

## ASX Appendix 4D

### Half-Year Financial Report to 31 December 2014

#### 1. Details of reporting period

Name of Entity	Sun Biomedical Limited ("the Company")
ABN	18 001 285 230
Period Ended	31 December 2014
Previous Corresponding Period	31 December 2013

#### 2. Results for announcement to the market

				\$
Revenues from ordinary activities	Down	31.8%	to	17,012
Loss for the half-year	Up	9.8%	to	266,804
Total comprehensive loss for the half-year attributable to members	Up	9.8%	to	266,804
		Amount Per Security		Franked Amount Per Security
Final Dividend		Nil		Nil
Interim Dividend		Nil		Nil
Previous Corresponding Period		Nil		Nil
Record Date for Determining Entitlements	Not Applicable			

Brief explanation of any of the figures reported above necessary to enable figures to be understood:

For further information, refer to the review of operations contained in the directors' report, which forms part of the attached financial statements.

#### 3. Net tangible asset backing

	31 December 2014	31 December 2013
Net tangible backing per ordinary security (cents)	0.0041	0.0044

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

Sun Biomedical Australia Pty Ltd and MDM Technologies Pty Ltd were deregistered on 22 October 2014 on the basis that these subsidiaries were dormant. As at the report date, the Company has no subsidiaries.

#### 5. Details of Dividends

No dividend has been paid or recommended to be paid for the half-year ended 31 December 2014.

**6. Details of dividend reinvestment plans**

N/A

**7 Details of associate and joint venture entities**

N/A

**8. Foreign entities**

N/A

**9. Audit**

This report has been based on accounts that have been subject to an audit review. There are no items of dispute with the auditor and the audit review is not subject to qualification.



Mr Howard Digby  
**Chairman**

26 February 2015



## **Sun Biomedical Limited**

**ABN 18 001 285 230**

**Half year report for the half-year ended  
31 December 2014**

## Corporate directory

### Board of Directors

Mr Howard Digby	Executive Chairman
Dr Anton Uvarov	Executive Director
Mr Evan Cross	Non-Executive Director
Mr Peter Webse	Non-Executive Director

### Company Secretary

Mr Peter Webse

### Registered and Principal Office

Level 2, 1 Walker Avenue  
West Perth, Western Australia 6005  
Tel: +61 8 9481 3860  
Fax: +61 8 9321 1204

### Postal Address

PO Box 271  
West Perth, Western Australia 6872

### Website

Website: [www.sunbiomed.com.au](http://www.sunbiomed.com.au)

### Auditors

Stantons International  
Level 2, 1 Walker Avenue  
West Perth, Western Australia 6005

### Share Registry

Automatic Registry Services  
Suite 1a, Level 1  
7 Ventnor Avenue  
West Perth, Western Australia 6005  
Tel: +61 8 9324 2099  
Fax: +61 8 9321 2337

### Stock Exchange

Australian Securities Exchange  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth, Western Australia 6000

### ASX Code

SBN

# Half year report for the half-year ended 31 December 2014

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## Directors' report

The directors of Sun Biomedical Limited ("Sun Biomedical" or "the Company") submit herewith the financial report of the Company for the half-year ended 31 December 2014. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

### Names of Directors

The names of the directors of the Company during or since the end of the half-year are:

Mr Howard Digby  
Dr Anton Uvarov  
Mr Evan Cross  
Mr Peter Webse

### Review of operations

The loss of the Company for the half-year ended 31 December 2014, after accounting for income tax benefit, amounted to \$266,804 compared to a loss of \$243,093 for the half-year ended 31 December 2013. During the half-year ended 31 December 2014, the Company received a research and development rebate of \$55,870 (31 December 2013: nil).

### Overview of Company Strategy

While at the core of our biotechnology business is the development of workplace drug testing solutions, the board is cognisant that the therapeutic segment of biotechnology represents a more attractive opportunity for the Company, with less competition for new products, better ability to differentiate, higher margins and significant value inflection as the product moves through the development pipeline. In view of this, the Company has funded a study at the Telethon Kids Institute in people with allergies. The objective of this project is to perform a detailed analysis of immune responses to house dust mites in allergic subjects with or without asthma, to determine if there is a specific pattern of immune responses associated with asthma. Results of the study could lead to developing new mechanisms to predict asthma and new therapeutic targets.

In addition to this, the Company continues to look at other opportunities that could complement its biotechnology portfolio.

### Drug Testing Products – Summary

During the six months to 31 December 2014, the Company conducted further market research and feasibility into the market for one-step saliva drug testing devices with a view to extending the planned Oraline® family of products. This resulted in work to finalise the design of Oraline®6, a handheld 6-drug test. After fixing the saliva flow issues with the 4-drug Oraline®4, the Company experienced delays in the selection of test strips for Oraline®4. Selection and testing of alternative suppliers is still underway.

### Research and Development activities

Development activities for Oraline® continue to be executed in a lean operational mode. Business development and commercialisation spend reduced over the previous corresponding period (*see statements on page 8*). This is due to the narrowed focus on addressing the 4-strip drug issue. The Company has received cost estimates for development activities for Oraline®6, which will result in further expenditure during 2015 when the board decides to proceed. The lean, outsourced model used by the Company to conserve cash will continue in its present form.

## Oraline® Development Progress

Sun Biomedical has been working to commercialise the Oraline® drug testing product with the help of its partners.

When the Company had first decided to revive and improve the Oraline® family of products, the initial product chosen for development was “Oraline®4”. The first priority was to fix the issue preventing Oraline®4 from gaining market traction – unsatisfactory saliva flow in the test housing. In the previous reporting period, the Company successfully completed modifications to the housings and successfully demonstrated significantly improved saliva flow and housing functionality. However during this time, significant changes had taken place among manufacturers of test strips. This meant that Sun Biomedical had to develop its own strip in conjunction with suppliers.

Lack of a reliable strip supply has proved to be a challenge for the Company, which has been working with its new housing suppliers and other parties to develop a new 4-drug strip during the reporting period. This work is ongoing and has resulted in a delay to the market release of Oraline®4. The Company has received a number of very encouraging results in its R&D activities but at “cut-offs” below specification. In addition the Company has completed the design for its new Oraline®6 product, a 6-drug, dual strip device, similar to Oraline®4.

## Market Background

The global market for “drugs of abuse” testing is projected to grow to approximately US\$3.4 billion by the end of 2018. The US market currently makes up over 70% of worldwide demand. Oraline® has enjoyed solid brand recognition in the US and Canada, as it has in other countries including Australia.

Sun Biomedical is commercialising its Oraline® saliva drug test with the aim of developing Oraline® into a cost effective, competitive and highly functional drug testing family that addresses unique market needs.

Oraline® is targeted at workplace, institutional and law enforcement uses in testing for illicit drug use. For workplace use, saliva screens are the most convenient and effective tests and are popular in mining and oil and gas worksites. Saliva testing is also being used in sporting clubs as a quick and accurate method of drug testing as compared to urine sampling. Currently the main drug groups targeted are:

- Opiates (e.g. Heroin); THC (Cannabinoids);
- Amphetamines (including Cocaine)
- Methamphetamines; and
- MDMH (Ecstasy).

Oraline® also has potential to detect so-called “legal” party drugs and synthetic drug substitutes.

In the last 12 months, the market has moved to single drug tests being favoured by the manufacturers. Single strips pose less of the challenges being faced by the Company, and every developer, in the creation of multi drug strips. However an opposing trend is the increased price sensitivity in the market place – which is addressed by lowering prices or by providing multi drug tests. The Company favours the latter strategy.

## Market Strategy Development

During the December quarter, Sun Biomedical has also undertaken market research around the possibility of the strip development for select Eastern European countries where current version of Oraline®4 strip will suffice for the market requirements and where the market is very price driven. While these are very low price markets, the potential volumes may give the desired return over time, even based on a small margin per unit.

### **Ongoing Asthma Research Study**

The Company is currently funding a study at the Telethon Kids Institute in people with allergies. The objective of this project is to perform a detailed analysis of immune responses to house dust mites in allergic subjects with or without asthma, to determine if there is a specific pattern of immune responses associated with asthma. Results of the study could lead to developing new mechanisms to predict asthma and new therapeutic targets.

House Dust Mite (HDM) allergy is a significant risk factor for asthma in many countries. The higher the level of dust mite exposure at the age of 1 year, the earlier the first episode of wheezing occurred. Clinical studies, have shown that the relative risk of asthma (which includes exposure to indoor allergens such as HDM, male gender, family history of asthma, atopy and airway hyper-reactivity) was almost five times greater in the subjects who were exposed to high levels of dust mite allergen.

In this interplay, intrinsic properties of the exogenous proteins and environmental co-factors certainly play a role, but host-immune factors are of crucial importance to explain why every individual exposed to such an allergen does not develop an allergy.

Predisposition for developing an allergy is the result of a complex multifactorial interplay of genes and environment. To understand the immunobiological mechanism of sensitisation to allergens, their interaction with relevant structural and immune cells during mucosal exposure and entry, is of the utmost importance. Understanding could lead to development of novel therapies with disease modifying potential as well as new diagnostic tools.

The asthma therapeutic market represents a massive opportunity with forecasts of \$40B plus in asthma and COPD sales in year 2015 (source: IMS) and two top selling asthma medications generating \$9B - \$10B in sales this year (Advair and Singulair).

Sun Biomedical is expecting a progress update on this project during the March quarter.

In addition to drug testing and asthma research and development activities, the Company will continue to explore for the right licensing and acquisition opportunities during the next reporting period.

### **Auditor's independence declaration**

The auditor's independence declaration is included on page 4 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors



**Mr Howard Digby**

**Chairman**

26 February 2015

Perth, Western Australia



26 February 2015

Board of Directors  
Sun Biomedical Limited  
Level 2, 1 Walker Avenue  
WEST PERTH WA 6005

Dear Directors

**RE: SUN BIOMEDICAL LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Sun Biomedical Limited.

As Audit Director for the review of the financial statements of Sun Biomedical 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:

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

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Samir Tirodkar**  
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
SUN BIOMEDICAL LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Sun Biomedical Limited (the Company), which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Sun Biomedical Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 Company'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 Sun Biomedical 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

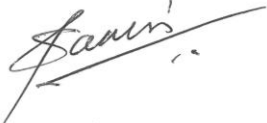
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Sun Biomedical Limited on 26 February 2015.

*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 Sun Biomedical Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company'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.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*  


**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
26 February 2015

## Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134 '*Interim Financial Reporting*' and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors



**Howard Digby**  
**Chairman**

26 February 2015  
Perth, Western Australia

## Statement of profit or loss and other comprehensive income for the half-year ended 31 December 2014

	Note	Company	Consolidated
		Half-year ended	
		31 Dec 2014	31 Dec 2013
		\$	\$
<b>Continuing operations</b>			
Revenue	3	17,012	24,939
Other income	4	12,452	21,573
Research and development expenses		(172,697)	(45,893)
Business development expenses		(25,776)	(76,405)
Commercialisation expenses		(15,255)	(20,497)
Corporate administration expenses		(138,410)	(146,810)
<b>Loss before income tax</b>		<b>(322,674)</b>	<b>(243,093)</b>
Income tax benefit (research and development rebate)		55,870	-
<b>Loss for the period attributable to Owners of Sun Biomedical Limited</b>		<b>(266,804)</b>	<b>(243,093)</b>
<b>Other comprehensive income, net of income tax</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<b>Other comprehensive income for the period, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(266,804)</b>	<b>(243,093)</b>
<b>Loss and total comprehensive loss attributable to:</b>			
Owners of Sun Biomedical Limited		<b>(266,804)</b>	<b>(243,093)</b>
<b>Loss per share:</b>			
Basic and diluted (cents per share)		0.071	0.073

Condensed notes to the financial statements are included on pages 12 to 14.

## Statement of financial position as at 31 December 2014

	Note	Company	Consolidated
		31 Dec 2014	30 Jun 2014
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents		1,693,385	1,199,254
Trade and other receivables		22,089	14,401
<b>Total current assets</b>		<b>1,715,474</b>	<b>1,213,655</b>
<b>Non-current assets</b>			
Property, plant and equipment		5,447	-
<b>Total non-current assets</b>		<b>5,447</b>	<b>-</b>
<b>Total assets</b>		<b>1,720,921</b>	<b>1,213,655</b>
<b>Current liabilities</b>			
Trade and other payables		26,117	28,231
Provisions		11,266	6,264
<b>Total current liabilities</b>		<b>37,383</b>	<b>34,495</b>
<b>Total liabilities</b>		<b>37,383</b>	<b>34,495</b>
<b>Net assets</b>		<b>1,683,538</b>	<b>1,179,160</b>
<b>Equity</b>			
Issued capital	5	31,057,535	30,286,353
Reserves		157,979	157,979
Accumulated losses		(29,531,976)	(29,265,172)
<b>Total equity</b>		<b>1,683,538</b>	<b>1,179,160</b>

Condensed notes to the financial statements are included on pages 12 to 14.

## Statement of changes in equity for the half-year ended 31 December 2014

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
<b><i>Consolidated</i></b>				
<b>Balance at 1 July 2013</b>	<b>30,286,353</b>	<b>157,979</b>	<b>(28,737,194)</b>	<b>1,707,138</b>
Loss for the period	-	-	(243,093)	(243,093)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(243,093)</b>	<b>(243,093)</b>
<b>Balance at 31 December 2013</b>	<b>30,286,353</b>	<b>157,979</b>	<b>(28,980,287)</b>	<b>1,464,045</b>
<b><i>Company</i></b>				
<b>Balance at 1 July 2014</b>	<b>30,286,353</b>	<b>157,979</b>	<b>(29,265,172)</b>	<b>1,179,160</b>
Loss for the period	-	-	(266,804)	(266,804)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(266,804)</b>	<b>(266,804)</b>
Issue of ordinary shares (refer to note 5)	825,000	-	-	825,000
Share issue costs (refer to note 5)	(53,818)	-	-	(53,818)
<b>Balance at 31 December 2014</b>	<b>31,057,535</b>	<b>157,979</b>	<b>(29,531,976)</b>	<b>1,683,538</b>

Condensed notes to the financial statements are included on pages 12 to 14.

## Statement of cash flows for the half-year ended 31 December 2014

	Note	Company	Consolidated
		Half-year ended	
		31 Dec 2014	31 Dec 2013
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(145,460)	(162,315)
Research and development costs paid		(210,728)	(142,795)
Interest received		16,697	27,458
Research and development tax refund received		55,870	-
Net cash (used) in operating activities		(283,621)	(277,652)
<b>Cash flows from investing activities</b>			
Proceeds from sale of equity investments		12,452	115,625
Proceeds from redemption of loan investments		-	500,000
Payments for property, plant and equipment		(5,882)	-
Net cash provided by investing activities		6,570	615,625
<b>Cash flows from financing activities</b>			
Proceeds from equity instruments of the Company	5	825,000	-
Payment for share issue costs	5	(53,818)	-
Net cash provided by financing activities		771,182	-
<b>Net increase in cash and cash equivalents</b>			
		<b>494,131</b>	<b>337,973</b>
Cash and cash equivalents at the beginning of the period		1,199,254	1,152,511
<b>Cash and cash equivalents at the end of the period</b>		<b>1,693,385</b>	<b>1,490,484</b>

Condensed notes to the financial statements are included on pages 12 to 14.



## Condensed notes to the financial statements for the half-year ended 31 December 2014

### 1. Significant accounting policies

#### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial statements of the Company for the year ended 30 June 2014 together with any public announcements made during the following half year.

The half-year financial report was authorised for issue by the directors on 26 February 2015.

#### Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### Significant accounting judgements and key estimates

The preparation of interim financial statements requires management to make judgements, 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 these half-yearly statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial report for the year ended 30 June 2014.

#### Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include:

- AASB 1031 '*Materiality*' (2013)
- AASB 2012-3 '*Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*'
- AASB 2013-9 '*Amendments to Australian Accounting Standards*' – Part B: '*Materiality*'

**Impact of the application of AASB 1031 'Materiality' (2013)**

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the Company's financial statements.

**Impact of the application of AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'**

The Company has applied the amendments to AASB 132 for the first time in the current year. The amendments to AASB 132 clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements. The Company has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments does not have any material impact on the amounts recognised in the Company's financial statements.

**Impact of the application of AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'**

This amending standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, at the same time it makes various editorial corrections to Australian Accounting Standards as well. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Company's financial statements.

**2. Segment information**

The Company operates in one business segment and one geographical segment, namely the development of occupational drug testing devices and new therapeutic agents in Australia. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The revenue and results of this segment are those of the Company as a whole and are set out in the statement of profit or loss and other comprehensive income. The segment assets and liabilities are those of the Company and set out in the statement of financial position.

**3. Revenue**

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	\$	\$
Interest income	17,012	18,828
Commission received	-	6,111
	<b>17,012</b>	<b>24,939</b>

**4. Other income**

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	\$	\$
Profit from sale of shares	12,452	21,573
	<b>12,452</b>	<b>21,573</b>

## 5. Issued capital

### Fully paid ordinary shares

Issued capital as at 31 December 2014 amounted to \$31,057,535 (413,640,008 fully paid ordinary shares) (30 June 2014: \$30,286,353 (331,140,008 fully paid ordinary shares)). During the half-year ended 31 December 2014, the Company issued 82,500,000 ordinary shares at \$0.01 each for \$825,000. Costs associated with the issue amounted to \$53,818. There were no movements in the ordinary share capital in the prior half-year ended 31 December 2013.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

## 6. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2014 annual financial report.

Key management personnel continue to receive compensation in the form of short term employee benefits, post-employment benefits and share-based payments.

## 7. Dividends

No dividends were paid or declared for the half-year ended 31 December 2014 and the directors have not recommended the payment of a dividend.

## 8. Commitments and contingencies

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report. As at 31 December 2014, the Company has no significant commitments.

## 9. Subsidiaries

Effective 1 July 2014, the board decided to de-consolidate its subsidiaries on the basis that these subsidiaries were dormant. The dormant Australian subsidiaries were de-registered on 22 October 2014. As at the date of this report, the Company does not have any subsidiaries.

## 10. Subsequent events

There has not been any matter or circumstance, other than that referred to below, that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

(i) Pursuant to the announcement made on 24 February 2015, the Company has invested \$100,000 in a technology venture accelerator/incubator program out of Western Australia.