid or payable to an associated firm of the external auditors during the year ended 30 June 2008.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 51 which forms part of this report.

Signed in accordance with a resolution of the Board of Directors



Mr Bruce Rathie

Chairman

Dated this 25th day of September 2008

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Sales revenue	2	81,114	39,701	-	-
Gross profit		81,114	39,701	-	-
Other revenue from ordinary activities	2	1,140,515	1,878,930	64,808	27,720
Selling and distribution expenses		(272,049)	(386,769)	-	-
Administrative expenses – Other		(779,275)	(560,816)	(779,275)	(560,816)
Borrowing costs	3	(4,139)	(300,592)	(3,952)	(300,002)
Research and development expenses		(1,896,391)	(2,230,779)	-	-
Impairment of financial assets		-	-	(14,950,111)	-
Other expenses from ordinary activities		(32,095)	(3,172)	(455)	(3,172)
Loss from ordinary activities before income tax benefit		(1,762,320)	(1,563,497)	(15,668,985)	(836,270)
Income tax benefit relating to ordinary activities	4	-	-	-	-
Loss from ordinary activities after income tax benefit	17	(1,762,320)	(1,563,497)	(15,668,985)	(836,270)
Total changes in equity other than those resulting from transactions with owners as owners		(1,762,320)	(1,563,497)	(15,668,985)	(836,270)
Basic loss per share (cents)	7	(1.9)	(2.3)		
Diluted loss per share (cents)	7	(1.5)	(2.2)		

The financial statements should be read in conjunction with the accompanying notes.

BIOLAYER CORPORATION LIMITED AND ITS CONTROLLED ENTITY
ABN 75 070 028 625

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	8	3,120,952	1,281,123	3,099,834	1,043,724
Receivables	9	137,830	173,445	2,654	2,983,971
Other	10	1,387	28,066	1,387	2,872
TOTAL CURRENT ASSETS		3,260,169	1,482,634	3,103,875	4,030,567
NON-CURRENT ASSETS					
Property, plant and equipment	11	211,926	475,930	1,045	1,500
Intangible assets	12	-	-	-	-
Other financial assets	13	-	-	3,700,000	15,187,505
TOTAL NON-CURRENT ASSETS		211,926	475,930	3,701,045	15,189,005
TOTAL ASSETS		3,472,095	1,958,564	6,804,920	19,219,572
CURRENT LIABILITIES					
Payables	14	411,752	331,482	172,993	141,331
Provisions	15	50,131	77,221	-	-
TOTAL CURRENT LIABILITIES		461,883	408,703	172,993	141,331
TOTAL LIABILITIES		461,883	408,703	172,993	141,331
NET ASSETS		3,010,212	1,549,861	6,631,927	19,078,241
EQUITY					
Contributed equity	16	21,535,867	18,359,128	42,274,086	39,660,556
Accumulated losses		(18,525,655)	(16,809,267)	(35,642,159)	(20,582,315)
TOTAL EQUITY		3,010,212	1,549,861	6,631,927	19,078,241

The financial statements should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	Ordinary Shares \$	Converting Notes \$	Options \$	Accumulated Losses \$	Total \$
Balance at 1 July 2006	16,559,314	-	186,418	(15,153,975)	1,591,757
Issued during the year	300,000	1,300,000	42,889	-	1,642,889
Reversal of lapsed share options	-	-	(17,094)	17,094	-
Converting Note Distributions	-	-	-	(108,889)	(108,889)
Accrued interest on converting note	-	43,452	-	-	43,452
Converting note costs	-	(55,851)	-	-	(55,851)
Losses attributable to members of the parent entity	-	-	-	(1,563,497)	(1,563,497)
Balance at 30 June 2007	16,859,314	1,287,601	212,213	(16,809,267)	1,549,861
Balance at 1 July 2007	16,859,314	1,287,601	212,213	(16,809,267)	1,549,861
Issued during the year	3,775,167	-	55,938	-	3,831,105
Capital raising costs	(547,699)	-	-	-	(547,699)
Conversion of converting notes into ordinary shares	1,379,820	(1,379,820)	-	-	-
Options expense for the period	-	-	13,326	-	13,326
Reversal of lapsed share options	-	-	(212,212)	212,212	-
Converting Note Distributions	-	-	-	(166,280)	(166,280)
Accrued interest on converting note	-	92,219	-	-	92,219
Losses attributable to members of the parent entity	-	-	-	(1,762,320)	(1,762,320)
Balance at 30 June 2008	21,466,602	-	69,265	(18,525,655)	3,010,212

The financial statements should be read in conjunction with the accompanying notes.

PARENT ENTITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	Ordinary Shares \$	Converting Notes \$	Options \$	Accumulated Losses \$	Total \$
Balance at 1 July 2006	35,412,393	976,000	1,658,767	(19,654,250)	18,392,910
Issued during the year	300,000	1,300,000	42,889	-	1,642,889
Reversal of lapsed share options	-	-	(17,094)	17,094	-
Converting note distributions	-	-	-	(108,889)	(108,889)
Accrued interest on converting note	-	43,452	-	-	43,452
Converting note costs	-	(55,851)	-	-	(55,851)
Losses attributable to members of the parent entity	-	-	-	(836,270)	(836,270)
Balance at 30 June 2007	35,712,393	2,263,601	1,684,562	(20,582,315)	19,078,241
Balance at 1 July 2007	35,712,393	2,263,601	1,684,562	(20,582,315)	19,078,241
Issued during the year	3,775,167	-	55,938	-	3,831,105
Capital raising costs	(547,699)	-	-	-	(547,699)
Conversion of converting notes into ordinary shares	1,379,820	(1,379,820)	-	-	-
Options expensed for the period	-	-	13,326	-	13,326
Reversal of lapsed share options	-	-	(775,421)	775,421	-
Converting Note Distributions	-	-	-	(166,280)	(166,280)
Accrued interest on converting note	-	92,219	-	-	92,219
Losses attributable to members of the parent entity	-	-	-	(15,668,985)	(15,668,985)
Balance at 30 June 2008	40,319,681	976,000	978,405	(35,642,159)	6,631,927

The financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash Flows from Operating Activities:					
Receipts from customers and government grants		1,131,446	1,820,480	-	-
Payments to suppliers and employees		(2,666,345)	(2,863,273)	(734,548)	(435,729)
Borrowing costs		(4,421)	(751)	(4,234)	(161)
Interest received		86,167	61,989	64,808	27,720
Net cash used in operating activities	17 (i)	(1,453,153)	(981,555)	(673,974)	(408,170)
Cash Flows From Investing Activities:					
Proceeds from disposal of non-current assets		85,000	-	-	-
Payment for property, plant and equipment		(2,541)	(209,936)	-	-
Advances to controlled entity		-	-	(480,439)	(999,825)
Net cash provided by investing activities		82,459	(209,936)	(480,439)	(999,825)
Cash Flows From Financing Activities:					
Proceeds from share issues		3,725,166	-	3,725,166	-
Capital raising costs		(441,761)	-	(441,761)	-
Proceeds from issue of convertible notes		-	1,244,149	-	1,244,149
Converting note distributions		(72,882)	(65,358)	(72,882)	(65,358)
Net cash provided by (used in) financing activities		3,210,523	1,178,791	3,210,523	1,178,791
Net increase (decrease) in cash held		1,839,829	(12,700)	2,056,110	(229,204)
Cash at start of year		1,281,123	1,293,823	1,043,724	1,272,928
Cash at end of year	8, 17 (ii)	3,120,952	1,281,123	3,099,834	1,043,724

The financial statements should be read in conjunction with the accompanying notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

BioLayer Limited is a listed public company, incorporated and domiciled in Australia.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2008. The financial report has been prepared on an accruals basis.

Going Concern

The company Directors assessed the resources available to the Company and believe that the Company will be able to pay its debts as and when they fall due, and have prepared this financial report on this basis.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments with original maturities of three months or less.

(b) Comparatives

When required by accounting standards or accounting policy, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of the services provided by employees up to reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(d) Financial assets

Financial investments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these investments are assessed at each reporting date to determine whether there is any evidence that an investment is impaired. Any such impairment is reported in the Income Statement.

(e) Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

(f) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Goodwill

Pursuant to the adoption of AASB3 Business Combinations (reverse acquisitions), goodwill, representing the excess of the cost of combination to Bio-Layer Pty Limited over the fair value of the identifiable assets, liabilities and contingent liabilities acquired of BioLayer Corporation Limited (formerly SSH Medical Limited), was recognised as an asset and not amortised, and was tested for impairment. This impairment was recognised in profit or loss and will not be subsequently reversed.

(h) Government grants

Government grants are assistance by the government in the form of transfers or resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the consolidated entity other than the requirement to operate in certain regions or industry sectors.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

(i) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill is tested for impairment at each reporting date and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase.

(j) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilized. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probably that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

(k) Intangible assets

Patents, trademarks and licenses

Patents, trademarks and license costs are recognised as an expense in the period in which they are incurred.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

(l) Overheads

The Company allocates overheads for the operating entity to their business cost centres. This procedure has been adopted in this period to more accurately represent operating costs of the economic entity.

(m) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after assessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

(o) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements	10% - 50%
Plant and equipment	20% - 40%
Furniture and office equipment	20% - 40%
Leased plant and equipment	20%

(p) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(q) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services

Revenue for a contract to provide services is recognised by reference to the stage of completion of the contract. Revenue is not recognised until each milestone has been successfully completed under the terms of the contract.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

(r) Share-based payments

Share-based payments are measured at fair value at the date of grant. Fair value for options is measured by use of the Black Scholes valuation model (a binomial model).

The fair value determined as at the grant date of the share-based payments is expensed on a straight line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

(s) New accounting standards and interpretations

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected		Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report	01.01.2009	01.07.2009
	AASB 102	Inventories			
	AASB 107	Cash Flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
AASB 8 Operating Segments	AASB 114	Segment Reporting	As Above	01.01.2009	01.07.2009

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

AASB Amendment	Standards Affected		Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in financial group as they already capitalise borrowing costs related to qualifying assets	01.01.2009	01.07.2009
	AASB 101	Presentation of Financial Statements			
	AASB 107	Cash Flow Statements			
	AASB 116	Property, Plant & Equipment			
	AASB 138	Intangible Assets			
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As Above	01.01.2009	01.07.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity	01.01.2009	01.07.2009
AASB 101	AASB 101	Presentation of Financial Statements	As Above	01.01.2009	01.07.2009

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

(f) Critical Accounting Estimates and Judgements

Key Estimates - Impairments

The Company assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Per AASB 136 value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The Board have critically considered the carrying value of the parent entity's investment (and corresponding associated inter-company receivable balance) at year end. The rights issue by the Company is a recent arm's length transaction that provides a current fair value reference to assess the carrying value of the parent entity's investment in its subsidiary Bio-layer Pty. Limited in accordance with AASB 139. Accordingly, the Board has resolved to impair the carrying value of the investment and intercompany loan to the sum of \$3.7million.

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
2. REVENUE					
Revenues from operating activities:					
Sale of goods and services		81,114	39,701	-	-
Government grants		1,054,348	1,816,941	-	-
Interest - other corporations		86,167	61,989	64,808	27,720
		1,140,515	1,878,930	64,808	27,720
Total Revenue		1,221,629	1,918,631	64,808	27,720

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
3. LOSS FROM ORDINARY ACTIVITIES					
The loss from ordinary activities before income tax expense has been determined after:					
<i>Amortisation of non-current assets:</i>					
Leasehold improvements		23,561	23,315	-	-
Total amortisation of non-current assets		23,561	23,315	-	-
<i>Depreciation of non-current assets:</i>					
Plant and equipment		106,186	157,442	-	-
Furniture, office equipment and software		20,156	34,202	455	3,172
Total depreciation of non-current assets		126,342	191,644	455	3,172
Borrowing costs:					
Guarantee Fee		-	300,000	-	300,000
Interest, other persons		4,139	592	3,952	2
		4,139	300,592	3,952	300,002
Movements in provisions:					
Doubtful debts		-	(264)	-	(264)
Employee benefits		(27,090)	5,858	-	-
		(27,090)	5,594	-	(264)
Significant / Notable items:					
Impairment of subsidiary loan	9	-	-	3,462,606	-
Impairment of financial assets	13	-	-	11,487,505	-
		-	-	14,950,111	-
Operating lease rentals		323,691	303,885	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
4. INCOME TAX EXPENSE					
(a) The prima facie income tax on the loss from ordinary income tax is reconciled as follows:					
Prima facie tax calculated at 30% on losses from ordinary activities		(528,696)	(469,049)	(4,700,696)	(250,881)
Add/(deduct) tax effect of :					
- interest on converting note		(49,884)	(19,631)	(49,884)	(19,631)
- non deductible items		(69,247)	(58,909)	(69,247)	(58,909)
- impairment of financial assets		-	-	4,485,033	-
- options expensed for accounting purposes		3,998	12,867	3,998	12,867
Timing differences not brought to account to the extent of income tax losses		643,829	534,722	330,796	316,554
Income tax benefit attributable to ordinary activities		-	-	-	-
Weighted Average Effective Tax Rates		-	-	-	-
(b) Deferred Tax Assets arising from income tax losses not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(j) occur					
		8,136,413	7,754,504	4,527,760	4,515,651

5. DIRECTOR'S AND EXECUTIVES' REMUNERATION

(a) Names and positions held of parent entity Directors and specified executives in office at any time during the financial year have been included in the Directors Report.

(b) Parent Entity Directors' Remuneration and specified Executive Remuneration

Directors and specified Executives' remuneration has been included in the Remuneration Report section of the Directors Report.

(c) Remuneration Options

Directors and specified Executives' remuneration has been included in the Remuneration Report section of the Directors Report.

(d) Shares issued on exercise of remuneration options

No shares were issued on the exercise of remuneration options during the year ended 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

(e) Options holdings

Number of options held by or at the nomination of Parent Entity Directors (who held office during the year).

	Balance 1 Jul 07	Granted as Remuneration	Options Lapsed	Options Exercised	Net Change	Balance 30 Jun 08	Total Vested 30 Jun 08	Total Exercisable 30 June 2008	Total Unexercisable 30 June 2008
Parent Entity Directors									
RMartin	500,000	-	500,000	-	(500,000)	-	-	-	-
DBeins	2,000,000	-	2,000,000	-	(2,000,000)	-	-	-	-
	2,500,000	-	2,500,000	-	(2,500,000)	-	-	-	-

Number of options held by or at the nomination of Specified Executives (who held office during the year):

	Balance 1 Jul 07	Granted as Remuneration	Options Lapsed	Options Exercised	Net Change	Balance 30 Jun 08	Total Vested 30 Jun 08	Total Exercisable 30 June 2008	Total Unexercisable 30 June 2008
Specified Executives									
J Maeji	3,660,142	2,000,000	-	-	2,000,000	5,660,142	3,660,142	3,660,142	2,000,000
NAbermethy	-	1,000,000	-	-	1,000,000	1,000,000	-	-	1,000,000
	3,660,142	3,000,000	-	-	3,000,000	6,660,142	3,660,142	3,660,142	3,000,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

(f) Shareholdings

Number of shares held by or at the nomination of Parent Entity Directors and specified executives:

	Balance 1 Jul 07	Received as Remuneration	Purchased Non- Remuneration	Options Exercised	Net Change	Balance 30 Jun 08
Parent Entity Directors						
Mr Bruce Rathie	20,000	-	20,000	-	20,000	40,000
Dr Carrie Hillyard	15,000	-	15,000	-	15,000	30,000
	35,000	-	35,000	-	35,000	70,000

(g) Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company has been included in the Remuneration Report section of the Directors Report.

Note	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

6. AUDITORS' REMUNERATION

Remuneration of the auditors of the company for:

- Auditing or reviewing financial report	47,486	49,903	47,486	49,903
	47,486	49,903	47,486	49,903
- Taxation compliance	-	5,500	-	5,500
- AGM room hire	-	415	-	415
	47,486	55,818	47,486	55,818

7. EARNINGS PER SHARE (EPS)

(a) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	100,275,984	73,112,692	-	-
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(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS	125,136,518	76,746,695	-	-
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
8. CASH ASSETS					
Cash on hand		1,740	712	-	-
Cash at bank		58,981	49,775	48,811	22,519
Deposits at call		3,060,231	1,230,636	3,051,023	1,021,205
		3,120,952	1,281,123	3,099,834	1,043,724

9. RECEIVABLES

CURRENT

Trade debtors		114,758	132,986	-	-
Provision for doubtful debts		-	-	-	-
		114,758	132,986	-	-
Receivable from controlled entities		-	-	3,462,606	2,982,167
Less Provision for Impairment		-	-	(3,462,606)	-
Other debtors		23,072	40,459	2,654	1,804
		137,830	173,445	2,654	2,983,971

All current receivables and other debtors amounts due as at 30 June 2008 were received by 31 July 2008.

10. OTHER ASSETS

CURRENT

Prepayments		1,387	28,066	1,387	2,872
		1,387	28,066	1,387	2,872

11. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment, at cost		1,053,895	1,199,894	-	-
Accumulated depreciation		(971,677)	(894,852)	-	-
		82,218	305,042	-	-
Furniture and fittings, office equipment, at cost		479,867	496,225	27,030	45,927
Accumulated depreciation		(350,159)	(325,337)	(25,985)	(44,427)
		129,708	170,888	1,045	1,500
Total Property, Plant and Equipment		211,926	475,930	1,045	1,500

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Movements in carrying amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and end of the financial year is as follows:

Economic Entity

2008	Furniture, Office Equipment	Plant and Equipment	Total
	\$	\$	\$
Carrying amount at start of year	170,888	305,042	475,930
Additions	2,541	-	2,541
Disposals	-	(116,642)	(116,642)
Depreciation / amortisation	(43,721)	(106,182)	(149,903)
Carrying amount at end of year	129,708	82,218	211,926

Parent Entity

2008	Furniture, Office Equipment	Plant and Equipment	Total
	\$	\$	\$
Carrying amount at start of year	1,500	-	1,500
Depreciation / amortisation	(455)	-	(455)
Carrying amount at end of year	1,045	-	1,045

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
12. INTANGIBLE ASSETS					
Goodwill		1,158,589	1,158,589	-	-
Accumulated impairment losses		(1,158,589)	(1,158,589)	-	-
		-	-	-	-

13. OTHER FINANCIAL ASSETS

Investment in financial assets

Bio-Layer Pty Ltd	-	-	15,187,505	15,187,505
Less provision for impairment	-	-	(11,487,505)	-
Cosmedics Australia Ltd	2,184,876	2,184,876	2,184,876	2,184,876
Less provision for impairment	(2,184,876)	(2,184,876)	(2,184,876)	(2,184,876)
	-	-	3,700,000	15,187,505

14. PAYABLES

Trade creditors	101,799	34,729	37,544	18,325
Sundry creditors and accrued expenses	309,953	296,753	135,449	123,006
	411,752	331,482	172,993	141,331

15. PROVISIONS

CURRENT

Employee benefits	15(a)	50,131	77,221	-	-
		50,131	77,221	-	-
(a) Aggregate employee benefits		50,131	77,221	-	-
(b) Number of employees at year end		12	13	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
16. CONTRIBUTED EQUITY					
Closing balance contributed equity		21,535,867	18,359,128	42,274,086	39,660,556
Balance at beginning of year:					
Opening balance contributed equity		18,359,128	16,745,732	39,660,556	38,047,160
Shares issued during the year:					
Issue of shares		5,247,206	300,000	5,247,206	300,000
Issue of shares on the conversion of convertible notes		(1,379,820)	-	(1,379,820)	-
Issue of convertible notes			1,300,000		1,300,000
Issue of options		69,264	69,247	69,264	69,247
Lapsed Options		(212,212)	-	(775,421)	-
Costs associated with share issues		(547,699)	-	(547,699)	-
issues		-	(55,851)	-	(55,851)
Balance at the end of year					
Closing balance contributed equity		21,535,867	18,359,128	42,274,086	39,660,556
Ordinary shares at the beginning of reporting period		74,673,052	72,329,302		
Shares issued during the period		104,216,687	2,343,750		
Fully paid ordinary shares at reporting date		178,889,739	74,673,052		

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

On 1st April the Company issued 74,673,072 shares at \$0.05 to subscribers of a rights issue by the company. A consequence of this issue was the conversion of the 1,300 Converting Notes, issued on 28 February 2007, into shares. 28,713,425 shares at \$0.05 were issued on 1st April upon conversion of the Converting Notes.

On 15th April 2008, 1,000,000 shares were issued to Bodyworks Holdings Limited as disclosed in note 19

On the 28 February 2007 the Company issued 1,300 Converting Notes at a face value of \$1,000 to sophisticated investors. These notes converted into 28,713,425 ordinary shares on 1st April 2008 in accordance with the terms of the converting notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Capital Management

Management controls the capital of the group to ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital, options, convertible notes and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Total Borrowings	14	411,752	331,482	172,993	141,331
Less Cash and Cash Equivalents	8	(3,120,952)	(1,281,123)	(3,099,834)	(1,043,724)
Net Debt		(2,709,200)	(949,641)	(2,926,841)	(902,393)
Total Equity		3,010,212	1,549,861	6,631,927	19,078,241
Total Capital		301,012	600,220	3,705,086	18,175,848
Gearing Ratio		N/A	N/A	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
17. STATEMENT OF CASH FLOWS					
i. Reconciliation of net loss after tax to net cash flows from operations:					
Net loss		(1,762,320)	(1,563,497)	(15,668,985)	(836,270)
Non-cash items:					
Depreciation		149,903	214,959	455	3,172
(Profit) / Loss on disposal of non current assets		31,644	-	-	-
Interest on convertible notes		(1,180)	(81)	(1,180)	-
Provision against inter-company indebtedness		-	-	3,462,606	-
Impairment of financial assets		-	-	11,487,505	-
Options issued		13,326	42,889	13,326	42,889
Guarantors Fees		-	300,000	-	300,000
Changes in assets and liabilities:					
Decrease / (increase) in receivables		35,615	(45,752)	(848)	(197)
Decrease / (increase) in other current assets		26,679	(21,916)	1,485	(2,872)
(Decrease) / increase in trade creditors and accruals		80,270	85,985	31,662	63,697
(Decrease) / increase in other current liabilities		(27,090)	5,858	-	21,411
Net cash flows from operations		(1,453,153)	(981,555)	(673,974)	(408,170)

ii. For the purpose of this statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts, as shown in note 8.

iii. Credit Facilities

The economic entity has no unused credit facilities with Banks or other financial institutions.

18. SEGMENT REPORTING

The economic entity operated primarily within Australia during the financial year. As a result, the Directors have not provided analysis of the secondary geographical segments.

19. RELATED PARTY TRANSACTIONS

Other than approved share transactions performed by Directors the Company conducted the following related party transactions:

1. Transocean Group Pty Ltd

- a. Lara Iacusso is a Director of Transocean Group Pty Ltd but does not hold any ownership interest in this company. Transocean Group is a substantial shareholder of the Company. Transocean Securities Pty Ltd and Cardrona Capital Pty Ltd are wholly-owned subsidiaries of Transocean Group Pty Ltd.
- b. During the year Transocean Securities Pty Ltd had the following related party transactions with the company:
 - i. In December 2007, Transocean Securities entered into an exclusive mandate to provide capital raising and corporate advisory services to the Company. These services included the underwriting of a rights issue by the Company that was finalised in April 2007, and other ongoing corporate advisory services. Transocean Securities received the following fees during the year:
 - Underwriting fee and co-ordination fee of \$261,356 (2007: nil)
 - Fixed fee of \$50,000 (2007: nil)
 - Options in the Company exercisable at a price of 6.5 cents per share and an exercise date of 2 February 2011 – number granted: 28,335,252 (2007: nil)
 - Monthly retainers paid under the mandate - \$105,000 (2007: nil).
 - ii. In February 2008, Transocean Securities extended the Company a short term loan of \$300,000 which was repaid in full from the proceeds of the rights issue. As part of this loan, Transocean Securities received interest payments totalling \$3,953 (2007: nil).
- c. During the year Cardrona Capital Pty Ltd was contracted to provide company secretarial services to the Company. Total fees paid were \$6,500 (2007: nil).

2. Bodyworks Holdings Pty Ltd

In December 2007, the Company entered into a mandate with Bodyworks Holdings Pty Ltd to provide strategic technological advisory services to the Company. Dr Robert Gilmour is a Director and owner of this company. As part of this mandate, Bodyworks Holdings Pty Ltd received the following fees during the year:

- a. Consulting fees and retainers - \$198,067 (2007: nil). Note these amounts are included in Directors Remuneration in the Director's Report.
- b. Fully paid ordinary BioLayer shares – 1,000,000 (2007: nil)
- c. Options in the Company exercisable at a price of 6.5 cents per share and an exercise date of 2 February 2011 – 2,000,000 (2007: nil).

3. First Cape Management Pty Ltd

Richard Martin is a Director of First Cape Management Pty Ltd. During the year, First Cape Management Pty Ltd invoiced the Company for the following services on behalf of Mr Martin:

- a. Director's fees - \$38,150 (2007: \$25,433). Note these amounts are included in Directors Remuneration in the Director's Report.
- b. Fees for Mr Martin acting in the capacity of Chief Financial Officer - \$22,800 (2007: nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Share Transactions of Directors Directors and Director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the parent entity:

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
- Ordinary shares			1,070,000	35,000
- Options over ordinary shares			2,017,500	3,000,000

20. CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial report. This lease relates to the current business premises and expires in November 2009.

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Operating Lease Commitments					
Payable:					
- Not later than one year		328,085	305,852	-	-
- Later than one year and not later than five years		137,828	443,026	-	-
		465,913	748,878	-	-

(b) Capital expenditure commitments

Plant and Equipment Purchases	165,000	-	-	-
	165,000	-	-	-
Payable:				
- Not later than one year	165,000	-	-	-
	165,000	-	-	-

(c) Operating Lease Receivable

The existing business premises are subleased to an independent party until November 2009.

Operating Lease Receivables				
Receivable:				
- Not later than one year	49,337	-	-	-
- Later than one year and not later than five years	20,861	-	-	-
	70,198	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

21. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payables, loans to and from subsidiaries and convertible notes.

The main purpose of non-derivative financial instruments is to raise finance for group operations. There are no derivatives used by the Company.

i. Treasury Risk Management

The senior management of the Company regularly analyse the financial risk exposure to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on the financial performance.

The senior management operates under policies approved by the board of Directors, Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

Interest Rate Risk

There is no significant interest rate risk as the group does not have any external debt. For further details on interest rate risk refer to Note 21 (b) (i).

Foreign Currency Risk

The consolidated entity is not exposed to significant financial risks from movements in foreign exchange rates as there are no material financial assets and liabilities denominated in foreign currencies. This is inclusive of both on and off balance sheet financial instruments. The Company does not participate in any type of hedging transaction or derivatives.

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount as disclosed in the balance sheet and notes to the financial statements.

All current and other debtors balance as at 30 June 2008 were paid in full by 31 July 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

(b) Financial Instruments

i. Financial Instruments composition and maturity analysis

The tables below reflect the settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

Consolidated Group	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing				Non-interest Bearing		Total	
	2008	2007	2008	2007	Within 1 year		1 to 5 years		2008	2007	2008	2007
	%	%	\$	\$	2008	2007	2008	2007	\$	\$	\$	\$
Financial Assets												
Cash	7.70%	6.33%	347,717	1,031,123	2,773,235	250,000	-	-	-	-	3,120,952	1,281,123
Receivables	0.00%	0.00%	-	-	-	-	-	-	137,830	173,445	137,830	173,445
Total Financial Assets			347,717	1,031,123	2,773,235	250,000	-	-	-	173,445	3,258,782	1,454,568
Financial Liabilities												
Payables	0.00%	0.00%	-	-	-	-	-	-	411,752	331,482	411,752	331,482
Convertible Notes	10.00%	10.00%	-	-	-	-	-	1,300,000	-	-	-	1,300,000
Total Financial Liabilities			-	-	-	-	-	1,300,000	411,752	331,482	411,752	1,631,482

Parent Entity	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing				Non-interest Bearing		Total	
	2008	2007	2008	2007	Within 1 year		1 to 5 years		2008	2007	2008	2007
	%	%	\$	\$	2008	2007	2008	2007	\$	\$	\$	\$
Financial Assets												
Cash	7.70%	6.33%	326,599	793,724	2,773,235	250,000	-	-	-	-	3,099,834	1,043,724
Receivables	0.00%	0.00%	-	-	-	-	-	-	2,654	1,804	2,654	1,804
Total Financial Assets			326,599	793,724	2,773,235	250,000	-	-	2,654	1,804	3,102,488	1,045,528
Financial Liabilities												
Payables	0.00%	0.00%	-	-	-	-	-	-	172,993	141,331	172,993	141,331
Convertible Notes	10.00%	10.00%	-	-	-	-	-	1,300,000	-	-	-	1,300,000
Total Financial Liabilities			-	-	-	-	-	1,300,000	172,993	141,331	172,993	1,441,331

Trade and sundry payables are expected to be paid as follows:

Note	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

Trade and Sundry Payables are expected to be paid as follows:

- Less than 6 months	411,751	331,482	172,993	141,331
	411,751	331,482	172,993	141,331

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

ii. Net Fair Values

For all other financial assets and liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

iii. Sensitivity Analysis

Interest Rate Risk

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

Note	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Change in Profit				
- Increase in Interest Rate by 2%	62,419	25,623	61,997	20,874
- Decrease in Interest Rate by 2%	(62,419)	(25,623)	(61,997)	(20,874)
Change in Equity				
- Increase in Interest Rate by 2%	62,419	25,623	61,997	20,874
- Decrease in Interest Rate by 2%	(62,419)	(25,623)	(61,997)	(20,874)

22. CONTROLLED ENTITIES

		2008	2007
Parent entity:			
• BioLayer Corporation Limited	Aust		
Subsidiaries:			
• Bio-Layer Pty Limited	Aust	100%	100%

23. AFTER BALANCE DATE EVENTS

At the date of this report there are no after balance date events that the Directors believe should be reported to shareholders other than on 9 September 2008 the Company, through its new wholly-owned subsidiary Aged Care Diagnostics Pty Ltd, entered into a commercial agreement with Prince of Wales Medical Research Institute (POWMRI Limited) to develop an assay and other diagnostic tools relating to the early detection of neurodegenerative diseases, including Parkinson's Disease, using the company's core technology.

The financial report was authorised for issue on the 24 September 2008 by the board of Directors.

24. COMPANY DETAILS

The registered office and principal place of business of the company is:

BIOLAYER CORPORATION LIMITED AND ITS CONTROLLED ENTITY
ABN 75 070 028 625

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

4/26 Brandl Street
Eight Mile Plains QLD 4113

DIRECTORS' DECLARATION

The Directors of BioLayer Corporation Limited declare that:

- (1) The financial statements and notes, as set out on pages 21 to 49 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, the Corporations Regulations 2001;and
 - (b) give a true and fair view of the financial position as at 30 June 2008 and of the financial performance for the year ended on that date of the Company and the economic entity,

- (2) The Chief Executive Officer and the Chief Financial Officer have declared that :
 - (a) The financial records for the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) The financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) The financial statements and notes for the financial year give a true and fair view.

- (3) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable having regard to the disclosures made in Note 1 to the financial statements.

Signed in accordance with a resolution of the Board of Directors



Mr Bruce Rathie
Chairman
Dated this 25th day of September 2008



AUDITOR'S INDEPENDENCE DECLARATION

**TO THE DIRECTORS OF
BIOLAYER CORPORATION LIMITED
ABN 75 070 028 625**

Grant Thornton Queensland Partnership
ABN 13 131 589 059

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Queensland 4001

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E info@gtqld.com.au

In accordance with the requirements of section 307C of the Corporations Act 2001, as auditor of BioLayer Corporation Limited and controlled entity for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON

A handwritten signature in black ink that reads "Grant Thornton" on the top line and "Dan Carroll" on the bottom line.

Daniel J Carroll
Partner

Brisbane

Dated 25 September 2008



Grant Thornton

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF BIOLAYER
CORPORATION LIMITED AND ITS
CONTROLLED ENTITY
ABN 75 070 028 625**

Grant Thornton Queensland Partnership
ABN 13 131 589 059

Ground Floor
102 Adelaide Street
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Report on the financial report

We have audited the accompanying financial report of BioLayer Corporation Limited and its Controlled Entity (the Group), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end.

As permitted by the Corporations Regulations 2001, the consolidated entity has disclosed information about the remuneration of directors and executives ("Remuneration disclosures"), required by Accounting Standards AASB 124: Related Party Disclosures, under the heading "Remuneration report" in the Directors' Report and not in the financial report. We have audited these remuneration disclosures.

Directors' responsibility for the financial report

The directors of the Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors are also responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

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Liability limited by a scheme approved under Professional Standards legislation.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards, which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we complied with the independence requirements of the Corporations Act 2001.

We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of BioLayer Corporation Limited on 25 September 2008, would be in the same terms if provided to the Directors as at the date of this Auditor's Report.

Auditor's opinion

In our opinion:

- a the financial report of BioLayer Corporation Limited and its Controlled Entity is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

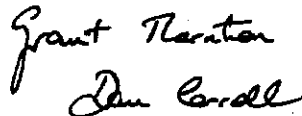
Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of BioLayer Corporation Limited and its Controlled Entity for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON



Daniel J Carroll
Partner

Brisbane

Dated 30 September 2008

ADDITIONAL ASX INFORMATION

SHAREHOLDINGS AS AT 10 SEPTEMBER 2008

Distribution of shareholdings:

Holding From	Holding To	No. of Holders	Total Shares Held	%
1	1,000	1,152	550,778	0.31
1,001	5,000	492	1,191,983	0.67
5,001	10,000	165	1,271,780	0.71
10,001	100,000	233	7,736,957	4.32
Holdings larger than	100,000	65	168,138,241	93.99
TOTAL		2,107	178,889,739	100.00

Voting rights:

In accordance with the Company's constitution, the following rights to vote apply to members holding ordinary shares:

- (a) On a show of hands every member present in person or by proxy or attorney or representative will have one vote; and
- (b) on a poll every member present in person or by proxy, attorney or representative will have one vote for each fully paid share held.

Holdings less than a Marketable Parcel:

As defined by the ASX Listing Rules a marketable parcel is a parcel of securities of not less than \$500 in value based on the closing price on SEATS the date before the issue of the notice. At the date of this report, in relation to ordinary shares in the Company, a marketable parcel equates to 17,241 ordinary shares. The number of shareholders holding less than a marketable parcel and the number of shares held by them were as follows:

No. of holders holding less than a marketable parcel	1,879
No. of shares held	3,934,893

Names and details of substantial shareholders

The following is a listing of Substantial Shareholders as at 10 September 2008.

Name of Substantial Shareholder	Shares held	% of Total Shares	Listed Options Held	% of Total Listed Options
Transocean Securities Pty. Limited	60,803,572	33.99	48,737,038	59.48
Coates Myer & Company Pty Limited	53,762,113	30.05	9,927,124	12.11
HSBC Custody Nominees Australia Pty. Limited	35,000,000	19.57	10,000,000	12.20
Asia Union Investments Pty Limited	19,585,085	10.95	6,215,343	7.59

Top 20 shareholders

The following is a listing of the 20 largest shareholders at 10 September 2008 together with the number of shares held and the percentage of total shares held.

BIOLAYER CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
ABN 75 070 028 625

ADDITIONAL ASX INFORMATION

Shareholder	Shares held	% of Total
Coates Myer & Company Pty Limited	53,762,113	30.05
HSBC Custody Nominees (Australia) Limited	35,000,000	19.57
Transocean Securities Limited	25,803,572	14.42
Asia Union Investments Pty Limited	19,585,065	10.95
First Cape Management Pty Limited <FCM Unit a/c>	4,435,993	2.48
National Nominees Limited	3,571,500	2.00
Nimrod Finance Limited	2,655,858	1.49
FCM Finance Pty Ltd	2,351,250	1.31
Symington Pty Ltd	1,800,000	1.01
Howstenn Pty Limited <Howstenn Super Fund a/c>	1,480,000	0.83
First Cape Management Pty Limited	1,333,093	0.74
Mr Nobuyoshi Joe Maeji	1,215,781	0.68
Stanley nominees Pty Ltd	1,030,251	0.58
Bodyworks Holdings Limited	1,000,000	0.56
Vinceman Pty Ltd	721,819	0.40
Powell Provident Pty Limited <Powell Provident Fund a/c>	700,000	0.39
Queenstown Unlimited Limited	664,990	0.37
Mrs Michele Anne Dedman	630,713	0.35
Court Securities Pty Ltd	500,000	0.28
Zambari Investments Pty Ltd <Freeman Family a/c>	500,000	0.28
Top 20 shareholders total	158,741,998	88.74

LISTED OPTION HOLDINGS AS AT 10 SEPTEMBER 2008

Distribution of option holdings quoted on ASX:

Holding From	Holding To	No. of Holders	Total Options Held	%
1	1,000	142	42,392	0.05
1,001	5,000	37	96,052	0.12
5,001	10,000	9	62,635	0.08
10,001	100,000	14	385,586	0.47
Holdings larger than	100,000	9	81,356,626	99.28
TOTAL		211	81,943,291	100.00

Voting rights:

Until shares are issued pursuant to the exercise of an Option, the holder of an Option has no voting rights.

ADDITIONAL ASX INFORMATION

Top 20 option holders

The following is a listing of the 20 largest option holders at 10 September 2008 listed on ASX together with the number of options held and the percentage of total listed options held.

Option holder	Options held	% of Total
Transocean Securities Limited	48,737,038	59.48
HSBC Custody Nominees (Australia) Limited	10,000,000	12.20
Coates Myer & Company Pty Limited	9,927,124	12.12
Asia Union Investments Pty Limited	6,215,343	7.59
First Cape Management Pty Limited <FCM Unit a/c>	2,214,246	2.70
Bodyworks Holdings Limited	2,000,000	2.44
Symington Pty Ltd	1,000,000	1.22
National Nominees Limited	892,875	1.09
Howstenn Pty Limited <Howstenn Super Fund a/c>	370,000	0.45
Peter & Wendy Pty Ltd <Geoff & Robyn Raymond SF a/c>	87,500	0.11
Ms Christine Lynett Randell	50,000	0.06
Ms Judith Martin	36,000	0.04
Mr Warwick Relton Woolley & Mrs Lynne Woolley <W & L Woolley Super a/c>	26,700	0.03
Mr Jeffrey Owen Dettmann	25,000	0.03
Mr Ahmad Golestan-Nejad	25,000	0.03
Mr Anthony Joseph Falzon	23,725	0.03
Mr Hugh Rossberg Whitehead	22,375	0.03
Mr Robert Charles Heading	19,040	0.02
Byamee Pty Ltd <Swainston Super Fund a/c>	16,600	0.02
Mr Vernon Ralph Johnson	15,000	0.02
Top 20 option holders total	81,703,566	99.71

On-market buy-back Company's securities. There is currently no proposal to undertake an on-market buy-back of the

Company Secretary: Mr Shane Hartwig

Company Registered Office: 4/26 Brandl Street,
Eight Mile Plains QLD 4113
(07) 3219 0085

Share Registry: Registries Limited
Level 7, 207 Kent Street
Sydney, NSW 2000
1300 737 760

Stock Exchange Listing: The Company's securities are quoted on the official list of the ASX.
The ASX listing code for the Company's securities is:
Ordinary shares - BLS
Options to acquire ordinary shares - BLSOA

ADDITIONAL ASX INFORMATION

Unquoted Securities:

(a) *Employee Option Plan*

The Employee Option Plan dated 30 August 1999, provides that employees may be issued options to acquire shares in the Company. These options are not quoted on the Australian Stock Exchange. As at 10 September 2008 the total number of Options issued under the Employee Option Plan was 3,072,329 held by two holders.

(b) *Other Unlisted Options*

The following unlisted options to acquire ordinary shares are on issue as at 10 September 2008:

Options issued on conversion of notes	14,356,713
Options issued to the vendors of Bio-Layer	7,391,236
Total other unlisted options to acquire ordinary shares	21,747,949

The 21,747,949 options are held by 23 holders. The following entity holds more than 20% of these unlisted options:

Coates Myer & Company Pty Ltd	9,927,124
-------------------------------	-----------

(c) *Unlisted Converting Notes*

As at 10 September 2008 there were 1,220,000 unlisted converting notes on issue held by Macquarie Health Corp Limited. These entitle the holder to convert the notes into ordinary shares in the company at any time prior to 28 October 2008. The notes automatically convert into shares on 28 October 2008, if not converted prior. Each converting note will convert into one ordinary share in the Company.

(d) *Unquoted shares*

There were nil unquoted fully paid ordinary shares as at 10 September 2008.