

R H I N O M E D

APPENDIX 4D

For the Half Year Ended 31 December 2014

Results for Announcement to the Market

Current Reporting Period - Half year ended 31 December 2014

Previous Reporting Period - Half year ended 31 December 2013

Revenues from ordinary activities	Up 553%	to	\$159,497
Loss after tax attributable to members	Up 274%	to	(\$2,345,390)
Net loss for the period attributable to members	Up 274%	to	(\$2,345,390)

Dividends (distribution)	Amount per Security	Franked Amount per Security
Final dividend	n/a	n/a
Previous corresponding period	n/a	n/a
Net Tangible Asset per Security (cents per security)		
As at 31 December 2014	0.79	
As at 31 December 2013	0.37	
Record date for determining entitlements to dividend		n/a
Explanation of the above information:		
Refer to the Directors' Report - Review of Operations.		

2. Details of entities over which control has been gained or lost during the period

None

3. Details of individual and total dividends

None

4. Details of dividend reinvestment plans in operation.

None

5. Details of Associates and Joint Ventures

None

6. These accounts have been subject to review and there has been no qualification or dispute.

R H I N O M E D

Rhinomed Limited

ABN 12 107 903 159

**Interim Financial Report
For the Half Year Ended 31 December 2014**

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DIRECTORS' REPORT

Your directors submit the interim financial report of the consolidated entity for the half-year ended 31 December 2014. The Consolidated Group includes Rhinomed Limited and its subsidiaries as at period end and during the period ended on that date.

Directors

The following persons were Directors of the company during the whole of the half-year and up to the date of this report, unless stated otherwise:

Current Directors:

Mr Martin Rogers	Non-Executive Chairman
Dr Eric Knight	Non-Executive Director
Mr Brent Scrimshaw	Non-Executive Director
Mr Michael Johnson	Executive Director

Company Secretaries:

Justyn Stedwell	Company Secretary
Phillip Hains	Company Secretary

Review of Operations

Results

The group reported a loss of \$2,345,390 for the half year ended 31 December 2014, compared with a loss of \$626,391 for the prior corresponding period, reflective of the increasing development of the company's nasal technology platform. Revenues for the first half of the year were \$159,497 a 553% increase on the previous half year. As at the 31 December, the company had \$4,407,780 in cash reserves, placing it a strong position to execute its strategy.

Operations

Sport

The first six months of the financial year saw the company consolidate its move into the sport market with its inaugural technology, Turbine, which was launched in January 2014. Our strategy is to use Australia as a test market before taking our branded technology to global markets.

During the first half of FY15, we continued our test marketing program and built on the early learnings from this process.

Test marketing included promotion in the Fitness First health club network. This program sought to test the response of consumers in a health club setting. The program featured sampling in health clubs and promotion on internal media including posters, video screens and door decals, generating valuable feedback that was incorporated into the product development program.

In August, we were thrilled to see that our early efforts in introducing the Turbine to elite cyclists bore fruit with 2013 Tour de France champion and Team Sky captain, Chris Froome, wearing Turbine in the Vuelta a Espana. Chris Froome subsequently trialled and tested the new Turbine design in December 2014. The company is actively seeking to build long-term relationships with a number of leading athletes, globally.

In September, the company's focus moved to securing international distribution through the global Interbike exhibition in Las Vegas. As a leading trade show attended by 24,000 cycling industry representatives, Interbike presented a unique opportunity for the company to showcase the Turbine technology, gather feedback and begin the process of selling into the trade and distributors. Prior to September, we had established distribution in Australia and

DIRECTORS' REPORT (continued)

Israel and, as a result of the reception of the product at Interbike, we were able to secure distribution immediately for Turbine in South Korea, Japan, Taiwan, Hong Kong, Indonesia, Singapore, Malaysia, Thailand and Colombia. Turbine is on the market in 15 countries worldwide and the key focus for FY15 is extending global distribution.

In response to feedback from users, elite athletes and distributors, the company undertook the design, development, prototyping and testing of a new generation Turbine. Tooling of the new design began in December and shipping of new product commenced in February 2015.

Key features that have been enhanced in the new design include greater comfort and a more flexible and improved dilation system for better fit and greater airflow. Importantly the new shape, inspired by the internal anatomy of the nose, greatly reduces the chance of Turbine slipping during percussive sports.

The delay resulting from the introduction of the new Turbine disrupted momentum and led to lower than expected sales in the second quarter. The interest surrounding the new product gives us confidence that this product will gain acceptance quickly and we are much better positioned to grow the business in a sustainable manner.

The sport business is now well placed to expand our global footprint. In the second quarter of FY15, the company began rolling out a new website that more closely reflects the needs of our customers and which positions the business internationally for growth.

At the end of first half FY15, the company commenced an independent trial at the Murdoch University (WA) School of Exercise Science. This trial seeks to demonstrate the impact of the Turbine on athletes during a 20km time trial. The results of this trial are expected at the end of FY15.

In July, the company registered Turbine as Class I medical device with the US FDA. The introduction of a robust quality management system (QMS) was critical in enabling this success. Our QMS will be utilised across all areas of the company's operations and is a critical element of our regulatory strategy.

Sleep

OTC Snoring

Mute offers a solution to a clear and significant unmet need in the global OTC snoring market. This market is currently served by a range of products that have struggled to capture consumers' interest. The company has adopted a disruptive strategy in building a compelling brand. We released Mute online in December. Shareholders are invited to purchase Mute at www.mutesnoring.com.

Mute not only delivers a compelling and elegant solution, but one that delivered outstanding results in an independent in-home user trial carried out in November, the results of which were announced in December. Mute reduced snoring in 75% of participants.

Additionally, during the second quarter, the company commenced and received regulatory registration as a Class I medical device in Europe, the United States and Australia. Registration by the US FDA, Australian TGA and the receipt of a CE Mark is reflective of the strong processes now in place within the company.

The company appointed an Australian pharmacy broking and sales team in late December. This relationship will assist us with gaining distribution for Mute into the Australian pharmacy sector, which is a key focus for the business in the second half of FY15.

Sleep Apnea

The company has identified a significant opportunity within the sleep apnea market. The vast majority of sleep apnea sufferers have mild to moderate sleep apnea. The current solution set of CPAP, APAP and mandibular splints are the gold standard. The compliance rates for these solutions are extremely low with some sleep specialists reporting rates

DIRECTORS' REPORT (continued)

under 40%. The company has identified an opportunity to develop a low invasive, well tolerated solution that targets mild to moderate sleep apnea patients. As a result, development work began during the first half of FY15 for a new nasal technology that will create positive air pressure in the upper airway when patients breathe out. This solution (EPAP) has been shown in other therapies to produce a clinical outcome. The company has now progressed this program and in March 2015 will commence a clinical trial at Monash Medical Centre in Melbourne to demonstrate the efficacy of the technology. Importantly, the trial will also seek to establish that patients tolerate the solution. Results are expected in June 2015.

Rhinotriptan Drug Delivery program

The company's drug delivery program, commenced in the first half of FY15, seeks to prove that Rhinomed has a valid platform for delivering drugs intranasally.

The company appointed Melbourne based pharma company IDT to work on drug formulation development and will commence a phase 1 bio-equivalency trial at the Royal Adelaide Hospital CMAX unit in the second half of FY15 to demonstrate the efficacy of the platform to deliver acute migraine drug (sumatriptan). Results will be reported during the 2015 calendar year.

Corporate

The company continues to focus on building a strong balance sheet. In September the company strengthened its cash reserves by undertaking a placement to sophisticated shareholders that raised \$3.4 million and a Shareholder Placement program that raised \$1.6 million. The company also submitted and received a R&D tax rebate of \$570,387 during December.

To assist with the growth of the business and the development of our distribution, the company appointed Matthew Hurlle as VP of Global Sales in August. Mr Hurlle has extensive experience in the sport sector both within Australia and the US. Previously with Australian company Bike Exchange, Mr Hurlle has been instrumental in opening up our global partnerships. We would like to thank Ms Jane Ballantyne for her contribution in the development of the Turbine brand. We wish her well in her future endeavours.

Imugene shareholding.

The company continues to hold 25 million shares in ASX listed technology company Imugene (ASX:IMU) and will continue to monitor this investment.

Vibrovein.

Having now secured a strong intellectual property position for the Vibrovein asset, the company is assessing commercial opportunities for this technology. While being a non-core asset, the company believes there is value in this asset and will be seeking to update investors on the company's plans for this technology in the second half of FY15.

Business strategy and future prospects.

The company's position has strengthened significantly in the last two years. It now has two products on the market with early revenues, two clinical programs underway that are targeting significant unmet clinical needs and strong cash reserves that will enable us to exploit the opportunities we have before us.

The company's strategy is to target the global sport market with a lead adopter group and to leverage our premium branded technology and awareness into the significantly greater global OTC snoring market and then exploit opportunities in the clinical sleep market, and the OTC wellbeing and drug delivery markets.

The Company released its first product only 12 months ago and we believe that the early signs are extremely positive. With continued focus and support, we remain confident that both Turbine and Mute will develop significant franchises in their respective markets.

DIRECTORS' REPORT (continued)

The company seeks to become a market leader in breathing and sleep. We believe that sleep will increasingly be seen as a critical element in maintaining good health. Rhinomed is well positioned to play a role in this rapidly growing market.

The growth in the number of wearable technologies that track sleep is remarkable. The introduction of products like the forthcoming Apple Watch will only stimulate more interest in this market. Our technology remains a unique and compelling solution for those who wish to reduce their snoring and improve their sleep quality, as evidenced by our user trials. The company will continue to build the data set surrounding the efficacy of our technology throughout FY15.

Financial Position

As at 31 December 2014, the Group had cash reserves of \$4,407,780.

Events after Reporting date

Appointment of new COO/CFO

On 6th February 2015, Ms Justine Heath was appointed as the Chief Operating Officer/Chief Financial Officer of the company, bringing considerable executive expertise in healthcare and technology development companies and a strong commercial background.

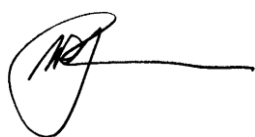
There were no other events subsequent to reporting date.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This Director's Report has been issued following a resolution of the Directors pursuant to section 306 (3) of the Corporations Act 2001.

For an on behalf of the Board;



Mr Michael Johnson
Executive Director

Rhinomed Limited

AUDITOR'S INDEPENDENCE DECLARATION



Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the review of the half-year financial report of Rhinomed Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Rhinomed Limited and the entities it controlled during the half-year ended 31 December 2014.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'Jude Lau'.


Jude Lau
Partner

Melbourne
27 February 2015

HLB Mann Judd (VIC Partnership)

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HLB Mann Judd (VIC Partnership) is a member of  International, A world-wide network of independent accounting firms and business advisers.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

RHINOMED LIMITED		31 December 2014	31 December 2013
	Note	\$ AUD	\$ AUD
Revenue from operations		129,562	6,902
Other Income		29,935	17,521
Raw Materials and Consumables used		(83,472)	(1,962)
Employee Benefits & Directors' Expense		(458,423)	(184,190)
Depreciation and Amortisation Expense		(209,175)	(4,831)
Impairment of Assets	3	(90,807)	(133,000)
Fair value adjustment of investment	3	(75,000)	325,000
Administration		(525,494)	(404,697)
Marketing		(688,220)	(433,563)
Research & Development expense		(598,465)	(118,202)
Other expenses		(346,168)	(83,762)
Profit/ (Loss) before income tax for the period		(2,915,727)	(1,014,784)
Income tax benefit		570,337	388,393
Total comprehensive loss after income tax for the period		(2,345,390)	(626,391)
Other comprehensive loss attributable to non-controlling interest		-	-
Other comprehensive loss attributable to owners of the parent entity		(2,345,390)	(626,391)
Basic loss per share (cents per share) from continuing operations		(0.53)	(0.19)
Diluted loss per share (cents per share) from continuing operations		(0.53)	(0.19)

The accompany notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

RHINOMED LIMITED		31 December 2014	30 June 2014
	Note	\$ AUD	\$ AUD
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents		4,407,780	1,451,833
Trade and other receivables		81,078	71,376
Other financial assets		-	-
Inventories		34,616	12,634
Other		36,809	219,470
Total Current Assets		4,560,283	1,755,313
<u>Non-Current Assets</u>			
Other financial assets	5	301,875	376,875
Property, plant and equipment		252,340	75,968
Intangible assets	4	4,675,673	4,857,974
Total Non-Current Assets		5,229,888	5,310,817
TOTAL ASSETS		9,790,171	7,066,130
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Trade and other payables		845,909	497,316
Employee Entitlements		5,180	7,188
Total Current Liabilities		851,089	504,504
TOTAL LIABILITIES		851,089	504,504
NET ASSETS		8,939,082	6,561,626
<u>EQUITY</u>			
Issued capital	2	41,927,021	37,204,175
Reserves		(459,403)	(459,403)
Accumulated Losses		(32,528,536)	(30,183,146)
TOTAL EQUITY		8,939,082	6,561,626

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

RHINOMED LIMITED	Issued Capital	Option Reserve	Reserves NCI	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2013	33,732,078	4,750,874	(6,158,687)	(26,648,570)	5,675,695
Total comprehensive income for the period:	-	-	-	(626,391)	(626,391)
<i>Transactions with Equity holders in their capacity as equity holders:</i>					
Shares issued net of issue costs	1,128,984	-	-	-	1,128,984
Options issued	-	46,000	-	-	46,000
Balance at 31 December 2013	34,861,062	4,796,874	(6,158,687)	(27,274,961)	6,224,288
Total comprehensive income for the period:	-	-	-	(2,908,185)	(2,908,185)
<i>Transactions with Equity holders in their capacity as equity holders:</i>					
Shares issued net of issue costs	2,343,113	-	-	-	2,343,113
Options issued	-	902,410	-	-	902,410
Balance at 30 June 2014	37,204,175	5,699,284	(6,158,687)	(30,183,146)	6,561,626
Total comprehensive income for the period:	-	-	-	(2,345,390)	(2,345,390)
<i>Transactions with Equity holders in their capacity as equity holders:</i>					
Shares issued net of issue costs	4,722,846	-	-	-	4,722,846
Options issued	-	-	-	-	-
Balance at 31 December 2014	41,927,021	5,699,284	(6,158,687)	(32,528,536)	8,939,082

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

RHINOMED LIMITED	31 December 2014	31 December 2013
	\$ AUD	\$ AUD
<u>Cash flows from operating activities</u>		
Receipts from customers	129,562	8,003
Payments to suppliers and employees	(2,238,369)	(1,329,579)
Interest received	26,546	17,521
Interest and other costs of finance paid	(2,491)	(3)
Receipt of R&D tax refund	570,337	517,205
Net cash flows used in operating activities	(1,514,415)	(786,853)
<u>Cash flows related to investing activities</u>		
Payment for purchases of plant and equipment	(252,484)	-
Payment for intangible assets	-	(86,570)
Proceeds from sales of equity investments	-	408,414
Net cash flows used in investing activities	(252,484)	321,844
<u>Cash flows related to financing activities</u>		
Proceeds from issues of equity securities	5,042,072	1,000,000
Capital raising costs	(319,226)	(80,016)
Repayment of borrowings	-	(30,600)
Net cash flows from financing activities	4,722,846	889,384
Net increase/(decrease) in cash and cash equivalents	2,955,947	424,375
Cash and cash equivalents at the beginning of the period	1,451,833	323,149
Cash and cash equivalents at the end of the period	4,407,780	747,524

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

This consolidated interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. The Group or consolidated entity includes Rhinomed Limited, ("the Company") and its subsidiaries as at 31 December 2014 and during the period ended on that date.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by the Group during the half-year and up to the date of this report in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for those outlined below:

Adoption of new and revised Accounting Standards

During the half-year ended 31 December 2014, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for reporting periods beginning on or after 1 July 2014.

The revised Standards and Interpretations did not affect the Group's accounting policies or the amounts reported in the financial statements.

Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not currently have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

Basis of preparation

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Going Concern

Some of the risks inherent in the development of life science products include the uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development or may infringe intellectual property rights of other parties and the obtaining of the necessary clinical trial or regulatory authority approvals.

Also a particular life science product may fail the clinical development or the clinical trial process through lack of efficacy or safety, or maybe stopped or abandoned due to strategic imperatives including an assessment that the projects will not deliver a sufficient return on investment or have been superseded by newer competitive products or technologies. There is the risk that the company will be unable to find suitable development or commercial partners for its projects, and that these arrangements may not generate a material return for the company.

The accounts have been prepared on a going concern basis, which includes the presumption that sufficient funds will be available to finance the operations of the company.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

In adopting this position, the directors have had regard to:

- Cash on hand at 31 December 2014 was \$4,407,780;
- The company has a track record in accessing capital to fund its operations and the Directors believe the company has the ability to access additional capital.

The ability of the company to successfully access additional capital and the amount of the additional funds required is dependent on the outcome of its product development programs, and if/and when it is able to manufacture or out-licenses any of its pipeline product to third parties and on what commercial terms, and on the state of capital markets and the appetite for speculative investment in a company such as Rhinomed.

Notwithstanding the material uncertainty pertaining to the ability of the company to access additional capital, the financial statements have been prepared on a going concern basis. Accordingly the financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary, should the company not continue as a going concern.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2014.

NOTE 2: ISSUED CAPITAL

	Consolidated		Consolidated	
	31-Dec-14	30-Jun-14	31-Dec-14	30-Jun-14
	Shares	Shares	\$AUD	\$ AUD
Ordinary Shares - fully paid	539,438,635	395,379,445	41,927,021	37,204,175
<i>Movement in ordinary shares on issue</i>				
At 1 July	395,379,445	293,752,461	37,204,175	33,732,078
09/07/2013 Lind Partners Convertible Security @ \$0.014	-	12,500,000	-	175,000
29/08/2013 Private placement at \$0.04	-	25,000,000	-	918,750
18/11/2013 Issue to Golden Five @ \$0.063	-	1,269,842	-	80,000
26/02/14 Private Placement at \$0.042	-	60,000,000	-	2,520,000
11/04/14 Issued for services at \$0.026	-	2,857,142	-	74,286
Less Costs of Capital Raising year ending 30 June 2014	-	-	-	(295,939)
04/09/2014 Private placement at \$0.035	84,059,146	-	2,942,070	-
08/09/2014 Private placement at \$0.035	14,285,714	-	500,000	-
05/11/2014 Share Purchase Plan at \$0.035	45,714,330	-	1,600,002	-
Less Costs of Capital Raising Half Year ended 31 December 2014	-	-	(319,226)	-
	539,438,635	395,379,445	41,927,021	37,204,175

NOTE 3: PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

	31-Dec-14 \$AUD	31-Dec-13 \$AUD
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Impairment expenses	(90,807)	(133,000)
Change in value of Investment (refer to note 5)	(75,000)	325,000
Gain on sale of listed investments	-	98,415

NOTE 4: INTANGIBLE ASSETS

	Note	31-Dec-14 \$ AUD	Consolidated 30-Jun-14 \$ AUD
Goodwill			
At cost		4,951,995	4,951,995
Less impairment		(3,386,991)	(3,386,991)
Net carrying value		1,565,004	1,565,004
Development			
At cost		646,352	646,352
Less impairment		(213,576)	(213,576)
Less amortisation		(42,477)	(21,698)
Net carrying value		390,299	411,078
Intellectual Property			
At cost		9,566,217	9,566,217
Less impairment		(6,492,957)	(6,492,957)
Less amortisation		(352,890)	(191,368)
Net carrying value		2,720,370	2,881,892
Total Intangible Assets		4,675,673	4,857,974

Reconciliations:

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill \$	Development \$	Intellectual Property \$	Total \$
Balance at 30 June 2013	1,565,004	260,694	3,073,260	4,898,958
Additions – internal development	-	172,082	-	172,082
Amortisation charge	-	(21,698)	(191,368)	(213,066)
Balance at 30 June 2014	1,565,004	411,078	2,881,892	4,857,974
Additions – internal development	-	-	-	-
Amortisation charge	-	(20,779)	(161,522)	(182,301)
Balance at 31 December 2014	1,565,004	390,299	2,720,370	4,675,673

NOTE 5: OTHER FINANCIAL ASSETS

	31-Dec-14	30-Jun-14
	\$ AUD	\$ AUD
Investment at fair value through profit or loss (a)	250,000	325,000
Term deposit (b)	51,875	51,875
	301,875	376,875

(a) Represents shares held in Imugene Limited (IMU) with change in fair value recognised in profit or loss.

All investments have been assessed as Level 1 fair value hierarchy as they represent shares in publicly listed companies with fair values measured using quoted prices in an active market.

(b) Represents bank guarantee in relation to rental property lease.

NOTE 6: OPTIONS

	Consolidated	
	31-Dec-14	30-Jun-14
	No.	No.
Movement in options were as follows:		
Opening balance	276,206,150	222,960,150
Options issued	-	57,750,000
Options lapsed/expired	(20,060,000)	(4,504,000)
Closing balance	256,146,150	276,206,150

NOTE 7: CONTINGENT LIABILITIES AND ASSETS

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 8: SEGMENT REPORTING

The Group continues to operate in one segment, being the identification, acquisition and commercialisation of late stage therapeutic delivery technologies. The segment details are therefore fully reflected in the body of the financial report.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

Appointment of new COO/CFO

On 6th February 2015, Ms Justine Heath was appointed as the Chief Operating Officer/Chief Financial Officer of the company, bringing considerable executive expertise in healthcare and technology development companies and a strong commercial background.

There were no other events subsequent to reporting date.

DIRECTORS' DECLARATION

In the opinion of the directors of Rhinomed Limited, ('the company'):

1. The attached interim financial statements and notes thereto are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements including:
 - a. complying with the Accounting Standard AASB 134 and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year then ended; and
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 taking into account the factors outlined in note 1 of these accounts.

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*.

For and on behalf of the Board;



Mr Michael Johnson
Executive Director

Rhinomed Limited

Date: This 27th Day of February 2015



Accountants | Business and Financial Advisers

Independent Auditor's Review Report to the Members of Rhinomed Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Rhinomed Limited ("the Company") which comprises the consolidated statement of financial position as at 31 December 2014, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Consolidated entity comprising the Company and the entities it controlled at the half-year 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 controls 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 interim 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 2014 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 the Company, 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*.

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 Rhinomed 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 2014 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*.

HLB Mann Judd (VIC Partnership)

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Emphasis of Matter

Without qualifying our conclusion, we draw attention to the going concern disclosure set out in note 1, which identifies that the interim financial report has been prepared using the going concern basis. The factors identified in note 1 of the interim financial report indicate the existence of a material uncertainty that may cast significant doubt upon the ability of the Company and the Consolidated entity to continue as a going concern and therefore the Company and the Consolidated entity may not be able to realise their assets and extinguish their liabilities in the normal course of business.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'Jude Lau'.

Jude Lau
Partner

Melbourne
27 February 2015

COMPANY DIRECTORY

AUSTRALIAN COMPANY NUMBER (ACN)

107 903 159

DIRECTORS

Mr Michael Johnson

Mr Martin Rogers

Dr Eric Knight

Mr Brent Scrimshaw

COMPANY SECRETARIES

Mr Justyn Stedwell

Mr Phillip Hains

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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Australia

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AUDITORS

HLB Mann Judd

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Melbourne, Victoria, 3000

Australia

SECURITIES QUOTED

[Australian Securities Exchange](#)

- Ordinary Fully Paid Shares (Code: RNO)

Rhinomed Limited is a Public Company

Limited by shares and is domiciled in Australia.

Executive Director

Non-Executive Chairman

Non-Executive Director

Non-Executive Director

CHIEF FINANCIAL OFFICER (CFO)

Ms Justine Heath

BANKERS

National Australia Bank (NAB)

330 Collins Street,

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Australia

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WEBSITE

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