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Rule 4.2A

Appendix 4D

Half-year Report for the period ended 31 December 2015

Name of entity

BONE MEDICAL LIMITED

ABN	Reporting Period	Previous Corresponding Period
70 009 109 755	Half year ended 31 December 2015	Half year ended 31 December 2014

(1) Results for Announcement to the Market

Financial Results				\$A
Revenues from ordinary activities (<i>item 2.1</i>)	Down	78%	to	6,702
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Down	17%	to	(609,344)
Net (loss) for the period attributable to members (<i>item 2.3</i>)	Down	17%	to	(609,344)
Final and interim dividends (<i>item 2.4</i>)	It is not proposed that either a final or interim dividend be paid.			
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			

Brief explanation of any of the figures reported above (*item 2.6*):
Refer attached Interim Financial Report.

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share (<i>Item 3</i>)	0.20 cents	0.59 cents

Details of entities over which control has been gained or lost (*item 4*)

N/A

Details of dividends or distribution payments (*item 5*)

- No dividends or distributions are payable.

Details of dividend or distribution reinvestment plans (*item 6*)

- There is no dividend reinvestment program in operation for Bone Medical Limited

Details of associates and joint venture entities (*item 7*)

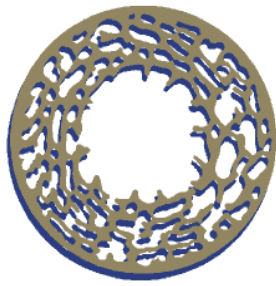
- Bone Medical Limited does not have any investments in associate entities or joint venture interests.

Foreign entities to disclose which accounting standards are used in compiling the report (*item 8*)

- International Accounting Standards

Details of any audit dispute or qualification (*item 9*) – None

This half-yearly reporting information should be read in conjunction with the most recent annual financial report of the Company.



Bone Medical

ACN 009 109 755

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2015

BONE MEDICAL LIMITED
ACN: 009 109 755

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This financial report covers Bone Medical Limited ("Bone" or the "Company") and its subsidiaries. The financial report is presented in Australian dollars.

Bone Medical Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Bone Medical Limited
Ground Floor
16 Ord Street
West Perth WA 6005

BONE MEDICAL LIMITED
ACN: 009 109 755

CORPORATE INFORMATION

Directors

Mr Robert Towner
Non-Executive Chairman

Mr John Hannaford
Non-Executive Director

Mr Phillip Wingate
Non-Executive Director

Company Secretary

Mr Phillip Wingate

Home Securities Exchange:

Australian Securities Exchange Limited
Level 40, Central Park
152 – 158 St George's Terrace
PERTH WA 6000

ASX Code: BNE

Share Registry

Automic Registry Services
Suite 1a, Level 1
7 Ventnor Avenue
WEST PERTH WA 6005

Telephone: (08) 9324 2099

Registered Office

Ground Floor, 16 Ord Street
WEST PERTH WA 6005

Telephone: (08) 9482 0580

Facsimile: (08) 9482 0505

Email: query@bone-ltd.com

Website: www.bone-ltd.com

Postal Address

P.O. Box 902
WEST PERTH WA 6872

Solicitors

Bellanhouse Legal
PO Box 1770
West Perth WA 6872

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

The Directors of Bone Medical Limited present the following report for the half-year ended 31 December 2015:

DIRECTORS

The Directors in office at any time during the half year and until the date of this report are set out below:

Mr Robert Towner

Non-Executive Director and Chairman (appointed effective 24 January 2014)

Mr John Hannaford

Non-Executive Director (appointed effective 24 January 2014)

Mr Phillip Wingate

Non-Executive Director (appointed effective 27 November 2014)

PRINCIPAL ACTIVITIES

During the period the Company was principally involved in preparing for the acquisition of Takor Group Pty Ltd (Takor). Following the termination of the transaction with Takor, the Company has continued to identify and review new opportunities both in Health Science and other sectors with the objective of increasing shareholder value.

REVIEW OF OPERATIONS AND RESULTS

Net loss after income tax of the Company for the six months ended 31 December 2015 was \$609,344 (2014: loss \$734,676). The net loss is attributable to expenditure in relation to the terminated Takor transaction and general administration costs associated with an ASX listed company.

OPERATIONS

In May 2015, the Company announced a Term Sheet to acquire Takor Group Pty Ltd (Takor), a location based geospatial technology company. It was further announced on 19 November 2015 that the Term Sheet with Takor had expired and had not been extended by mutual agreement of the Parties. Agreement was reached for the terms of the repayment of funds loaned by Bone to Takor as part of the transaction.

Following the termination of the Takor acquisition, the Directors of the Company have focused on reviewing new investment opportunities across all industries to generate value for shareholders.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The Auditor's Independence Declaration is set out on page 4 and forms part of the Directors' Report for the half year ended 31 December 2015.

Signed in accordance with a resolution of the Directors.



Robert Towner
Non-Executive Chairman

Perth
19 February 2016

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF BONE MEDICAL LIMITED

As lead auditor for the review of Bone Medical Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Bone Medical Limited and the entities it controlled during the period.



Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth, 19 February 2016

BONE MEDICAL LIMITED
ACN: 009 109 755

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2015

	Note	Consolidated 31 December 2015 \$	31 December 2014 \$
Revenue from continuing operations			
Finance revenue		6,702	31,169
Total revenue		6,702	31,169
Employee benefits expense		(73,913)	(72,816)
Finance charges expense		(242)	(559)
Foreign exchange losses		-	(14,128)
Other expenses		(31,251)	(83,602)
Professional consultant expense		(202,960)	(130,590)
Provision for doubtful debt expense		(400,000)	-
Total expenses		(708,366)	(301,695)
Loss before income tax expense		(701,664)	(270,526)
Income tax benefit		-	-
Loss after income tax for the half year in continuing operations		(701,664)	(270,526)
Profit/(Loss) for the half year from discontinued operations		92,320	(464,150)
Loss after income tax for the half year ended		(609,344)	(734,676)
Other Comprehensive Income for the half year:			
Items that may be reclassified subsequently to profit or loss:			
Other Comprehensive income for the period, net of tax		-	-
Total Comprehensive Loss for the half year attributed to members of Bone Medical Limited		(609,344)	(734,676)
Loss per share for the half year attributable to members of Bone Medical Limited:			
Basic and diluted Loss per share for the year attributable to members of Bone Medical Limited (cents):		(0.47)	(0.28)
Basic and diluted loss per share – from continuing operations (cents)		(0.54)	(0.10)
Basic and diluted profit/(loss) per share – from discontinued operations (cents)		0.07	(0.18)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

BONE MEDICAL LIMITED
ACN: 009 109 755

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	Consolidated 31 December 2015 \$	30 June 2015 \$
ASSETS			
Current Assets			
Cash & cash equivalents		598,363	1,308,734
Trade and other receivables – continuing operations	2	13,379	11,831
Trade and other receivables – discontinued operations	7	92,320	-
Total Current Assets		704,062	1,320,565
Total Assets		704,062	1,320,565
LIABILITIES			
Current Liabilities			
Trade and other payables	3	59,499	66,658
Trade and other payables – discontinued operations	7	24,925	24,925
Total Current Liabilities		84,424	91,583
Total Liabilities		84,424	91,583
Net Assets		619,638	1,228,982
EQUITY			
Contributed equity		25,657,926	25,657,926
Reserves		1,590,169	1,780,391
Accumulated losses		(26,228,457)	(26,209,335)
Total Equity		619,638	1,228,982

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

BONE MEDICAL LIMITED
ACN: 009 109 755

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

Consolidated	Note	Contributed Equity \$	Accumulated Losses \$	Other Reserves \$	Total \$
Balance at 1 July 2014		25,657,926	(25,194,794)	1,780,391	2,243,523
Total comprehensive loss for the period					
Loss for the half year – continuing operations		-	(270,526)	-	(270,526)
Loss for the half year – discontinued operations			(464,150)		(464,150)
Total other comprehensive income		-	-	-	-
Total comprehensive loss for the period		-	(734,676)	-	(734,676)
Transactions with owners in their capacity as equity holders:					
Ordinary shares issued, net of costs		-	-	-	-
Options issued during the period		-	-	-	-
Balance at 31 December 2014		25,657,926	(25,929,470)	1,780,391	1,508,847
Balance at 1 July 2015		25,657,926	(26,209,335)	1,780,391	1,228,982
Total comprehensive loss for the period					
Loss for the half year – continuing operations		-	(701,664)	-	(701,664)
Profit for the half year – discontinued operations		-	92,320	-	92,320
Total other comprehensive income		-	-	-	-
Total comprehensive loss for the period		-	(609,344)	-	(609,344)
Transactions with owners in their capacity as equity holders:					
Ordinary shares issued net of costs		-	-	-	-
Options issued during the period		-	-	-	-
Options expired during the period		-	190,222	(190,222)	-
Balance at 31 December 2015		25,657,926	(26,628,457)	1,590,169	619,638

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

BONE MEDICAL LIMITED
ACN: 009 109 755

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2015

	Note	Consolidated 31 December 2015 \$	31 December 2014 \$
CASHFLOWS FROM OPERATING ACTIVITIES			
Interest received		6,702	44,421
Payments to suppliers & employees		(211,417)	(276,122)
Payments to AusInvest for debt claim settlement		-	(122,751)
Takor Transaction costs		(105,656)	-
Net cash (used) in discontinued operations	7	-	(610,967)
Net cash used in operating activities		(310,371)	(965,419)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Funds lent to other entities		(400,000)	-
Net cash provided by financing activities		(400,000)	-
Net increase/(decrease) in cash held		(710,371)	(965,419)
Cash and cash equivalents at beginning of period		1,308,734	2,512,591
Cash and cash equivalents at end of period		598,363	1,547,172

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2015

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity. The half-year financial report should be read in conjunction with the annual financial report of Bone Medical Limited as at 30 June 2015 which was prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards. It is also recommended that the half-year financial report be considered together with any public announcements made by the company during the period 1 July 2015 to the date of this report in accordance with the continuous disclosure obligations of the ASX listing rules.

(a) Basis of Accounting

The half-year financial report has been prepared on the basis of historical cost, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

(b) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Board of Directors. The Board, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

(c) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(d) Adoption of New and Revised Accounting Standards

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2015.

In the half-year ended 31 December 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. The Directors have decided against early adoption of any new Standards and Interpretations. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2015

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with the current period's disclosures.

The half year financial report was approved by the Board of Directors on 19th February 2016.

NOTE 2: TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
Current:		
Other receivables	6,641	10,071
Prepaid expenses	6,738	1,760
Loan to Takor	100,000	-
Convertible note in Takor	300,000	-
Provision for doubtful debt ⁽¹⁾	(400,000)	-
	13,379	11,831

During the period, the company terminated the proposed acquisition of Takor Group Pty Ltd ('Takor'). At reporting date, the board has undertaken an assessment of funds lent to Takor and has provided for them in full in accordance with accounting standards. Notwithstanding this, as announced on 19 November 2015, the Company has in place repayment terms as part of the signed Termination Agreement.

NOTE 3: TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
Current:		
Trade payables	32,344	33,388
Sundry payables & accrued expenses	27,155	33,270
	59,499	66,658

NOTE 4: SEGMENT REPORTING

In the half-year ended 31 December 2015, the Company has evaluated projects in various sectors for investment to grow shareholder value. Accordingly, there has been no change in segment reporting since 30 June 2015.

NOTE 5: CONTINGENT ASSETS & LIABILITIES

The Directors are not aware of any contingent assets or liabilities that may arise from the Group's operations as at 31 December 2015.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2015

NOTE 6: EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

NOTE 7: ASSETS AND DISPOSAL GROUPS CLASIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

In November of 2014, management decided to discontinue Medical research and development based on the continuing poor resulted of clinical trials. This decision was taken in line with the Group's strategy to focus on information technology. Consequently, assets and liabilities allocable to Bone Medical Ltd and subsidiaries were classified as a disposal group.

Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of profit or loss and other comprehensive income (see loss for the year from discontinued operations). Operating profit of Bone Medical Limited and subsidiaries' until the date of change of strategy and the profit or loss is summarised as follows:

	31 December 2015 \$	31 December 2014 \$
Research and Development	-	(387,599)
Consultants expense	-	(76,551)
Research and Development tax refund	92,320	-
Profit/(Loss) from discontinued operations after tax	92,320	(464,150)
Profit/(Loss) for the year from discontinued operations	92,320	(464,150)

The carrying amounts of assets and liabilities in these discontinued operations are summarised as follows:

	31 December 2015 \$	30 June 2015 \$
<i>Current Assets:</i>		
Trade and other receivables	92,320	-
Assets classified as discontinued operations	92,320	-
<i>Current liabilities:</i>		
Trade and other payables	24,925	24,925
Liabilities classified as discontinued operations	24,925	24,925

Cash flows generated by Bone Medical Limited and subsidiaries for the reporting periods under review until the disposal are as follows:

	31 December 2015 \$	31 December 2014 \$
<i>Operating activities</i>		
Research and Development	-	(610,967)
Cash flows from discontinued operations	-	(610,967)

DIRECTORS' DECLARATION

In the opinion of the Directors of Bone Medical Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the board

A handwritten signature in black ink, appearing to read 'Robert Towner', with a horizontal line underneath the name.

Robert Towner
Non-Executive Chairman

Perth
19 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bone Medical Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bone Medical Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bone Medical Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bone Medical Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bone Medical Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', is written over a faint, stylized 'BDO' logo.

Dean Just
Director

Perth, 19 February 2016