RHINOMED

Appendix 4E – Preliminary Final Report

(ASX Listing rule 4.3A)

Company Name:	Rhinomed Limited, formerly Consegna Group Limited (the 'Group')
ABN:	12 107 903 159
Reporting Period:	Financial year ended 30 June 2014
Previous Reporting Period:	Financial year ended 30 June 2013

Results for Announcement to the Market

The results of Rhinomed Limited for the year ended 30 June 2014 are as follows:

Revenue from ordinary activities	Up	100%	to	$210,854
Loss after tax attributable to members	Down	82%	to	($3,534,577)
Net loss for the period attributable to members	Down	82%	to	($3,534,577)

Brief explanation of figures reported above

Revenue from continuing operations comprises sales revenue for the Group's inaugural product, the Turbine which was launched during the year.

The loss for the Group after income tax for the reporting period was $3,534,577 (2013: $19,559,713).

For further details relating to the current period's results, refer to the Review of Operations contained within this document. No change to the Group's structure occurred during the year.

Dividends

No dividends have been paid or declared by the Group since the beginning of the current reporting period. No dividends were paid for the previous reporting period. No dividend reinvestment plan exists.

Net Tangible Assets

	30 June 2014	30 June 2013
Net Tangible Assets/(Liabilities)	$1,703,653	$776,737
Shares (No.)	395,379,445	293,752,461
Net Tangible Assets/(liabilities) – (cents)	0.431	0.264

Status of Audit of Accounts

This Appendix 4E is based on accounts which have been audited. The audit report is included within the financial report which accompanies this Appendix 4E. These accounts are prepared in accordance with Australian Accounting Standards.

Rhinomed Limited

(formerly Consegna Group Limited)

ABN 12 107 903 159

Annual Financial Report
For the Year Ended 30 June 2014

Contents

Corporate Directory

AUSTRALIAN COMPANY NUMBER (ACN)
107 903 159

Rhinomed Limited is a Public Company Limited by shares and is domiciled in Australia.

DIRECTORS

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

EXECUTIVE DIRECTOR
Mr Michael Johnson

COMPANY SECRETARIES
Mr Phillip Hains
Mr Justyn Stedwell

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AUDITORS
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WEBSITE
www.rhinomed.com.au

SECURITIES QUOTED

Australian Securities Exchange
- Ordinary Fully Paid Shares (Code: RNO)

- Listed Options over Ordinary Fully Paid Shares (Code: RNOO) exercisable at $0.125 per option on or before 31 December 2014

- Listed Options over Ordinary Fully Paid Shares (Code: RNOOA) exercisable at $0.06 per option on or before 30 April 2017

Directors' Report

The directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of Rhinomed Limited (formerly Consegna Group Limited) (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended and as at 30 June 2014.

Directors
The following persons were directors of Rhinomed Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Johnson
Eric Knight (appointed 12 February 2014)
Lord Simon Reading (resigned 17 March 2014)
Martin Rogers
Brent Scrimshaw (appointed 12 February 2014)

Principal activities
The Group's principal activities in the course of the financial year were research, development and commercialisation of consumer and medical devices. There were no significant changes in the nature of the Group's principal activities during the financial year.

Dividends paid or recommended
No dividends were paid or proposed during the year. (2013: Nil).

Operating and financial review

Results

The Group reported a loss of $3.5M for the financial year, down from $19.6M for the previous financial year. The previous year's loss included the significant write down in the value of the Vibrovein technology ($10M) and the recognition of the disposal of the Aspen Medisys technology ($5.4M). Included in the current year results is $210,854 of revenue for sales of the company's inaugural Turbine product released in November 2013 and launched in January 2014.

Operations

During the year the Group successfully launched its first application of the *BreatheAssist* technology platform, the Turbine for the global sports market. This was achieved while adhering to a policy of tight fiscal management focusing solely on shareholder's value. The Turbine is an internal nasal dilator that can boost airflow by an average of 38 percent in athletic performance and which is now being widely adopted by athletes globally.

***BreatheAssist* technology platform**

Successful activities to further the progress of the *BreatheAssist* technology platform included:

- Development and adoption of a brand for the company's lead technology for the sport and exercise market - theTurbine
- Assessment of manufacturing options and the appointment of a global manufacturing partner, Chinamed. This will allow the company to seamlessly scale up production to meet all future demand for the Turbine product.
- Completion of the Turbine 1.0 design, commencement of tooling and initial building of inventory.
- Development of the Turbine marketing strategy and launch program in preparation for the January 2014 consumer rollout
- The launch of the websites Rhinomed.com.au and theturbine.com
- The release of Turbine 1.0 technology
- Agreements to partner with the 2014 Santos Tour Down Under, Jayco Herald Sun Tour, and the Melbourne leg of the Asia Pacific Iron Man triathlon. These gave the company the unique opportunity to introduce the technology to the world's elite cyclists and cycling te

- An independent high performance cyclist trial (Ridewiser) that revealed significant improvements in energy, power and distance outputs using Turbine
- Continued scoping of the sleep and snoring product development programs
- Continued scoping of the Group's drug delivery program

Vibrovein

During the year, the company began to assess opportunities for a clear intellectual property position for the Vibrovein hypodermic syringe asset. This included:

- Development of a new prototype Vibrovein device
- Submission of a new global patent application that aims to secure shareholder's value from the technology
- Recalibration of the accuracy clinicians can expect from the product
- Launching a new commercialisation strategy for the technology.

Corporate

The company continued reengineering the business during the year which included the change of name to Rhinomed Limited (ASX: RNO). Approved by shareholders at the company's AGM, the name change articulates the company's intent and prospects: a leading player in the respiratory and rhinology—nose-related medicine—markets.

During the year the company received research and development tax rebates for the previous two financial years of $898,178.

To further supplement the company's working capital, capital raisings during the year raised $3.5M before costs.

In February 2014, Brent Scrimshaw and Dr Eric Knight were appointed as Non-Executive Directors of the company. They bring extensive international experience in building innovative, high-growth businesses across the healthcare, technology and sports industries to the company.

Fundamental to consolidating the company is wrapping talented and experienced people around the technology. During the year the company added key personnel, among them Dr Mitch Anderson as our Sports Medical Advisor.

During the year the company sold 75% of its 29% investment in Imugene Limited (ASX:IMU). The shares had been held in escrow until July 2013. The Board decided to realize the value of the holding following an announcement by IMU in September 2013 to discontinue the Linguet ibuprofen program.

Financial Position

The Group's net assets increased by $0.886M (16%) compared with the previous year to $6.56M. As at 30 June 2014, the company had cash reserves of $1.451M an increase of $1.128M on the previous financial year end. The overall reduction in other receivables for the year reflects the receipt of $517,205 research and development tax rebate. The net carrying value of the Group's intangible assets of $4.9M remains consistent with the previous year after allowing for additions and amortisation charges. Other financial liabilities were reduced to nil during the year following the conversion of the $175,000 convertible security under the funding facility with Lind Partners, LLC.

Business Strategy and Future Prospects

Overall business strategy

The Group's strategy is to use its BreatheAssist technology to target significant commercial opportunities. The initial entry market is the global sport and exercise market. Using the Turbine brand, the company is seeking to position itself as a premium provider of solutions to the problems encountered with breathing during sport and exercise. From this entry point, the company will leverage its branding and awareness into the sleep, well-being and drug delivery markets.

The global sports market program kicked off in January 2014 through partnerships with two major cycling events and an international triathlon. The three created a powerful first impression in the eyes of the global cycling and athletics elite.

The Group continues to concentrate on building the premium Turbine brand. This is achieving traction through further partnerships, including an international fitness chain, and the appointment of high profile sports ambassadors to champion the product in prestigious international sports events such as the Tour de France.

Prospects for future financial years

Looking ahead, the company plans to commercialise its BreatheAssist technology in other key markets – sleep, wellbeing and drug delivery.

Development of the sleep product is on track with design and prototypying complete. The company expects to launch the product in the latter half of 2014. The sleep product, which differs significantly from the Turbine, would benefit people who suffer from snoring or disrupted sleep due to night-time nasal congestion. The global 'snoring' market is significant and the company is focused on establishing a premium brand that will provide a platform for the creation of a significant franchise in this market.

Following this entry into the sleep market the company will be conducting development and clinical research to assess the impact of nasal technology on sleep apnoea. By working closely with sleep specialist's and key opinion leaders, the company will seek to bring to market a low invasive and cheaper alternative to the current solution set. Market analysis has indicated that there is a significant opportunity for this type of solution in this market.

The Sumatriptan drug delivery program is underway and during the coming year the company will undertake a bioequivalence trial demonstrating the BreatheAssist technology as a viable drug delivery platform. The company's objective is to accelerate the drug delivery program to take advantage of renewed interest in alternative delivery methods for a range of drugs. The migraine market is dominated by the triptan class of drugs, of which the vast majority are now generic. The current focus is on novel delivery methods as a way of differentiating. We believe that the Rhnomed program, if successful, has significant strategic value to an existing player in this market

The company is also actively identifying opportunities in the broader wellness market. This includes developing solutions that harness the Breatheassist platform and designs and include fragrances and/or scents. Opportunities to target solutions that may ease nasal congestion, lower anxiety, assist relaxation or sleep and potentially act as an appetite suppressant are being considered. The company has in place a process for identifying and prioritising opportunities as they arise.

Beyond 2015, the company plans to continue to develop innovative nasal, respiratory and drug delivery technologies. The company's approach is to focus on identifying significant unmet clinical needs and remaining technology agnostic until such time as a viable and compelling solution can be identified. Rhinomed remains committed to developing and/or acquiring technology that can deliver shareholders value over the long term.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the current period.

Material business risks

The Company is subject to normal business risks, including but not limited to interest rate movements, labour conditions, government policies, securities market conditions, exchange rate fluctuations, and a range of other factors which are outside the control of the Board and Management.

More specific material risks of the biotechnology sector and the Company include, but are not limited to:

- Scientific, technical & clinical – product development requires a high level of scientific rigour, for which the outcomes cannot be known beforehand. Activities are experimental in nature so the risk of failure or delay is material. Key development activities, including clinical trials and product manufacture, are undertaken by specialist contract organisations; and there are risks in managing the quality and timelines of these activities.

- Regulatory – products and their testing, may not be approved by, or be delayed by regulatory bodies whose approvals are necessary before products can be sold in market.

- Financial – the Group currently, and since inception, does not receive sufficient income to cover operating expenses. There is no certainty that additional capital funding may not be required in the future, and no assurance can be given that such funding will be available, if required.

- Intellectual Property (IP) – commercial success requires the ability to develop, obtain and maintain commercially valuable patents, trade secrets and confidential information. Gaining and maintaining the IP across multiple countries; and preventing the infringement of the Group's exclusive rights involves management of complex legal, scientific and factual issues. The Company must also operate without infringing upon the IP of others.

- Commercialisation – the Group relies, and intends to rely, upon corporate partners to market, and in some cases finalise development of its products, on its behalf. There are risks in establishing and maintaining these relationships, and with the manner in which partners execute on these collaborative agreements.

- Product acceptance & competiveness – a developed product may not be considered by key opinion leaders or the end customer to be an effective alternative to products already on market, or new superior future products may be preferred.

- Product liability – a claim or product recall would significantly impact the Company. Insurance, at an acceptable cost, may not be available or be adequate to cover liability claims if a marketed product is found to be unsafe.
- Key personnel – the Group's success and achievements against timelines depend on key members of its highly qualified, specialised and experienced management and scientific teams. The ability to retain and attract such personnel is important.

In accordance with good business practice the Group's management actively and routinely employs a variety of risk management strategies. These are broadly described in the Corporate Governance Statement.

Information on directors

The names of directors in office at any time during or since the end of the year are:

Mr Michael Johnson	**Executive Director**
Experience and expertise	Mr Johnson is also a director of Melbourne based Cogentum, one of Australia's leading market oriented strategic advisory firms based in Melbourne, Australia. Over the last 20 years Mr Johnson has worked in and for a wide spectrum of companies from ASX300 through to start-up companies in Life Sciences, Cleantech, Financial Services, Energy and Utilities, Manufacturing, Marketing and Communication, Automotive, and Consumer packaged goods. His most recent work has focused on helping companies envision and create new growth and innovation, manage and grow technology platforms and achieve sustainable growth through business model innovation. Mr Johnson has been a Principal at two leading global consulting firms where he advised on innovation and competing in heavily regulated industries. Before that he held roles within some of the world's most successful marketing and communication firms. Where he launched a number of high profile new products and brands. Mr Johnson has received a Master's degree in Entrepeneurship and Innovation from Swinburne University and a Bachelor's degree with distinction in business from Monash University.
Date of appointment	1 February 2013
Committees	Member of the Remuneration and Audit Committee
Other listed company directorships in the past 3 years	-
Interest in shares	1,182,442 ordinary fully paid shares
Interest in options	41,273,056 options

Mr Martin Rogers	Non-Executive Chairman
Experience and expertise	Martin Rogers is a successful startup investor and company director. Mr Rogers has Chemical Engineering and Science degrees and has a depth of experience in incubating companies and publicly listed organisations. Mr Rogers has experience in all aspects of financial, strategic and operational management and has helped raise over $100m cash equity. Mr Rogers has been both an investor and senior executive in a private funded advisory business in the science and biotechnology sectors, where he was instrumental in significantly increasing the value of those investments. Mr Rogers also holds a number of not-for-profit roles.
Date of appointment	3 September 2012
Other listed company directorships in the past 3 years	OncoSil Medical Limited, Cellmid Limited, Prima Biomed Limited and Actinogen Limited.
Committees	Member of the Remuneration and Audit Committee
Interest in shares	3,000,001 ordinary fully paid shares
Interest in options	35,300,000 options

Dr Eric Knight	Non-Executive Director
Experience and expertise	Dr. Eric Knight brings a depth of experience in corporate strategy and management, having previously worked for the Boston Consulting Group. He specialised in rapid transformations and corporate innovation in the healthcare, digital media, and public sector sectors. In digital marketplaces, he was intimately involved in integrating the sports broadcast and editorial assets inside one of the country's largest media organisations, and in driving digital subscriptions under a pay wall. Dr. Knight draws upon his expansive corporate strategic and management expertise, across healthcare, sports and digital organisations. He is currently leading the business and entrepreneurship programs at the University of Sydney Business School.
Date of appointment	12 February 2014
Other listed company directorships in the past 3 years	-
Committees	Chair of the Audit Committee Member of the Remuneration Committee
Interest in shares	333,000 ordinary fully paid shares
Interest in options	10,000,000 options

Mr Brent Scrimshaw	**Non-Executive Director**
Experience and expertise	Mr. Scrimshaw brings a unique understanding of the requirements of building disruptive brands and businesses worldwide. During a 19-year career with Nike Inc. where he became Vice President and Chief Executive of Western Europe and a member of the global corporate leadership team, he was responsible of many of Nike's major growth and brand strategies. He is also a non-executive director of Fox Head Inc, one of the world's leading Motocross and Action Sports brands in California, USA.
Date of appointment	12 February 2014
Other listed company directorships in the past 3 years	-
Committees	Chair of the Remuneration Committee Member of the Audit Committee
Interest in shares	330,605 ordinary fully paid shares
Interest in options	10,000,000 options

Lord Simon Reading	**Non-Executive Director**
Experience and expertise	Lord Reading has been a long-standing member of the House of Lords in the United Kingdom, a member of the London Stock Exchange, he has chaired numerous public company boards throughout the globe and is currently a director and /or trustee of several overseas funds and world recognised high profile charitable organisations.
Date of appointment	1 March 2012
Date of resignation	17 March 2014

Mr Phillip Hains	**Chief Financial Officer and Joint Company Secretary**
Experience and expertise	Mr. Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 20 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants.
Date of appointment	24 December 2012
Interest in shares	9,234,142 ordinary fully paid shares
Interest in options	11,350,000 options

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each board committee held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Full Board		Audit Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Michael Johnson	5	5	2	2	1	1
Eric Knight	3	3	1	1	-	-
Lord Simon Reading	2	2	1	1	1	1
Martin Rogers	5	5	2	2	1	1
Brent Scrimshaw	3	3	1	1	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Relationship between remuneration policy and group performance
F. Key management personnel disclosure

A Principles used to determine the nature and amount of remuneration

Principles of Compensation

The Board's policies for determining the amount and nature of compensation of key management personnel of the Group are as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, specific experience of the individual, the individual's performance and contribution to the Group and the overall performance of the Group.

The compensation structure of individual key management personnel is embodied in individual service contracts that include incentives designed to reward key management personnel for results achieved and to retain their services, as well as to create goals congruence between directors, executives and shareholders. The Board's policy for determining remuneration is based on the following:

I. The policy is developed by and approved by the board;
II. All Key Management Personnel ("KMP") receive a base remuneration;
III. Performance incentives are generally only paid once predetermined key performance indicators (KPI's) have been met;
IV. Incentives paid in the form of options are designed to align the interests of the directors and company with those of shareholders.

All remuneration paid to KMP is valued at the cost to the Group and expensed. KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interest with shareholders.

Fixed Remuneration
Fixed compensation consisted of a base salary (calculated on a total cost basis, including any fringe benefits tax related to employee benefits) as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Remuneration Committee through a process that considers individual and Group's achievement.

Performance linked remuneration
Performance linked compensation includes short term incentives (STI), in the form of cash bonuses paid only upon the achievement of predetermined KPIs.

Long term incentives (LTI) provided are options over ordinary shares in the Company.

Performance remuneration is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. Incentive based payments may be granted to executives based on specific annual targets and KPI being achieved. KPI's include financial and/or operational performance targets. In addition, equity payments in the form of share options may be issued to KMP to further align their interests with the performance of the Group.

Short term incentive Bonus (STI)
STI bonuses were granted to the Executive Director and Chairman upon achievement of KPIs during the financial year ended 30 June 2014. No STI bonuses were granted to KMP during the financial year ended 30 June 2013.

Long term incentives (LTI)
Options granted to KMP during the financial year ended 30 June 2014 are shown in item D of this remuneration report. They vested on granting.

Relationship between the remuneration policy and the Group's performance

The remuneration of executives consists of an unrisked element (base pay) and cash bonuses based on performance in relation to key strategic, non-financial measures linked to drivers of performance in future reporting periods. As such, remuneration is not linked to the financial performance of the Group in the current or previous reporting periods.

B Details of remuneration

Amounts of remuneration

The key management personnel of the consolidated entity consisted of the following directors of Rhinomed Limited:

- Michael Johnson – Executive Director
- Martin Rogers – Non-Executive Chairman
- Brent Scrimshaw – Non-Executive Director (appointed 12 February 2014)
- Eric Knight – Non-Executive Director (appointed 12 February 2014)
- Lord Simon Reading – Non-Executive Director (resigned 17 March 2014)

And the following person:

- Phillip Hains – Joint Company Secretary and Chief Financial Officer

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

2014	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Value of remuneration
	Cash salary and fees $	Bonus $	Non-monetary $	Super - annuation $	Long service leave $	Equity-settled $	Total $	not related to performance
Non-Executive Directors:								
Martin Rogers	84,000	-	-	15,000	-	202,790	**301,790**	33%
Brent Scrimshaw	21,053	-	-	1,947	-	202,790	**225,790**	10%
Eric Knight	21,053	-	-	1,947	-	202,790	**225,790**	10%
Lord Simon Reading	65,000	-	-	-	-	-	**65,000**	100%
Executive Directors:								
Michael Johnson	194,053	25,000	-	7,197	-	202,790	**429,040**	47%
Other Key Management Personnel:								
Phillip Hains	87,440	-	-	-	-	74,286	**161,726**	100%
	472,599	**25,000**	**-**	**26,091**	**-**	**885,446**	**1,409,136**	

2013	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Value of remuneration
	Cash salary and fees $	Bonus $	Non-monetary $	Super - annuation $	Long service leave $	Equity-settled $	Total $	not related to performance
Non-Executive Directors:								
Martin Rogers	71,636	-	-	-	-	566,160	**637,796**	11.23%
Lord Simon Reading	50,807	-	-	-	-	235,900	**286,707**	17.72%
Brendan Fleiter	23,333	-	-	-	-	-	**23,333**	100%
Rod Tomlinson	14,000	-	-	-	-	-	**14,000**	100%
Executive Directors:								
Fabio Pannuti	250,705	-	-	-	-	-	**250,705**	100%
Michael Johnson	60,000	-	-	-	-	707,700	**767,000**	7.82%
Other Key Management Personnel:								
Dr Nicholas Ede	148,104	-	-	-	-	-	**148,104**	100%
Andrew Ellem	60,000	-	-	-	-	-	**60,000**	100%
Justyn Stedwell	16,700	-	-	-	-	-	**16,700**	100%
Phillip Hains	52,000	-	-	-	-	301,900	**353,900**	14.69%
	747,285	**-**	**-**	**-**	**-**	**1,811,660**	**2,558,245**	

C Service agreements

Executives

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Michael Johnson
Title: Executive Director appointed 1 February 2013
Term of Agreement: Standard rolling agreement (no fixed term)

Details: Rhinomed Limited Limited has a contract with Cogentum Pty Limited, a market strategy and commercialisation advisory firm who provide other strategic consulting services to the Group. Details of these transactions are outlined in note 23 of the financial statements. The services of Executive Director, Michael Johnson were provided through this contract until October 2013. After that date the employment conditions of Michael Johnson were formalised in a contract of employment. This contract stipulates a salary of $180,000 including superannuation and a termination period of three months. As a KMP, Mr Johnson is entitled to participate in the Group's employee share option plans.

Name: Phillip Hains
Title: Chief Financial Officer and Joint Company Secretary appointed 24 December 2012
Term of Agreement: Standard rolling agreement (no fixed term)

Details: Rhinomed Limited has a contract with The CFO Solution, a specialist public practice, focusing on providing back office support, financial reporting and compliance systems for listed public companies. Through this contact the services of Mr Phillip Hains, Mr Justyn Stedwell (from 1 January 2013) were provided. The contract commenced on 24 December 2013 and can be terminated with three months' notice of either party. As a KMP, Mr Hains may be entitled to participate in the Group's employee share option plans.

Non-executive Directors

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations is separate and distinct.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board of Directors. The Board of Directors considers advice from external sources as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the company.

The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration.

The base fee for a non-executive director is presently $60,000 pa and for the non-executive chairman $84,000 pa, plus GST.

Directors' fees cover all main board activities and committee memberships.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D *Share-based compensation*

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below:

Name	Date	No. of shares	Issue price $
Phillip Hains	11/04/2014	2,857,142	$0.026

Options

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below:

	Number of options granted during the year		Number of options vested during the year	
Name	**2014**	**2013**	**2014**	**2013**
Phillip Hains	-	10,000,000	-	10,000,000
Michael Johnson	10,000,000	30,000,000	10,000,000	30,000,000
Eric Knight	10,000,000	-	10,000,000	-
Lord Simon Reading	-	10,000,000	-	10,000,000
Martin Rogers	10,000,000	24,000,000	10,000,000	24,000,000
Brent Scrimshaw	10,000,000	-	10,000,000	-
	40,000,000	**74,000,000**	**40,000,000**	**74,000,000**

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
11/04/2014	11/04/2014	30/04/2017	$0.065	$0.020279

Options granted carry no dividend or voting rights and the value of the grant was determined in accordance with applicable Australian Accounting Standards.

There have been no alterations to the terms or conditions of any grants since grant date. All options granted entitle the holder to one ordinary share for each option exercised.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below:

Name	Value of options granted during the year * $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
Phillip Hains	-	-	-	-
Michael Johnson	202,790	-	-	47%
Eric Knight	202,790	-	-	90%
Lord Simon Reading	-	-	-	-
Martin Rogers	202,790	-	-	67%
Brent Scrimshaw	202,790	-	-	90%
	811,160	**-**	**-**	

**Options values at grant date are determined using the Binomial method.*

E Relationship between the remuneration policy and Group performance

As detailed under heading A, remuneration of executives consists of an unrisked element (base pay) and cash bonuses based on performance in relation to key strategic, non-financial measures linked to drivers of performance in future reporting periods. As such, remuneration is not linked to the financial performance of the Group in the current or previous reporting periods.

The tables below set out summary information about the Group's earnings and movement in shareholder wealth for the five years to 30 June 2014:

	30 June 2014 $	30 June 2013 $	30 June 2012 $	30 June 2011 $	30 June 2010 $
Revenue	291,069	300,500	5,515,748	-	-
Net loss before tax	(3,922,702)	(20,226,248)	(1,308,494)	(1,128,712)	(858,411)
Net loss after tax	(3,534,577)	(19,559,713)	(1,308,494)	(1,128,712)	(858,411)

No dividends have been paid for the five years to 30 June 2014.

	30 June 2014 $	30 June 2013 $	30 June 2012 $	30 June 2011 $	30 June 2010 $
Share price at start of the year	$0.030	$0.40	$0.55	$0.38	$0.68
Share price at end of year	$0.023	$0.03	$0.40	$0.55	$0.38
Basic and diluted loss per share (cents)	1.00	8.20	0.98	1.80	5.00

Directors' Report *(continued)*

F. Key Management Personnel Disclosures

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Balance at date of appointment	Received as part of remuneration	Additions	Disposals/ other	Balance at date of resignation	Balance at the end of the year
2014							
Ordinary shares							
Michael Johnson	872,499	-	-	309,943	-	-	1,182,442
Martin Rogers	2,100,000	-	-	900,001	-	-	3,000,001
Lord Simon Reading	-	-	-	315,000	-	315,000	-
Brent Scrimshaw	-	-	-	330,605	-	-	330,605
Eric Knight	-	-	-	333,000	-	-	333,000
Phillip Hains	4,350,000	-	2,857,142	2,027,000	-	-	9,234,142
	7,322,499	**-**	**2,857,142**	**4,215,549**	**-**	**315,000**	**14,080,190**

	Balance at the start of the year	Balance at date of appointment	Received as part of remuneration	Additions Pre-consolidation	Disposals/ other	Balance at date of resignation	Balance pre-consolidation 10/04/2013	Balance consolidated 1:5 basis	Additions Post-consolidation	Disposals Post-consolidation	Balance at the end of the year
2013											
Ordinary shares											
Michael Johnson	-	12,500	-	3,750,000	-	-	3,762,500	752,500	119,999	-	872,499
Fabio Pannuti	74,312,763	-	-		-	74,312,763	-	-	-	-	-
Lord Simon Reading	-	-	-		-	-	-	-	-	-	-
Martin Rogers	-	3,000,000	-	7,500,000	-	-	10,500,000	2,100,000	-	-	2,100,000
Justyn Stedwell	-	-	-		-	-	-	-	-	-	-
Phillip Hains	-	-	16,500,000	3,750,000	-	-	20,250,000	4,050,000	3,600,000	(3,300,000)	4,350,000
Rod Tomlinson	24,434,488	-	-		-	24,434,488	-	-	-	-	-
	98,747,251	**3,012,500**	**16,500,000**	**15,000,000**	**-**	**98,747,251**	**34,512,500**	**6,902,500**	**3,719,999**	**(3,300,000)**	**7,322,499**

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	**Balance at date of appointment**	**Granted and Vested**	**Exercised**	**Expired/ forfeited/**	**Balance at date of resignation**	**Balance at the end of the year***
2014							
Options over ordinary shares							
Phillip Hains	11,350,000	-	-	-		-	11,350,000
Michael Johnson	31,273,056	-	10,000,000	-		-	41,273,056
Lord Simon Reading	10,000,000	-	-	-		10,000,000	-
Martin Rogers	25,300,000	-	10,000,000	-		-	35,300,000
Brent Scrimshaw	-	-	10,000,000	-		-	10,000,000
Eric Knight	-	-	10,000,000	-		-	10,000,000
	77,923,056	**-**	**40,000,000**	-		**10,000,000**	**107,923,056**

	Balance at the start of the year	**Balance at date of appointment**	**Granted and Vested**	**Exercised**	**Expired/ forfeited/**	**Balance at date of resignation**	**Balance pre-consolidation 10/04/2013**	**Balance consolidated 1:5 basis**	**Acquired post-consolidation**	**Balance at the end of the year***
2013										
Options over ordinary shares										
Phillip Hains	-	-	50,000,000	-	-	-	50,000,000	10,000,000	1,350,000	11,350,000
Michael Johnson	-	5,000,000	150,000,000	-	-	-	155,000,000	31,000,000	273,056	31,273,056
Fabio Pannuti	20,000,000	-		-	-	20,000,000	-	-	-	-
Lord Simon Reading	-	-	50,000,000	-	-	-	50,000,000	10,000,000	-	10,000,000
Martin Rogers	-	3,000,000	120,000,000	-	-	-	123,000,000	24,600,000	700,000	25,300,000
Justyn Stedwell	5,000,000	-	-	-	-	-	5,000,000	1,000,000	-	1,000,000
Rod Tomlinson	10,000,000	-	-	-	-	10,000,000	-	-	-	-
	35,000,000	**8,000,000**	**370,000,000**	-	-	**30,000,000**	**383,000,000**	**76,600,000**	**2,323,056**	**78,923,056**

**all options fully vested and exercisable at the end of the year.*

Related party transactions
Disclosures relating to key management personnel are set out in note 19 and the remuneration report in the directors' report.

		Consolidated	
		30-Jun-14	30-Jun-13
	Note	$AUD	$ AUD
Transactions with related parties			
The following transactions occurred with the following related parties:			
Payment for goods and services*:			
Cogentum Limited	(i)	93,666	86,567
Inverness Group Holdings Pty Ltd	(ii)	-	168,019
MV Anderson	(iii)	-	9,500

**excludes cash salaries and directors fees which are disclosed in note 19.*

Provision of Convertible Loan Facility:
The company has a Share Purchase and Convertible Security Agreement with Australian Special Opportunity Fund, LP, which is managed by Lind Partners, LLC of which Mr Martin Rogers is an advisor during the period. Refer to note 14 for details.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

		Consolidated	
		30-Jun-14	30-Jun-13
	Note	$AUD	$ AUD
Current (payables)/receivables:			
Cogentum Pty Limited	(i)	-	(25,604)
MV Anderson		-	(10,230)

(i) Cogentum Pty Limited, a company associated with Mr Michael Johnson, provided consulting services to the Group during the year.

(ii) Inverness Group Holdings, a company associated with Mr Fabio Pannuti, provided corporate, consulting and administrative services and office premises to the company in the prior year.

(i) All amounts paid to the CFO Solution, of which Mr Phillip Hains is the principal are disclosed in note 19.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Rhinomed Limited under option as at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
11/11/2010	30/06/2015	$0.050	5,000,000
2/11/2011	31/12/2014	$0.125	6,060,000
29/11/2011	7/12/2014	$0.250	4,000,000
29/11/2011	7/12/2014	$0.500	4,000,000
23/12/2011	31/12/2014	$0.225	6,000,000
29/02/2012	28/02/2015	$0.150	1,200,000
13/07/2012	17/07/2015	$0.118	2,000,000
20/07/2012	28/02/2015	$0.150	4,000,000
3/04/2013	30/04/2017	$0.060	90,000,000
3/04/2013	11/05/2015	$0.200	796,150
27/05/2013	30/04/2017	$0.060	95,400,000
18/11/2013	30/04/2017	$0.060	15,250,000
11/04/2014	30/04/2017	$0.060	2,500,000
11/04/2014	30/04/2017	$0.065	40,000,000
			276,206,150

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate. There have been no unissued shares or interest under option of any controlled entity within the Group during or since the end of the reporting period.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Environmental issue

The Group's operations are not affected by environmental regulations in Australia.

Directors' Report

Events after the reporting date
There were no significant events occurring since the end of the financial year that have not been disclosed elsewhere in this report.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 20 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

There are no officers of the company who are former audit partners of HLB Mann Judd.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Auditor
HLB Mann Judd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report, incorporating the audited remuneration report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001.*

On behalf of the directors

Michael Johnson
Director

Melbourne
27 August 2014

Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Rhinomed Limited (formerly Consegna Group Limited) for the year ended 30 June 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Rhinomed Limited (formerly Consegna Group Limited) and to the entities it controlled during the year.

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
27 August 2014

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Corporate Governance Statement

The Board of Directors ('the Board') of Rhinomed Limited (the 'Company') is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Commensurate with the spirit of the ASX Corporate Governance Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where the Company's corporate governance practices depart from the Principles and Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The table below summarises the Company's compliance with the ASX Corporate Governance Council's Principles and Recommendations, in accordance with ASX Listing Rule 4.10.3.

Principles and Recommendations		Compliance	Comply
Principle 1 – Lay solid foundations for management and oversight			
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	The Board is responsible for the overall corporate governance of the Company. The Board has adopted a Board Charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to senior executives. The Board has adopted a Delegations of Authority that sets limits of authority for senior executives. On appointment of a director, the Company issues a letter of appointment setting out the terms and conditions of appointment to the Board.	Complies.
1.2	Disclose the process for evaluating the performance of senior executives.	The Board conducts performance reviews of key management personnel (KMP) when deemed appropriate. The Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. A performance review of KMP was conducted during the 2014 financial year in accordance with this process.	Complies.

Corporate Governance Statement *(continued)*

Principles and Recommendations		Compliance	Comply
1.3	Provide the information indicated in *Guide to reporting on Principle 1.*	A Board Charter has been disclosed on the Company's website and is summarised in this Corporate Governance Statement.	Complies.
		A performance evaluation process is disclosed on the Company's website. A Board performance evaluation was conducted in 2014 in accordance with this process.	Complies.
		The Board conducted a performance evaluation for senior executives in the financial year in accordance with the process above.	Complies.
Principle 2 – Structure the Board to add value			
2.1	A majority of the Board should be independent directors.	The Board assesses whether a director is independent in accordance the ASX Corporate Governance Council's independence guidelines. The Board consists of a majority of independent directors with three of four current directors being independent.	Complies.
2.2	The chair should be an independent director.	Martin Rogers is the Chairman and is an independent Non-Executive Director.	Complies.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Martin Rogers is the Chairman and Michael Johnson is the Managing Director.	Complies.

Principles and Recommendations		Compliance	Comply
2.4	The Board should establish a nomination committee.	The Company has established a Remuneration Committee which is responsible for the Nomination of Directors. The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company. The Board supports the nomination and re-election of the directors at the Company's forthcoming Annual General Meeting.	Complies.
2.5	Disclose the process for evaluating the performance of the Board, its committee and individual directors.	The Company conducts the process for evaluating the performance of the Board, its committees and individual directors as outlined on the Company's website.	Complies.
2.6	Provide the information indicated in the *Guide to reporting on Principle 2.*	Unless stated below, the information has been disclosed, where applicable, in the directors' report attached to the Corporate Governance Statement. A director is considered independent when that director satisfies the test for independence as set out in the ASX Corporate Governance Recommendations. Martin Rogers, Brent Scrimshaw and Dr. Eric Knight are independent directors. Lord Simon Reading, who resigned as a director in March 2014 was also an Independent director. Michael Johnson is an Executive Director and therefore is not independent. Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior Consultation with the Chairman. A copy of any such advice received is made available to all members of the Board. Further details of the Company's directors are disclosed in the director's report attached to this Corporate Governance Statement. Other disclosure material on the Structure of the Board has been made available on the Company's website.	Complies.

Corporate Governance Statement *(continued)*

Principles and Recommendations		Compliance	Comply
Principle 3 – Promote ethical and responsible decision making			
3.1	Establish a code of conduct and disclose the code or a summary of the code.	The Board has adopted a Code of Conduct. The Code of Conduct establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. The Code of Conduct is available on the Company's website.	Complies.
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	The Board has adopted a Diversity Policy that outlines the objectives in relation to gender, age, cultural background and ethnicity. Rhinomed is an equal opportunity employer and aims to recruit staff at all levels from as diverse a pool of qualified candidates as reasonably possible based on their skills, qualifications and experience. The Diversity Policy is available on the Company's website.	Complies.
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	The Company is currently satisfied with the level of diversity within the organization and in senior management positions and therefore has not set specific measurable objectives in regards to gender diversity. However, the Company does intend to maintain or increase the level of gender diversity within the organisation in the future.	Non-Compliant.
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The proportion of women employees in the consolidated entity as at 30 June 2014 are as follows: Women on the board: 0 of 4 (0%) Women in senior executive positions: 3 of 5 (60%) Women in the organisation: 4 of 10 (40%)	Complies.
3.5	Provide the information indicated in *Guide to reporting on Principle 3*	The Code of Conduct and Diversity Policy has been disclosed on the Company's website and is summarised in this Corporate Governance Statement.	Complies.
		The measureable objectives for achieving gender diversity and progress towards achieving them is disclosed in this Corporate Governance Statement.	Complies.
		The proportion of women in the Company is disclosed in this Corporate Governance Statement.	Complies.

Principles and Recommendations		Compliance	Comply
Principle 4 – Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	The Board has established an Audit Committee which operates under an Audit Committee Charter to focus on issues relevant to the integrity of the Company's financial reporting.	Complies.
4.2	The audit committee should be structured so that it: consists of only non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the Board; and have at least 3 members.	Given the size of the Company and the Board, the Board has assumed the role of Audit Committee, therefore the Audit Committee does not consist of only Non-Executive Directors. Three of four members of the Committee are non-executive directors and independent directors (Martin Rogers, Brent Scrimshaw and Dr. Eric Knight) and one member is executive and not independent (Michael Johnson). The Audit Committee was Chaired by Independent Director, Lord Simon Reading, until his resignation in March 2014. Following the resignation of Lord Simon Reading, the Audit Committee has been chaired by Dr Eric Knight. The Audit Committee did not comply with all Recommendations in section 4.2 as the committee did not consist of only non-executive directors. All other recommendations in section 4.2 were complied with.	Does not comply with one of the recommendations set out in 4.2 as the Audit Committee does not only consist of only Non-Executive Directors. Given the size of the Company and the Board a committee consisting of a majority of Non-Executive and Independent directors is deemed by the Board to be appropriate.
4.3	The audit committee should have a formal charter.	The Board has adopted an Audit Committee Charter. This Charter is available on the Company's website.	Complies.
4.4	Provide the information indicated in *Guide to reporting on Principle 4.*	This information has been disclosed in the directors' report attached to this Corporate Governance Statement and is summarised in this Corporate Governance Statement. The members of the Audit Committee are appointed by the Board and recommendations from the committee are presented to the Board for further discussion and resolution. The number of meetings held by the Audit Committee held is disclosed in the directors' report. The Audit Committee meets at least twice per annum.	Complies.
		The Audit Committee Charter, and information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners, which is determined by the Audit Committee, is available on the Company's website.	

Corporate Governance Statement *(continued)*

Principles and Recommendations		Compliance	Comply
Principle 5 – Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has adopted a Continuous Disclosure Policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001. This policy is available on the Company's website.	Complies.
5.2	Provide the information indicated in the *Guide to reporting on Principle 5.*	The Company's Continuous Disclosure Policy is available on the Company's website.	Complies.
Principle 6 – Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	The Company has adopted a Shareholder Communications Policy. The Company uses its website (www.rhinomed.com), annual report, market announcements and media disclosures to communicate with its shareholders, as well as encourages participation at general meetings. This policy is available on the Company's website.	Complies.
6.2	Provide the information indicated in the *Guide to reporting on Principle 6.*	The Company's Shareholder Communications Policy is available on the Company's website.	Complies.
Principle 7 – Recognise and manage risk			
7.1	Establish policies for the oversight and management and management of material business risks and disclose a summary of these policies.	The Company has adopted a risk management policy. The Audit Committee is responsible for managing risk; however, ultimate responsibility for risk oversight and risk management rests with the Board.	Complies.

Corporate Governance Statement *(continued)*

Principles and Recommendations		Compliance	Comply
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Company has identified key risks within the business. In the ordinary course of business, management monitor and manage these risks. Key operational and financial risks are presented to and reviewed by the Board at each Board meeting. Management has reported to the Board as to the effectiveness of the Company's management of its material business risks.	Complies.
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and chief financial officer (or equivalent) that the declaration 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 efficiently and effectively in all material respects in relation to the financial reporting risks.	The Board has received a statement from the Chief Executive Officer and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	Complies.
7.4	Provide the information indicated in *Guide to reporting on Principle 7.*	As summary of the Company's risk management policy is detailed in this Corporate Governance Statement. The Company has identified key risks within the business and has received a statement of assurance from the Chief Executive Officer and Chief Financial Officer.	Complies.

Principles and Recommendations		Compliance	Comply
Principle 8 – Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	The Board has established a Remuneration Committee and has adopted a Committee Charter.	Complies.
8.2	The remuneration committee should be structured, so that it: consists of a majority of independent directors; is chaired by an independent director; and has at least three members.	The Remuneration is structured in accordance with principle 8.2.	Complies.
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Company complies with the guidelines for executive remuneration packages and non-executive director remuneration. The remuneration structure has been disclosed in the directors' report attached to the Corporate Governance Statement. No senior executive is involved directly in deciding their own remuneration.	Complies.
8.4	Provide the information indicated in *the Guide to reporting on Principle 8.*	The Board has adopted a Remuneration Committee Charter. This Charter is available on the company's website. The Company does not have any schemes for retirement benefits other than superannuation for non-executive directors.	Complies.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Rhinomed Limited, please refer to the Company's website: www.rhinomed.com

Board functions
The Board is ultimately responsible for all matters relating to the running of the Company.

The main task of the Board is to drive the performance of the Company.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board; the Board will oversee the activities of management in carrying out these delegated duties.

The Board has the final responsibility for the successful operations of the Company. Successful operations will usually be manifest by achieving optimum shareholder value. The Board is responsible for articulating the following:

- The objectives and strategic direction of the Company;
- The values of the Company, including how it will treat and interact with all stakeholders;

Corporate Governance Statement *(continued)*

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board will include the following:

1. Leadership of the Organisation: overseeing the Group and establishing codes that reflect the values of the Group;

2. Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Group;

3. Overseeing Planning Activities: the development of the Group's strategic plan;

4. Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy;

5. Company Finances: ensuring there are adequate resources provided to achieve the objectives;

6. Human Resources: establishing appropriate human resource policies and ensuring there are adequate human resources for the Group to be successful;

7. Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Group's occupational health and safety systems to ensure the well-being of all employees;

8. Delegation of Authority: delegating appropriate powers to the CEO and the senior management team to ensure the effective day-to-day management of the Group; and

9. Ensuring there is appropriate Corporate Governance.

Structure of the Board

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

It is intended that the Board should comprise a majority of independent non-executive directors and comprise directors with a broad range of skills, expertise and experience.

The Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence based on that set out in Principle 2 of the ASX Corporate Governance Principles and Recommendations (2nd edition). The Board will review the independence of each director in light of interests disclosed to the Board from time to time. In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Rhinomed Limited are considered to be independent:

Name	Position
Martin Rogers	Non-Executive Director, Chairman
Eric Knight	Non-Executive Director
Brent Scrimshaw	Non-Executive Director

Statement concerning availability of independent professional advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his office as a director, then, provided the director first obtains approval for incurring such expense from the chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

Diversity policy
The Company is committed to providing an inclusive workplace and recognises the value of individuals with diverse skills, values, backgrounds and experiences will bring to the Company. At the core of the Company's diversity policy is a commitment to equality and respect. Diversity is recognising and valuing the unique contribution people can make because of their individual background and different skills, experiences and perspectives. People differ not just on the basis of race and gender, but also other dimensions such as lifestyle, education, physical ability, age and family responsibility.

Securities trading policy
Under the Company's Guidelines for Dealing in Securities Policy, directors, officers and employees of the Company should not trade in the Company's securities when he or she is in possession of price sensitive information that is not generally available to the market.

The Company's policy regarding directors and employees trading in its securities is set by the Board of Directors in the Company's Share Trading Policy. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company within five days of the transaction taking place.

The Securities Trading Policy has been issued to ASX and can be found on the Company's website.

Audit Committee
The Board has established an Audit Committee which operates under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Group. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the Audit Committee during the year are set out in this statement and in the Directors' Report.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' report.

Risk
The responsibility of overseeing risk falls within the Charter of the Audit Committee. The Company identifies areas of risk within the Company and management and the Board continuously undertake a risk assessment of the Company's operations, procedures and processes. The risk assessment is aimed at identifying the following:

- a culture of risk control and the minimisation of risk throughout the Company, which is being done through natural or instinctive process by employees of the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and
- adoption of these practices and procedures to minimise many of the standard commercial risks, i.e. taking out the appropriate insurance policies or ensuring compliance reporting is up to date.

CEO and CFO certification

The Chief Executive Officer and Chief Financial Officer have given a written declaration to the Board required by section 295A of the *Corporations Act 2001* that in their view:

- the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board;
- the Company's risk management and internal compliance and control system is operating effectively in all material respects;
- the Company's financial statements and notes thereto comply with the accounting standards; and
- the Company's financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date.

Performance

The performance of the Board and key executives is reviewed regularly using both measurable and qualitative indicators.

On an annual basis, directors will provide written feedback in relation to the performance of the Board and its Committee against a set of agreed criteria:

- Each Committee of the Board will also be required to provide feedback in terms of a review of its own performance.
- Feedback will be collected by the chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees.
- The Executive Director will also provide feedback from senior management in connection with any issues that may be relevant in the context of Board performance review.
- Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board, in assuming the responsibilities of assessing remuneration to employees, links the nature and amount of executive directors' and officers' remuneration to the Company and consolidated entity's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Company and consolidated entity; and
- performance incentives that allow executives to share in the success of the Company.

For a more comprehensive explanation of the Company's and consolidated entity's remuneration framework and the remuneration received by directors and key executives in the current period, please refer to the remuneration report, which is contained within the directors' report.

There is no scheme to provide retirement benefits to executive or non-executive directors.
The Remuneration and Audit Committee is responsible for determining and reviewing compensation arrangements for the directors themselves and the Executive Director and executive team.

Corporate social responsibility

The Company has embraced responsibility for the Company's actions and encourages a positive impact through its activities on the environment, employees, communities and stakeholders.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

	Note	Consolidated 30-Jun-14 $ AUD	30-Jun-13 $ AUD
Revenue from Continuing Operations		210,854	-
Other income	2	80,215	300,500
Expenses			
Raw materials and consumables used		(56,753)	-
Employee benefits expense		(120,624)	(429,500)
Depreciation and amortisation	3	(240,652)	(7,430)
Impairment of assets	3	(133,000)	(10,093,525)
Fair value adjustment of investment		225,000	(1,027,500)
Other expenses		(3,076,806)	(2,418,001)
Share based payments	29	(811,160)	(1,745,660)
Finance costs	3	(44)	(212,482)
Loss before income tax from continuing operations		**(3,922,970)**	**(15,633,598)**
Income tax benefit	4	388,393	666,535
Loss after income tax from continuing operations		**(3,534,577)**	**(14,967,063)**
Discontinued Operations			
Gain on sale of controlled entity	30	-	926,632
Net loss from discontinued operations	30	-	(50,748)
Write off loan to controlled entity on disposal	30	-	(46,828)
Loss on disposal of controlled entity	30	-	(5,421,706)
Total loss after income tax from discontinued operations		**(3,534,577)**	**(4,592,650)**
Total comprehensive loss after income tax for the year		**(3,534,577)**	**(19,559,713)**
Total comprehensive loss attributable to non-controlling interest		-	-
Total comprehensive loss attributable to owners of the parent entity		(3,534,577)	(19,559,713)
Basic and diluted loss per share (cents per share)	28	1.00	8.20
Basic and diluted loss per share from continuing operations (cents per share)	28	1.00	6.30
Basic and diluted loss per share from discontinued operations (cents per share)	28	1.00	1.90

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2014

		Consolidated	
		30-Jun-14	30-Jun-13
	Note	$ AUD	$ AUD
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,451,833	323,149
Trade and other receivables	6	71,376	676,702
Inventories	7	12,634	-
Other assets	8	219,470	102,061
Total Current Assets		**1,755,313**	**1,101,912**
Non-Current Assets			
Other financial assets	9	376,875	410,000
Property, plant and equipment	10	75,969	26,696
Intangible assets	11	4,857,974	4,898,958
Total Non-Current Assets		**5,310,817**	**5,335,654**
TOTAL ASSETS		**7,066,130**	**6,437,566**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	497,316	534,461
Provisions	13	7,188	-
Other financial liabilities	14	-	227,410
Total Current Liabilities		**504,504**	**761,871**
TOTAL LIABILITIES		**504,504**	**761,871**
NET ASSETS		**6,561,625**	**5,675,695**
EQUITY			
Issued capital	15	37,204,175	33,732,078
Reserves	16	5,699,284	4,750,874
Non-controlling interest reserve	16	(6,158,687)	(6,158,687)
Accumulated Losses	17	(30,183,147)	(26,648,570)
TOTAL EQUITY		**6,561,625**	**5,675,695**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2014

	Note	Issued Capital	Option Reserve	Reserves NCI	Accumulated Losses	Non-Controlling Interests	Total
		$	$	$	$	$	$
Balance as at 30 June 2012		**31,815,310**	**1,833,783**	**(6,158,687)**	**(7,088,857)**	**-**	**20,401,549**
Total comprehensive loss for the year	17	**-**	**-**	**-**	**(19,559,713)**	**-**	**(19,559,713)**
Transactions with Equity holders in their capacity as equity holders:							
Shares issued net of issue costs		1,916,768	-	-	-	-	1,916,768
Options issued	16	-	2,917,091	-	-	-	2,917,091
Balance as at 30 June 2013		**33,732,078**	**4,750,874**	**(6,158,687)**	**(26,648,570)**	**-**	**5,675,695**
Total comprehensive loss for the year	17	**-**	**-**	**-**	**(3,534,577)**		**(3,534,577)**
Transactions with Equity holders in their capacity as equity holders:							
Shares issued net of issue costs		3,472,097	-	-	-	-	3,472,097
Options issued	16	-	948,410	-	-	-	948,410
Balance as at 30 June 2014		**37,204,175**	**5,699,284**	**(6,158,687)**	**(30,183,147)**	**-**	**6,561,625**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cashflows

For the Year Ended 30 June 2014

		Consolidated	
		30-Jun-14	30-Jun-13
	Note	$ AUD	$ AUD
Cash flows from operating activities			
Receipts from customers		210,854	218,573
Payments to suppliers and employees		(3,392,782)	(2,739,302)
Interest received		31,174	8,511
Interest and other costs of finance paid		(1,708)	(30,000)
Receipt of R&D tax refund		898,178	149,330
Other grant received		47,093	84,103
Other		701	-
Net cash flows used in operating activities	**27**	**(2,206,490)**	**(2,308,785)**
Cash flows related to investing activities			
Proceeds from sale of plant and equipment		-	742
Payment for purchases of plant and equipment		(76,858)	(3,156)
Proceeds from sale of equity investments		408,415	-
Acquisition of subsidiary, net of cash acquired		-	-
Purchase of intellectual property		(172,081)	-
Other		(51,956)	-
Net cash flows used in investing activities		**107,520**	**(2,414)**
Cash flows related to financing activities			
Proceeds from issues of equity securities		3,520,000	1,997,521
Capital raising costs		(239,939)	(167,997)
Proceeds from borrowings		-	400,000
Repayment of borrowings		(52,407)	(41,289)
Net cash flows from financing activities		**3,227,654**	**2,188,235**
Net increase/(decrease) in cash and cash equivalents		1,128,684	(122,964)
Cash and cash equivalents at the beginning of the year		323,149	446,113
Cash and cash equivalents at the end of the year		**1,451,833**	**323,149**

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements

Note 1. Summary of significant accounting policies

Corporate Information

The financial report of Rhinomed Limited and its subsidiaries (the ‘Group”) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on the 27th day of August 2014. The financial report is for the Group consisting of Rhinomed Limited and its subsidiaries.

Rhinomed Limited is a listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. The principal activity of the Group is the research, development and commercialisation of consumer and medical devices .

Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of *the Corporations Act 2001* and Australian Accounting Standards, required for a for-profit entity.

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian dollars, which is the Group’s functional and presentation currency. All values are rounded to the nearest dollar unless otherwise stated.

Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Going Concern

At 30 June 2014, the Group’s cash and cash equivalents amounted to $1,451,833 (2013: $323,149) and for the year ended 30 June 2014, the Group experienced a loss of $3,534,577 (2013: $19,559,713) and a net cash inflow of $1,128,684 (2013: net cash outflow of $122,964).

Based on current budget assumptions the Group has sufficient funds to meet current commitments towards commercialising the BreatheAssist asset in the sporting market. Additional funds will need to be accessed, however in order to progress the commercialisation of BreatheAssist into other markets.

There are significant risks associated with product development and regulatory approvals required by biotechnology companies, it is difficult to predict the exact timing and quantum of income from the commercialisation of products and technology and there are inherent uncertainties involved in raising funds from investors within forecasted timelines.

As a result of these matters, there is material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding the material uncertainty pertaining to the ability of the Group to continue 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 the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

New, revised or amending Accounting Standards and Interpretations adopted

The following amending Standards have been adopted from 1 July 2013. Adoption of these Standards did not have any effect on the financial position or performance of the Group:

Ref	Title	Summary
AASB 10	**Consolidated Financial Statements**	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation - Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.
AASB 11	**Joint Arrangements**	AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities - Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.
AASB 12	**Disclosure of Interests in Other Entities**	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.

Ref	Title	Summary
AASB 13	**Fair Value Measurement**	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.
AASB 119	**Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)**	The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.
AASB 2012-2	**Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities**	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.
AASB 2012-5	**Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle**	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: ► Repeat application of AASB 1 is permitted (AASB 1) ► Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).
AASB 2012-9	**Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039**	AASB 2012-9 amends AASB 1048 Interpretation of Standards to evidence the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.
AASB 2011-4	**Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]**	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

Ref	Title	Summary
AASB 2012-3	**Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities**	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
AASB 2012-10	**Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments**	AASB 2012-10 amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

Other than the amended accounting standards listed above, all other accounting standards adopted by the Group are consistent with the most recent Annual Report for the year ended 30 June 2013.

Notes to the consolidated financial statements *(continued)*

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and therefore have not been adopted by the Group for the annual reporting period ended 30 June 2014:

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 9	*Financial Instruments*	AASB 9 includes requirements for the classification and measurement of financial assets. It was **further amended by AASB 2010-7** to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 Jan 2015	The Group is still determining if there will be any potential impact	1 July 2015

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 2012-3	*Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities*	The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.	1 January 2014	No impact expected	
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.	1 January 2014	No impact expected	
AASB 2013-4	*Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting*	This amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.	1 January 2014	No impact expected	

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 2013-5	*Amendments to Australian Accounting Standards - Investment Entities*	This amendment allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments from 1 July 2014 will have no impact on the consolidated entity.	1 January 2014	No impact expected	

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
	Annual Improvements to IFRSs 2010-2012 Cycle	These amendments affect several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.	1 July 2014	No impact expected	

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
	Annual Improvements to IFRSs 2011-2013 Cycle	These amendments affect four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.	1 July 2014	No impact expected	

Accounting Policies

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Rhinomed Ltd as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 25.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealized profits/losses arising within the consolidated entity are eliminated in full. Investments in subsidiaries are accounted for at cost in the individual financial statements of Rhinomed Limited.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest - control of the right to receive the interest payment and using the effective interest rate method.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all grant conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is expected to compensate.

Borrowing costs

Borrowing costs are expensed as incurred unless they relate to the construction of qualifying assets in which case they are capitalised.

Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment, once they become over due by more than 60 days. A separate account records the impairment.

An allowance for a doubtful debt is made when there is objective evidence that the Group will not be able to collect the debts. The criteria used to determine that there is objective evidence that an impairment loss has occurred include whether the Financial Asset is past due and whether there is any other information regarding increased credit risk associated with the Financial Asset. Bad debts which are known to be uncollectible are written off when identified.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a weighted averarge basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Foreign currency translation

The functional currency of the Group is based on the primary economic environment in which the Group operates. The functional currency of the Group is Australia dollars.

Transactions in foreign currencies are converted to local currency at the rate of exchange at the date of the transaction.

Amounts payable to and by the Group outstanding at reporting date and denominated in foreign currencies have been converted to local currency using rates prevailing at the end of the financial year.

All exchange differences are taken to profit or loss.

Income tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting loss nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting loss nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Tax consolidation

Rhinomed Limited and all its wholly-owned Australian controlled entities are part of a tax consolidated group under Australian taxation law. Rhinomed Limited is the head entity in the tax-consolidated group.

Rhinomed Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Rhinomed Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

Cash flows arising from operating activities are included in the Consolidated Statement of Cashflows on a gross basis (i.e. including GST) and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority. The net amount of GST recoverable from or payable to, the taxation authority is included as part of the receivables or payables in the Consolidated Statement of Financial Position.

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated entity commencing from the time the asset is held ready for use. The depreciation rates used are: office equipment – 10%-33%; production plant – 50%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Impairment
At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events (a "loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

Business Combination

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to profit or loss.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amount of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and the consideration paid or received is recognised in a separate reserve within the equity attributable to owners of Rhinomed Limited.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;
(ii) any non-controlling interest; and
(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to profit or loss. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Intangible assets other than Goodwill

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in an accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

(i) Intellectual property

Intellectual property acquired as part of a business combination is recognised separately from goodwill. Intellectual property is carried at cost, which is its fair value at the date of acquisition less accumulated amortisation and impairment losses. Intellectual property is amortised over its useful life commencing from the completion of development. The Company will carry its Intellectual property at cost whilst it is under development and it is subject to annual impairment testing.

(ii) Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives.

(iii) Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

The carrying values of non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffer an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Employee benefits

Short Term Employee Benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Share-based payment transactions

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees are provided with long-term incentives through the Group's Employee Option Plan.

The cost of these transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial option pricing model, further details of which are given in note 29. The cost of these transactions is recognised, together with a corresponding increase in equity, over the period in which the options vest.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting dates reflects:

(i) the extent to which the vesting period has expired, and;

(ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. No expense is recognised for awards that do not ultimately vest and an adjustment to the expense is made for awards that will no longer vest. This opinion is formed based on the best available information at balance date.

Issued Capital

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction (net of tax) of the share proceeds received.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Earnings per share

Basic earnings per share is calculated as net loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Parent Information

The financial information for the parent entity, Rhinomed Limited, disclosed in note 24 has been prepared on the same basis as the consolidated statements.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Rhinomed Limited. For the current and previous reporting periods, the Group operated in one segment, being the identification, acquisition and commercialisation of late stage therapeutic delivery technologies.

Assets (or Disposal Groups) held for Sale and Discontinued Operations

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset (or disposal group) is recognised at the date of derecognition.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale and the assets of the disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co - ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

(i) Impairment of intangible assets

In the absence of readily available market prices, the recoverable amount of assets are determined using estimations of the present value of future cash flows using asset-specific discount rates. For patents, licenses and other rights, these estimates are based on various assumptions concerning for example future sales profiles and royalty income, market penetration, milestone achievement dates and production profiles. Refer to note 11 for further details.

(ii) Impairment of receivables

The decision whether or not to provide for the impairment of a receivable requires a degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables and specific knowledge of the individual debtor's financial position.

(iii) Share-based Payments

The value attributed to share options and remuneration shares issued is an estimate calculated using an appropriate mathematical formula based on an option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value and volatility of the price of the underlying shares. Refer to note 29 for more details.

Note 2. Revenue

	Consolidated	
	30-Jun-14 $ AUD	30-Jun-13 $ AUD
Revenue		
Sales	210,854	-
Other Income		
Interest Received	31,174	8,511
Management Services Fee	-	201,017
Other	49,041	90,972
Total Other Income	**80,215**	**300,500**
	291,069	**300,500**

Note 3. Expenses

	Consolidated	
	30-Jun-14 $ AUD	30-Jun-13 $ AUD
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Plant and equipment	27,586	7,430
Amortisation		
Intangible Asset	213,066	-
	240,652	7,430
Impairment		
Receivable	133,000	-
Intangible asset	-	10,093,525
(Gain)/Loss on disposal of assets	(98,415)	3,942
Finance costs		
Finance costs expensed	44	212,482
Net foreign exchange loss		
Net foreign exchange (gain)/loss	8,812	7,202
Development costs	419,676	119,511
Marketing and promotional expenses	1,057,233	208,166
Consulting Fees	216,094	770,560
Legal expenses	418,132	237,755
Directors' Fees	370,159	263,335

Note 4. Income tax benefit

The Group has not commenced significant trading. At its current stage of operational development the Group is not in a position to satisfy the accounting criteria of AASB112: Income Taxes to bring to account the benefit of its tax losses. Accordingly no current or deferred income tax benefits have been brought to account.

	Consolidated	
	30-Jun-14 $ AUD	30-Jun-13 $ AUD
The prima facie tax on loss from ordinary activities before the loss is reconciled to the income tax as follows:		
Loss before income tax	(3,922,970)	(20,226,248)
Income tax benefit calculated at 30% (2013:30%)	(1,176,891)	(6,067,874)
Tax effect of amounts which are not deductable in calculating income tax:		
- impairment and amortisation expenses	(3,580)	3,336,308
- share-based payments expenses	243,348	523,698
- other expenses not deductable	42,559	(2,320)
Other deductible items	(71,982)	(134,711)
Deferred tax assets relating to tax losses not recognised	1,354,939	3,011,434
Income tax reconciliation in Profit or Loss	**388,393**	**666,535**
Unrecognised Deferred Tax Assets and Liabilities		
Deferred tax assets and liabilities are attributable to the following:		
- Tax losses	12,643,198	11,254,301
- Accruals	60,743	33,958
- Employee provisions	4,995	-
Net deferred tax assets not recognised	**12,708,936**	**11,288,259**

Note 5. Current assets - cash and cash equivalents

	Consolidated	
	30-Jun-14 $ AUD	30-Jun-13 $ AUD
Cash at bank	1,451,833	323,149
	1,451,833	**323,149**

Refer to note 18 for the effective interest rate.

Note 6. Current assets - trade and other receivables

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Trade receivables	4,224	-
R&D Tax Incentive	-	517,205
Other receivables	200,152	159,497
Less: Provision for impairment of receivables	(133,000)	
	71,376	**676,702**

Impairment of receivables
The consolidated entity has recognised a loss of $133,000 (2013: $0) in profit or loss in respect of impairment of receivables for the year ended 30 June 2014.

Movements in the provision for impairment of receivables are as follows:		
Opening balance	-	(9,218)
Additional provisions recognised	(133,000)	-
Receivables written off during the year as uncollectable	-	9,218
Closing balance	**(133,000)**	**-**

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $0 as at 30 June 2014 ($133,000 as at 30 June 2013).

Note 7. Current assets – inventories

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Finished Goods	12,634	-
	12,634	**-**

Note 8. Current assets – other assets

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Prepayments	219,470	95,151
Other	-	6,910
	219,470	**102,061**

Note 9. Other Financial Assets

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Investments at fair value through profit or loss (a)	325,000	410,000
Term Deposit (b)	51,875	-
	376,875	**410,000**

(a) Represents shares held in Imugene Limited (IMU) and Laconia Resources Limited with change in fair value recognised in profit or loss. For the previous financial period, the company has formed the view that it did not have significant influence over IMU and has accounted for its interest in accordance with AASB 139. IMU was considered to be a related party by virtue of the company's shareholding in IMU. During the current financial period, the company disposed 75% of its shareholding in IMU.

The company disposed of all of its shareholding in Laconia Resources Limited during the year.

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 10. Non-current assets - property, plant and equipment

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Plant and equipment - at cost	113,893	37,035
Less: Accumulated depreciation	(37,924)	(10,339)
	75,969	**26,696**

Reconciliations

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

	Plant and equipment $AUD
Balance at 1 July 2012	**206,954**
Disposals	(89,695)
Disposals via disposal of subsidiary	(83,133)
Depreciation expense	(7,430)
Balance at 30 June 2013	**26,696**
Additions	76,858
Disposals	-
Depreciation expense	(27,586)
Balance at 30 June 2014	**75,969**

Note 11. Non-current assets - intangibles

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ 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 Costs		
At cost	646,352	474,270
Less impairment	(213,576)	(213,576)
Less amortisation	(21,698)	-
Net carrying value	**411,078**	**260,694**
Intellectual Property		
At cost	9,566,217	9,566,217
Less impairment	(6,492,957)	(6,492,957)
Less amortisation	(191,368)	-
Net carrying value	**2,881,892**	**3,073,260**
Total Intangible Assets	**4,857,974**	**4,898,958**

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 Costs	Intellectual Property	Total
	$	$	$	$
Balance at 30 June 2012	**4,951,995**	**350,680**	**16,841,293**	**22,143,968**
Additions – internal development	-	123,590	-	123,590
Disposal of Aspen Medisys	-	-	(7,275,076)	(7,275,076)
Impairment of assets	(3,386,991)	(213,576)	(6,492,957)	(10,093,525)
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**

Impairment of Intangibles
The Directors conducted an impairment review of the Group's intangible assets as at 30 June 2014 and concluded that an impairment charge was not necessary. The Directors have assessed that IP and development costs have an indefinite life until they are commercialised. They, together with goodwill have been subject to an impairment test whereby the recoverable amount was compared to their written down value. Recoverable amount has been determined by the Board by preparing a value in use calculation using cashflow projections over the expected product life of the related IP being 3 years. The cashflows were discounted using a pre-tax discount rate of 20% (2013: 20%) at the beginning of the projection period. The budget reflected the Board's best estimate of the product's expected market share and the Group's revenue stream from selling into the sporting and sleep markets. Gross profit was determined taking into account expected cost structures as well as estimated inflation rates over the period. (A reasonably possible change in the discount rate would not lead to an impairment of the intangible assets.)

Note 11. Non-current assets – intangibles *(continued)*

Amortisation .
As the Group has commenced commercialisation of the BreatheAssist technology during the period, the Group has commenced the amortisation of development costs and intellectual property over the asset's useful life, being the period unti the earliest to expire patent in April 2013. An amortisation charge of $213,066 was recorded for the period.

Note 12. Current liabilities - trade and other payables

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Unsecured:		
Trade payables	285,378	409,130
Other payables (i)	211,938	125,331
	497,316	**534,461**

(i) *Refer to note 23 for related parties' amounts owing.*

Note 13. Current liabilities - provisions

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Employee benefits	7,188	-
	7,188	**-**

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1.

Note 14. Other Financial Liability

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Unsecured:		
Lind Partners Convertible Security (i)	-	175,000
Other Interest Bearing Liabilities	-	52,410
	-	**227,410**

(i) On 13 July 2012, the Group executed a Share Purchase and Convertible Security Agreement ("Agreement") with the Australian Special Opportunity Fund, LP, which is managed by the Lind Partners, LLC (together, "Lind") a New York based alternative asset management company. The Agreement provides Rhinomed with a funding facility as follows:

- The issue of ordinary shares of Consegna of up to $5,275,000 with monthly drawdowns over 24 months, at a minimum rate of $75,000 per month. The price at which shares will be issued is 90% of the average of the 3 consecutive daily Volume Weighted Average Prices ("VWAPs") during a specific period prior to the issuance of shares. (The Company may elect not to issue shares if the issue price would be less than an agreed floor price).

- Rhinomed issued an unsecured convertible security to Lind with a face value of $400,000 and a term of 24 months at a zero % interest rate.

- On 8 July 2013, the convertible security was reduced to $nil with the conversion of $175,000 representing 12,500,000 shares @ $0.01.

Note 15. Equity - issued capital

	Consolidated		Consolidated	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
	Shares	Shares	$ AUD	$ AUD
Ordinary Shares - fully paid	**395,379,445**	**293,752,461**	**$37,204,175**	**$33,732,078**
Movement in ordinary shares on issue				
At 1 July	293,752,461	949,811,605	33,732,078	31,815,310
04/07/2012 Aspen Medisys deposit @$0.01774	-	7,948,140	-	141,000
13/07/2012 Lind Partners Commitment Fee @$0.0197	-	8,869,180	-	175,000
20/07/2012 Private Placement @$0.017	-	14,705,882	-	250,000
20/07/2012 Loan Conversion @$0.025	-	2,480,000	-	62,000
20/07/2012 Issued for Services @$0.021	-	1,155,440	-	24,264
15/08/2012Lind Partners Private Placement @ $0.013	-	7,692,308	-	100,000
17/08/2012 Issued for Services @$0.017	-	3,000,000	-	51,000
14/09/2012 Issued for Services @$0.012	-	6,500,000	-	78,000
19/09/2012 Lind Partners Private Placement @ $0.01	-	7,500,000	-	75,000
19/09/2012 Lind Partners Convertible Security @ $0.01	-	5,000,000	-	50,000
19/10/2012 Lind Partners Private Placement @ $0.01	-	10,000,000	-	100,000
19/10/2012 Issued for Services @$0.012	-	13,500,000	-	162,000
23/11/2012 Lind Partners Private Placement @ $0.008	-	12,500,000	-	100,000
24/12/2012 Private Placement @$0.004	-	76,800,000	-	307,200
24/12/2012 Issued for Services @$0.00848	-	12,500,000	-	106,000
25/01/2013 Private placement @$0.004	-	38,200,000	-	152,800
31/01/2013 Lind Partners Private Placement @$0.002	-	37,500,000	-	75,000
31/01/2013 Lind Partners Convertible Security @$0.002	-	37,500,000	-	75,000
18/02/2013 Share Purchase Plan @$0.004	-	109,875,000	-	439,500
23/02/2013 Private Placement @$0.004	-	48,310,000	-	193,240
02/04/2013 Issued for Services @$0.004	-	16,500,000	-	66,000
02/04/2013 Issued for Services @$0.025	-	3,200,000	-	80,000
Shares on issue pre consolidation	-	1,431,047,555	-	
10/04/2013 Shares consolidated on 1 for 5 basis	-	286,209,604	-	
31/05/2013 Issued for Services @$0.03	-	400,000	-	12,000
28/06/2013 Lind Partners Convertible Security @$0.014	-	7,142,857	-	100,000
Less Costs of Capital Raising at 30 June 2013	-	-		(1,058,236)
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 for Services @ 0.063	1,269,842	-	80,000	-
26/02/2014 Private Placement at $0.042	60,000,000	-	2,520,000	-
11/04/2014 Issued for Services @ $0.026	2,857,142	-	74,286	-
Less Costs of Capital Raising year ended 30 June 2014			(295,939)	-
	395,379,445	**293,752,461**	**$37,204,175**	**$33,732,078**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is conducted otherwise each shareholder has one vote on a show of hands.

Note 16. Equity – reserves

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Option Reserve	5,699,284	4,750,874
Non-Controlling Interest Reserve	(6,158,687)	(6,158,687)
	(459,403)	**(1,407,813)**

	Option Reserve $ AUD	NCI Reserve $ AUD	Total $ AUD
Balance at 30 June 2012	**1,833,783**	**(6,158,687)**	**(4,324,904)**
Share based payments	2,536,891	-	2,536,891
Options issued under options rights issue	380,200	-	380,200
Balance at 30 June 2013	**4,750,874**	**(6,158,687)**	**(1,407,813)**
Share based payments	811,160	-	811,160
Options issued	137,250	-	137,580
Balance at 30 June 2014	**5,699,284**	**(6,158,687)**	**(459,403)**

The Option Reserve is used to record the expense associated with the valuation of options. The NCI Reserve is used to record adjustments arising from transactions with non-controlling interests.

Movement in options were as follows:

	Consolidated			
	2014		2013	
	No.	Weighted average Price $	No.	Weighted Average Price $
Balance at 1 July	**222,960,150**	**0.083**	**171,486,667**	**0.044**
Options issued (pre 1:5 consolidation)	-	-	483,980,750	0.013
Options exercised	-	-	-	-
Options lapsed / expired (pre 1:5 consolidation)	-	-	(13,666,667)	0.035
Balance pre 1:5 consolidation	-	-	641,800,750	0.021
Balance post 1:5 consolidation *	-	-	128,360,150	0.105
Options issued (post 1:5 consolidation)	57,750,000	0.063	95,400,000	0.060
Options lapsed / expired (post 1:5 consolidation)	(4,504,000)	0.175	(800,000)	1.000
Balance at 30 June	**276,206,150**	**0.077**	**222,960,150**	**0.083**

**Following shareholder approval on 28 March 2013, the Company consolidated its share capital on a 1:5 basis effective 10 April 2013.*

Note 17. Equity – accumulated losses

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Accumulated losses at the beginning of the financial year	(26,648,570)	(7,088,857)
Loss after income tax expense for the year	(3,534,577)	(19,559,713)
Accumulated losses at the end of the financial year	**(30,183,147)**	**(26,648,570)**

Note 18. Financial Instruments, Risk Management Objectives and Policies

(a) Financial Instruments

The Group's financial instruments are detailed below:

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Cash and cash equivalents	1,451,833	323,149
Trade and other receivables	71,376	159,497
Other financial assets	376,875	410,000
Trade and other payables	497,316	534,461
Interest bearing liabilities	-	227,410

The Group did not have any derivative instruments at 30 June 2014 and 30 June 2013.

(b) Risk Management Policy

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the Company's implementation of that system on a regular basis.

The Board and Senior Management identify the general areas of risk and their impact on the activities of the Group, with Management performing a regular review of:

- the major risks that occur within the business;
- the degree of risk involved;
- the current approach to managing the risk; and
- if appropriate, determine:
  - any inadequacies of the current approach; and
  - possible new approaches that more efficiently and effectively address the risk.

Management reports risks identified to the Board through the monthly Operations Report.

The Group seeks to ensure that its exposure to undue risk which is likely to impact its financial performance, continued growth and survival is minimised in a cost effective manner.

(c) Significant Accounting Policy

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Note 18. Financial Instruments, Risk Management Objectives and Policies *(continued)*

The carrying amounts of cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables and other financial liabilities represents their fair values determined in accordance with the accounting policies disclosed in note 1.

Interest revenue on cash and cash equivalents and foreign exchange movements on trade and other receivables and trade and other payables are disclosed in notes 2 and 3.

(d) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder's value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares or reduce its capital, subject to the provisions of the Group's constitution. The capital structure of the Group consists of equity attributed to equity holders of the Group, comprising contributed equity, reserves and accumulated losses disclosed in notes 15 and 16. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Group's Management the Board monitors the need to raise additional equity from the equity markets.

(e) Financial Risk Management

The main risks the Group is exposed to through its operations are interest rate risk, price risk, foreign exchange risk, credit risk and liquidity risk.

Interest Rate Risk

The Group is exposed to interest rate risks via the cash and cash equivalents that it holds. Interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates.

The objective of managing interest rate risk is to minimise the Group's exposure to fluctuations in interest rate that might impact its interest revenue and cash flow.

Price Risk

The Group is exposed to security price risk which is the risk that a change in the value of the equity will impact on the Group's net results or net assets position on investments.. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Foreign Exchange Risk

Exposure to foreign exchange risk has been reduced with the disposal of Aspen Medisys and the Group's exposure is assessed to be insignificant.

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Group. The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Risk is also managed by investing surplus funds in financial institutions that maintain a high credit rating.

The maximum exposure to credit risk by class of financial assets at the end of the reporting period, including the value of any collateral or other security held is equivalent to the carrying value and classification of those financial assets (net of any provision) as presented in the Consolidated Statement of Financial Position.

Note 18. Financial Instruments, Risk Management Objectives and Policies *(continued)*

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk as follows:

- preparation of cashflow analyses related to its operating, investing and financing activities;
- monitoring undrawn credit facility;
- obtaining funding from a variety of sources;
- managing credit risk related to financial assets; and
- investing surplus funds with reputable financial institutions.

The Group's exposure to interest rate risk and the weighted average interest rates on the Group's financial assets and financial liabilities is as follows:

2014	**Weighted Average Effective Interest Rate %**	**Floating Interest Rate $AUD**	**Non Interest Bearing $AUD**	**Fixed Interest *Bearing* $AUD**	**Total $AUD**
Financial Assets:					
Cash and cash equivalents	1.80	1,451,833		-	1,451,833
Other financial assets		-	325,000	51,875	376,875
Trade and other receivables		-	71,376	-	71,376
Total Financial Assets		1,451,833	396,376	51,875	1,900,084
Financial Liabilities:					
Trade and other payables		-	497,316	-	497,316
Interest bearing liabilities		-	-	-	-
Total Financial Liabilities		-	497,316	-	497,316
Net Financial Assets/(Liabilities)		**1,451,833**	**(100,940)**	**51,875**	**1,402,768**

2013	**Weighted Average Effective Interest Rate %**	**Floating Interest Rate $AUD**	**Non Interest Bearing $AUD**	**Fixed Interest Bearing $AUD**	**Total $AUD**
Financial Assets:					
Cash and cash equivalents	.99	323,149	-	-	323,149
Other financial assets		-	410,000	-	410,000
Trade and other receivables		-	159,497	-	159,497
Total Financial Assets		323,149	569,497	-	892,646
Financial Liabilities:					
Trade and other payables		-	534,461	-	534,461
Interest bearing liabilities		-	-	227,410	227,410
Total Financial Liabilities		-	534,461	227,410	761,871
Net Financial Assets/(Liabilities)		**323,149**	**35,036**	**(227,410)**	**130,775**

Note 18. Financial Instruments, Risk Management Objectives and Policies *(continued)*

Maturity profile:

	Carrying Amount		Contractual Cash Flow		Within 1 Year		1-5 Years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$	$	$	$	$
Financial Assets:										
Cash and cash equivalents	1,451,833	323,149	1,451,833	323,149	1,451,833	323,149	-	-	1,451,833	323,149
Other financial assets	376,875	410,000	376,875	410,000	325,000	410,000	51,875	-	376,875	410,000
Trade and other receivables	71,376	159,497	71,376	159,497	71,376	159,497	-	-	71,376	159,497
Total Financial Assets	**1,900,084**	**892,646**	**1,900,084**	**892,646**	**1,848,209**	**892,646**	**51,875**	**-**	**1,900,084**	**892,646**
Financial Liabilities:										
Interest bearing liabilities	-	227,410	-	227,410	-	227,410	-	-	-	227,410
Trade and other payables	497,316	534,461	497,316	534,461	497,316	534,461	-	-	497,316	534,461
Total Financial Liabilities	**497,316**	**761,871**	**497,316**	**761,871**	**497,316**	**761,871**	**-**	**-**	**497,316**	**761,871**

Net Fair Values

The Directors consider that the carrying amount of financial assets and liabilities recorded in the financial statements approximate their fair value.

Financial Instruments measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

In 2014 and 2013, none of the Group's assets and liabilities except for the other financial assets had their fair value determined using the fair value hierarchy. The other financial assets are classified as level 1 instruments. No transfers between the levels of the fair value hierarchy occurred during the current or previous years.

Note 18. Financial Instruments, Risk Management Objectives and Policies *(continued)*

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to change in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

		Interest rate risk				**Other price risk**			
2014		**-1%**	**-1%**	**1%**	**1%**	**-5%**	**-5%**	**5%**	**5%**
		Net result	**Equity**	**Net result**	**Equity**	**Net result**	**Equity**	**Net result**	**Equity**
Cash	1,451,833	(1,452)	(1,452)	1,452	1,452	-	-	-	-
Other financial assets	376,875	-	-	-	-	(16,250)	(16,250)	16,250	16,250
Total increase / (decrease)		**(1,452)**	**(1,452)**	**1,452**	**1,452**	**(16,250)**	**(16,250)**	**16,250**	**16,250**

		Interest rate risk				**Other price risk**			
2013		**-1%**	**-1%**	**1%**	**1%**	**-5%**	**-5%**	**5%**	**5%**
		Net result	**Equity**	**Net result**	**Equity**	**Net result**	**Equity**	**Net result**	**Equity**
Cash	323,149	(3,231)	(3,231)	3,231	3,231	-	-	-	-
Other financial assets	410,000	-	-	-	-	(20,800)	(20,800)	20,800	20,800
Total increase / (decrease)		**(3,231)**	**(3,231)**	**3,231**	**3,231**	**(20,800)**	**(20,800)**	**20,800**	**20,800**

Note 19. Key management personnel disclosures

Details of Key Management Personal

Directors
Michael Johnson – Executive Director
Martin Rogers – Non-Executive Chairman
Brent Scrimshaw – Non-Executive Director (appointed 12 February 2014)
Eric Knight – Non-Executive Director (appointed 12 February 2014)
Lord Simon Reading – Non-Executive Director (resigned 17 March 2014)

Executives
Phillip Hains – Joint Company Secretary and Chief Financial Officer

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30-Jun-14	30-Jun-13
	$AUD	$ AUD
Short-term employee benefits	512,599	747,285
Post-employment benefits	11,091	-
Long-term benefits	-	-
Share-based payments	885,446	1,811,660
	1,409,136	**2,558,945**

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd and its network firms, the auditor of the company.

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Audit services – HLB Mann Judd		
Audit or review of the financial statements	42,865	41,327
Other services – HLB Mann Judd		
Preparation of multiple tax returns	12,127	55,637
	54,992	**96,964**

Notes to the consolidated financial statements *(continued)*

Note 21. Commitments

	Consolidated	
	30-Jun-14	30-Jun-13
	$AUD	$ AUD
Operating lease commitments		
Non-cancellable operating leases contracted for at balance date but not recognised as liabilities are as follows:		
Within one year	75,044	-
After one year but not more than five years	137,581	-
More than five years	-	-
	212,625	**-**

The property lease is a non-cancellable lease with a 3 year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by 4 % per annum. An option exists to renew the lease at the end of the 3 year term for an additional term of 3 years.

Other expenditure commitments		
Commitments contracted for at balance date but not recognised as liabilities are as follows:		
Within one year	293,888	182,825
After one year but not more than five years	-	226,756
More than five years		-
	293,888	**409,581**

Note 22. Contingent assets/ liabilities

There are no known significant liabilities or contingent assets as at the date of this report, other than those disclosed in this financial report.

Note 23. Related party transactions

Parent entity
Rhinomed Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Key management personnel
Disclosures relating to key management personnel are set out in note 19 and the remuneration report in the directors' report.

		Consolidated	
		30-Jun-14	30-Jun-13
	Note	$AUD	$ AUD
Transactions with related parties			
The following transactions occurred with the following related parties:			
Payment for goods and services*:			
Cogentum Limited	(i)	93,666	86,567
Inverness Group Holdings Pty Ltd	(ii)	-	168,019
MV Anderson	(iii)	-	9,500

**excludes cash salaries and directors fees which are disclosed in note 19.*

Provision of Convertible Loan Facility:
The company has a Share Purchase and Convertible Security Agreement with Australian Special Opportunity Fund, LP, which is managed by Lind Partners, LLC of which Mr Martin Rogers is an advisor during the period. Refer to note 14 for details.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

		Consolidated	
		30-Jun-14	30-Jun-13
	Note	$AUD	$ AUD
Current (payables)/receivables:			
Cogentum Pty Limited	(i)	-	(25,604)
MV Anderson		-	(10,230)

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

(i) Cogentum Pty Limited, a company associated with Mr Michael Johnson, provided consulting services to the Group during the year.

Note 23. Related party transactions *(continued)*

(ii) *Inverness Group Holdings, a company associated with Mr Fabio Pannuti, provided corporate, consulting and administrative services and office premises to the company in the prior year.*

(iii) *All amounts paid to the CFO Solution, of which Mr Phillip Hains is the principal are disclosed in note 19.*

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent	
	30-Jun-14	**30-Jun-13**
	$ AUD	**$ AUD**
Statement of profit or loss and other comprehensive income		
Income / (Loss) after income tax	(1,527,834)	(10,022,142)
Total comprehensive income / (loss)	**(1,527,834)**	**(10,022,142)**
Statement of Financial Position		
Total current assets	5,150,119	2,043,858
Total assets	25,794,396	22,715,179
Total current liabilities	162,021	429,692
Total liabilities	162,021	429,682
Equity		
Issued capital	37,204,175	33,732,478
Reserves:		
Share based payments	5,699,284	4,750,474
Accumulated Losses	(17,271,084)	(16,260,455)
Total equity	**25,632,375**	**22,222,497**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity has not entered into any guarantees in the current or prior financial year in relation to debts of its subsidiaries.

Contingent Liabilities
Refer to note 22 for details.

Contract Commitments
Refer to note 21 for details.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

Note 25. Subsidiaries

The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Name of entity	Country of incorporation	Equity holding 2014	Equity holding 2013
		%	%
Helicon (Asia) Pty Ltd	Australia	100	100
Helicon (China) Pty Ltd	Australia	100	100
Helicon (Korea) Pty Ltd	Australia	100	100
Helicon International Limited	Australia	100	100
Leading Edge Instruments Pty Ltd (LEI)	Australia	100	100
Subsidiaries of LEI:			
· Vibrovein Pty Ltd	Australia	100	100
· ASAP Breatheassist Pty Ltd	Australia	100	100
Consegna Management Services Limited	United Kingdom	100	100
Breatheassist Limited	United Kingdom	100	100

All shares held in subsidiaries represent ordinary shares and the voting rights are equal to the ownership percentage.

There are no significant restrictions over the Group's ability to access or use assets and settle liabilities of the Group.

Note 26. Events after the reporting period

There were not any significant events that occurred after the end of the reporting period that are not disclosed elsewhere in this report.

Notes to the consolidated financial statements *(continued)*

Note 27. Reconciliation of net loss after income tax to net cash from operating activities

	Consolidated	
	30-Jun-14	30-Jun-13
	$AUD	$ AUD
Loss after income tax expense for the year	(3,534,577)	(19,559,713)
Adjustments for:		
Depreciation and amortisation	240,652	7,430
Impairment of assets	133,000	10,093,525
Loss on disposal of controlled entities	-	5,421,706
Gain on sale of controlled entities	-	(926,632)
Writeoff loan to controlled entities on disposal	-	46,828
Bad debt	-	2,619
Inventory writeoff	-	2,628
(Gain)/Loss on sale of assets	(98,412)	34,536
Share-based payments	811,160	1,745,660
Settlement of payables via shares	154,286	935,264
Fair value adjustment of investments	(225,000)	1,027,500
Foreign exchange adjustments	-	3,771
Other	-	(102,210)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	307,908	(601,753)
(Increase) in inventories	(12,634)	-
(Increase) / decrease in other current assets	46,684	38,047
(Decrease)/increase in current payables and accruals	(29,554)	(477,991)
Net cash from operating activities	(2,206,490)	(2,308,785)

Non-cash financing activities

During the prior year, the Group settled the convertible note liabilities via the issue of shares as outlined in note 14.

Note 28. Earnings per share

	Consolidated	
	30-Jun-14	**30-Jun-13**
	$AUD	**$ AUD**
Reconciliation of earnings to profit/(loss):		
Loss	(3,534,577)	(19,559,713)
Loss attributable to non-controlling interest	-	-
	(3,534,577)	(19,559,713)
Loss from continuing operations:	(3,534,577)	(14,967,083)
	(3,534,577)	(14,967,083)
Basic earnings/(loss) per share (cents) from continuing operations	(0.010)	(0.063)
Loss from discontinued operations:	-	(4,592,650)
	-	(4,592,650)
Basic earnings/(loss) per share (cents) from discontinuing operations	(0.010)	(0.019)
Weighted average number of ordinary shares outstanding during the year used to calculate basic and diluted EPS. *	348,774,483	238,601,459

**Following shareholder approval on 28 March 2013, the Company consolidated its share capital on a 1:5 basis effective 10 April 2013. The post consolidation shares have been used for the purpose of calculating the basic and diluted earnings per share as required by paragraph 64 of AASB 133.*

Note 29. Share-based payments

(a) On 11 April 2014, 40,000,000 unlisted share options were granted to and vested in Directors following shareholders' approval. The options are escrowed for 12 months from the date of issue and exercisable at $0.065 on or before 30 April 2017. The options hold no voting or dividend rights and are not transferrable.

The fair value of these options was $0.20279 These values were calculated using a binomial probability option pricing model applying the following inputs:

Exercise price:	$0.065
Life of the option:	3.08 years
Expected share price volatility	148%
Risk-free interest rate	3.01%

Historical Volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements. The life of the options is based on historical exercise patterns, which may not eventuate in the future. $811,160 is included in the Statement of Profit or Loss as Share Based Payments representing payments to Directors.

Note 29. Share-based payments *(continued)*

Set out below are summaries of options granted under the employee share option plan which was established to provide ongoing incentive to reward employees and consultants for their contribution to the Group's performance:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited / other	Balance at the end of the year
2014							
29/11/11	07/12/14	$0.25	4,000,000	-	-	-	4,000,000
29/11/11	07/12/14	$0.50	4,000,000	-	-	-	4,000,000
23/12/11	31/12/14	$0.225	6,000,000	-	-	-	6,000,000
13/07/12	31/07/15	$0.12	2,000,000	-	-	-	2,000,000
20/07/12	28/02/15	$0.15	4,000,000	-	-	-	4,000,000
03/04/13	30/04/17	$0.06	90,000,000	-	-	-	90,000,000
03/04/13	11/05/15	$0.20	796,150	-	-	-	796,150
11/04/14	30/04/17	$0.065	-	40,000,000	-	-	40,000,000
			110,000,000	**40,000,000**	**-**	**-**	**150,796,150**

Weighted average exercise price: $0.088

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited / other	Balance pre-consolidation 10/04/13	Balance consolidated 1:5 basis	Adjusted exercise price	Acquired post-consolidation	Balance at the end of the year
2013											
29/11/11	07/12/14	$0.05	20,000,000	-	-	-	20,000,000	4,000,000	$0.25	-	4,000,000
29/11/11	07/12/14	$0.10	20,000,000	-	-	-	20,000,000	4,000,000	$0.50	-	4,000,000
23/12/11	31/12/14	$0.045	30,000,000	-	-	-	30,000,000	6,000,000	$0.225	-	6,000,000
13/07/12	31/07/15	$0.0236	-	10,000,000	-	-	10,000,000	2,000,000	$0.12	-	2,000,000
20/07/12	28/02/15	$0.03	-	20,000,000	-	-	20,000,000	4,000,000	$0.15	-	4,000,000
03/04/13	30/04/17	$0.012	-	450,000,000	-	-	450,000,000	90,000,000	$0.06	-	90,000,000
03/04/13	11/05/15	$0.04	-	3,980,750	-	-	3,980,750	796,150	$0.20	-	796,150
			70,000,000	**483,980,750**	**-**	**-**	**553,980,750**	**110,796,150**		**-**	**110,796,150**

Weighted average exercise price: $0.097

Note 29. Share-based payments *(continued)*

Set out below are the options issued under the employee share option plan that are exercisable at the end of the financial year:

Grant date	Expiry date	2014 Number	2013 Number
29/11/11	07/12/14	4,000,000	4,000,000
29/11/11	07/12/14	4,000,000	4,000,000
23/12/11	31/12/14	6,000,000	6,000,000
13/07/12	31/07/15	2,000,000	2,000,000
20/07/12	28/02/15	4,000,000	4,000,000
03/04/13	30/04/17	90,000,000	90,000,000
03/04/13	11/05/15	796,150	796,150
11/04/14	30/04/17	40,000,000	-
Total exercisable		150,796,150	110,796,150

The weighted average remaining contractual life of options outstanding at year end is 2.52 years.

The weighted average fair value of options granted during the year was $0.020279 (2013: $0.02359)

Note 30. Assets and Liabilities Classified as held for sale / Discontinued operations

(a) Lingual Consegna Pty Ltd

As announced to the ASX on 1 May 2012, the Company agreed to sell its shareholding in Lingual Consegna Pty Ltd ("Lingual") to Imugene Limited ("IMU") in consideration of 100 million shares in IMU. The transaction was subsequently settled on 17 July 2012. Financial information relating to Lingual is set out below. The financial performance of the discontinued operations, which has been included in the loss per the consolidated statement of profit or loss and other comprehensive income, is as follows:

	Consolidated	
	30-Jun-14 $ AUD	30-Jun-13 $ AUD
Revenue		-
Expense	-	-
Loss	**-**	**-**
Loss attributable to members of parent entity	-	-

The assets and liabilities of Lingual, which have been classified as disposal assets and related liabilities are as follows:

ASSETS		
Intangibles – Intellectual Property	-	-
Cash and short-term deposits	-	-
	-	-
LIABILITIES		
Royalty Payable	-	-
	-	**-**
Net assets classified as held for sale	**-**	**-**

Gain on Sale of Controlled Entity

A gain on sale of controlled entity was realised, calculated as follows:

Proceeds on sale of Lingual Consegna Ltd to Imugene Ltd being 100,000,000 fully paid shares in Imugene Ltd at $0.14 per share (Imugene share price at 17 July 2012)	-	1,400,000
Carry value of investment in Lingual Consegna Pty Ltd	-	(1,019,737)
Lingual Accumulated Losses	-	546,369
Gain on Sale of Controlled Entity	**-**	**926,632**
Gain attributable to members of parent entity	-	926,632
Income tax expense attributable to gain on sale of controlled entity	-	(277,990)

Cashflow of discontinued operations		
Net cashflow used in operating activities	-	-
Net cashflow used in investing activities	-	-
Net cashflow used in financing activities	-	-
Net increase/(decrease) in cash from discontinued operations	**-**	**-**

Note 30. Assets and Liabilities Classified as held for sale / Discontinued operations *(continued)*

(b) Aspen Medisys LLC

As announced to the ASX on 1 November 2012, the Company exercised its option to have the vendor of Aspen Medisys LLC ('Aspen) purchase Aspen back for a consideration of $1.00. Financial information relating to Aspen is set out below. The financial performance of the discontinued operation, which has been included in the loss per the statement of profit or loss and other comprehensive income, is as follows:

	Consolidated	
	30-Jun-14	30-Jun-13
	$ AUD	$ AUD
Revenue	-	-
Expense	-	(50,748)
Loss	**-**	**(50,748)**
Loss attributable to members of parent entity	-	(50,748)
Write off loan to controlled entity on disposal		
Due to the exercise of this option a loan from the Company to Aspen in the amount of $46,828 was written off.		
Loss on disposal of controlled entity		
Due to the exercise of this option a loss on disposal of a controlled entity was realised, calculated as follows:		
Sale Price	-	1
Write-back of Deferred Purchase Consideration	-	1,885,753
Write-off of Intellectual Property	-	(7,275,076)
Property, Plant & Equipment	-	(83,132)
Aspen Accumulated Losses	-	50,748
Loss on Disposal of Controlled Entity	**-**	**(5,421,706)**
Loss attributable to members of parent entity	-	(5,421,706)
Income tax benefit attributable to loss on disposal of controlled entity	-	1,626,512
Cashflow of discontinued operations		
Net cashflow used in operating activities	-	-
Net cashflow used in investing activities	-	-
Net cashflow used in financing activities	-	-
Net increase/(decrease) in cash from discontinued operations	**-**	**-**

Note 31. Segment Reporting

The Group has operated 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 32. Fair Value

The Group measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss

a. Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Recurring fair value measurements

Financial assets	**Level 1**		**Level 2**		**Level 3**	
	2014	2013	2014	2013	2014	2013
financial assets at fair value through profit or loss	325,000	410,000	-	-	-	-

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, based on the factors outlined in note 1 of the financial statements.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001.*

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Michael Johnson
Director

27 August 2014
Melbourne

HLB Mann Judd

Accountants | Business and Financial Advisers

Independent Auditor's Report to the Members of Rhinomed Limited (formerly Consegna Group Limited)

Report on the Financial Report

We have audited the accompanying financial report of Rhinomed Limited (formerly Consegna Group Limited) referred to as ("Rhinomed") or ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2014, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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 judgment, 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 Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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.

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

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

HLB Mann Judd (VIC Partnership)
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HLB Mann Judd

Accountants | Business and Financial Advisers

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Rhinomed Limited (formerly Consegna Group Limited) is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to the going concern note included in Note 1 of the financial report, which indicates that the Group incurred a loss of $3.535 million (2013: loss of $19.559 million) had a net cash inflow of $1.129 million during the year (2013: a drop of $122,964). Those conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the Company 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 Rhinomed Limited (formerly Consegna Group Limited) for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
27 August 2014

Shareholder Information

The shareholder information set out below was applicable as at 26th August 2014.

Number of holders of equity securities

Ordinary Shares

395,379,445 fully paid ordinary shares are held by 1,812 individual holders. All ordinary shares carry one vote per share.

Distribution of ordinary fully paid shares	Ordinary Shares	
Holding Ranges	**No. of holders**	**Total Units**
1 - 1000	54	7,608
1001 - 5000	158	447,370
5001 - 10,000	103	892,682
10,001 - 100,000	858	41,995,581
100,001 and above	639	352,076,204
Totals	**1,812**	**395,379,445**
Unmarketable parcels	49	2,748

Twenty largest ordinary fully paid shareholders

	Holder Name	Number	%
1	Kensington Capital Management Pty Ltd Group	9,500,000	2.40%
2	Mhbiat Pty Ltd	6,700,000	1.69%
3	AJG Pty Ltd	6,632,645	1.68%
4	Abingdon Nominees Pty Ltd	6,500,000	1.64%
5	Ozpharma Pty Ltd	5,000,000	1.26%
6	HSBC Custody Nominees (Australia) Limited	4,723,474	1.19%
7	Mr Gerard Anthony O'brien & Mrs Helen Margaret O'brien	4,531,263	1.15%
8	Stiction Pty Ltd	4,207,643	1.06%
9	Gordon Family Superannuation Pty Ltd	4,000,000	1.01%
10	Mr Ian Barrie Murie	3,900,000	0.99%
11	Mr Paz Maryanka	3,850,140	0.97%
12	Shared Office Services Pty Ltd	3,550,000	0.90%
13	Employee Equity Administration Pty Ltd	3,497,690	0.88%
14	Philip George Investments Pty Ltd	3,459,058	0.87%
15	Citicorp Nominees Pty Limited	3,444,556	0.87%
16	Strother Grazing Company P/L	3,240,000	0.82%
17	Tintern (Vic) Pty Ltd Group	3,138,048	0.79%
18	Drill Investments Pty Ltd	3,000,000	0.76%
19	Mrs Noel Webb & Mr Robert Webb & Mrs Christina Stevens	2,917,868	0.74%
20	Mrs Gweneth McIntyre	2,866,220	0.72%
Total of Top 20 Shareholders		**88,658,605**	**22.42%**
Total Balance of Remaining Shareholders		**306,720,840**	**77.58%**
Total Issued Capital		**395,379,445**	**100.00%**

Substantial Shareholders

There are no substantial shareholders that the Company is aware of from the register, or that has been made known to the Compnay in accordance with Section 671B of the Corporations Act.