ASX Appendix 4D

Half-Year Financial Report to 31 December 2013

1. Details of reporting period

Name of Entity	Sun Biomedical Limited
ABN	18 001 285 230
Period Ended	31 December 2013
Previous Corresponding Period	31 December 2012

2. Results for announcement to the market

				$
Revenues from ordinary activities	Down	65.3%	to	24,939
Loss for the half-year	Down	0.2%	to	243,093
Total comprehensive loss for the half-year attributable to members	Down	0.2%	to	243,093

	Amount Per Security	Franked Amount Per Security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous Corresponding Period	Nil	Nil
Record Date for Determining Entitlements	Not Applicable	

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

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

3. Net tangible asset backing

	31 December 2013	31 December 2012
Net tangible backing per ordinary security (cents)	0.0044	0.0059

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

N/A

5. Details of Dividends

No dividend has been paid or recommended to be paid for the half-year ended 31 December 2013.

6. Details of dividend reinvestment plans

N/A

7 Details of associate and joint venture entities

N/A

8. Foreign entities

N/A

9. Audit

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

Mr Howard Digby
Executive Chairman

26 February 2014

Sun Biomedical Limited

ABN 18 001 285 230

and its controlled entities

Half year report for the half year ended

31 December 2013

Corporate directory

Board of Directors

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

Company Secretary

Mr Peter Webse

Registered and Principal Office

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Postal Address

PO Box 271
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Website

Website: www.sunbiomed.com.au

Auditors

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West Perth, Western Australia 6005

Share Registry

Computershare Investor Services Pty Limited
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45 St George's Terrace
Perth, Western Australia 6000
Tel: +61 8 9323 2000
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Stock Exchange

Australian Securities Exchange Limited
Level 8, Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000

ASX Code: SBN

Half year report for the half-year ended 31 December 2013

Contents

Directors' report

The directors of Sun Biomedical Limited ("Sun Biomedical" or "the Company") submit herewith the financial report of Sun Biomedical Limited and its subsidiaries ("the consolidated entity") for the half-year ended 31 December 2013. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Names of Directors

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

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

The above named directors held office during and since the end of the half-year except for:

Dr Anton Uvarov – appointed 20 November 2013
Mr Terry Cuthbertson – resigned on 19 September 2013

Review of operations

The loss of the consolidated entity for the half-year ended 31 December 2013, after fully expensing all research and development costs, amounted to $243,093 compared to a loss of $243,582 for the half-year ended 31 December 2012.

Summary

During the six months to 31 December 2013, the Company completed market research and feasibility into the market for one-step saliva drug testing devices and specifically, the opportunity for its current Intellectual Property, including the Oraline® family of products. The Company selected an initial product "Oraline IV", to address known performance issues with further R&D work. Product modifications have been completed with final testing underway as at the end of the period. Work has started to identify new drug testing devices using the Company's Intellectual Property. Trademarks and patents have been reviewed and new trademark applications made to gain protection in potential new markets and geographies.

Background

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

Sun Biomedical is actively engaged in the process of commercialising its biotechnology assets and, in particular, the Oraline® saliva drug test. The objective is to develop Oraline® into a cost effective, competitive and highly functional drug testing family that addresses unique market needs.

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

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

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

Overview of Company Strategy

While the current focus of our biotechnology business is the development of workplace drug testing solutions, the board is cognisant that the therapeutic segment of biotechnology represents a more attractive opportunity for the Company, with less competition for new products, better ability to differentiate, higher margins and significant value inflection as the product moves through the development pipeline. In view of this, the Company entered into an exclusive arrangement with Parvulus Medical SAS, a private Swiss biotechnology company, to license the technology owned by its subsidiary, Parvulus Suisse SA for the Asia Pacific region or alternatively to acquire all the issued share capital of Parvulus SA.

Parvulus is the owner of medical technology for the manufacturing of a biodegradable device used in heart valve repair surgery. While these discussions have ended without an agreement subsequent to the reporting period, the Company continues to look at other opportunities that could complement its biotechnology portfolio and reach further into the field of therapeutic applications.

Research and Development activities

While the Company remains in a lean operational mode, R&D and commercialisation spend has increased over the previous corresponding period (*see statements on page 8*). This is in line with costs associated with improving, testing and prototyping the Oraline® product, finding new partners and working up plans for future products.

Oraline® Development Progress

Sun Biomedical has made noteworthy progress along its plan to commercialise the Oraline® drug testing product with the help of its partners.

Medinat Australia, acting as R&D consultant, is helping the Company to understand the market opportunity and to improve the product in order to exceed the desired functionality and performance. Medinat brings considerable experience in the area of occupational and medical drug abuse testing. Medinat plays an integral role in coordinating development and testing activities working closely with the Company's partners in China and elsewhere. This has included travel to China in conjunction with a Company officer to inspect facilities and evaluate alternatives for sources of manufacture.

HANGZHOU BEICHI TECH CO.LTD (Beichi) have performed design and prototyping work for the updated version of Oraline®. Prototypes were produced using "3D printing". The first tests of the new prototype appeared to be successful and further testing is underway.

New Product Development, Stronger IP position

Saliva collection for genomic testing

The Company has also chosen, in line with the corporate strategy of diversifying into therapeutic market and healthcare segment, to explore the applicability of our existent patent portfolio towards saliva collection for direct-to-consumer genomic and genetic testing which is fast becoming an affordable mass market proposition of significant scale.

Genomic testing usually uses saliva or blood samples and allows for extremely rapid diagnostics of inheritable diseases such as familial cancer, Alzheimer's, autoimmune diseases, etc using next generation sequencing techniques. This is currently among the most rapidly growing diagnostics areas with key driving factors being: (A) the current trends in biotherapeutics towards personalised medicine, and (B) rapidly declining sequencing prices.

Hand held electronic drug testing device

In addition, Sun Biomedical is actively exploring the applicability of our existing patents towards a hand held electronic device that will allow effective measuring on the spot for most common drugs with a digital read out and in future potential compatibility with centralized data management system for

effective tracking of repeat offenders. For police applications, it is intended that the device will work just like a hand held breathalyser.

Progress after reporting date

Sun Biomedical has entered into a manufacturing service agreement with Beichi which covers manufacturing prototypes, process optimisation, and further tune-up of the updated Oraline® product as well as production of first models of the modified device

In parallel to Beichi, Sun Biomedical the Company has entered into a non-binding Memorandum of Understanding (MoU) with LumiQuick Diagnostics Inc of Santa Clara, California (LumiQuick) and its sister company, Xiamen Boson Biotech Co. Fujian, China (Boson), under which the parties will negotiate the terms for services relating to the development and commercialisation of the Company's improved Oraline® drug test family. Lumiquick also has a large distribution footprint and significant marketing strengths in the USA and worldwide.

In addition, the Board believes that LumiQuick's presence in disease diagnostics provides Sun Biomedical with future opportunities in the life sciences sector.

The Company recently identified asthma and allergic airway inflammation as one of the areas to prioritise our interests and future investments. Asthma is a well-recognized problem in Australia and is a strong society concern given that 2.3 million of Australians (approx. 10.2%) have this medical condition.

Sun Biomedical is currently exploring opportunities to apply its existing technology IP and established industry network towards the development of fast self-tests designed to detect antibodies for major airborne allergens (dust mites, grass pollen, etc), and associated therapeutic options. House dust mite allergens are the most prevalent allergens associated with asthma and allergic airway inflammation.

The Company also believes that growing our research capabilities in the area of asthma and airway inflammation represents the best fit with our corporate strategy and shareholders' interests. Given the availability of numerous government grants and other sources of non-dilutive financing in this area of research, Sun Biomedical will be able to grow its presence in the therapeutics sector in a most capital efficient way.

The Company is currently engaged in identifying academic research institutions to participate in this project.

Auditor's independence declaration

The auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is included on page 4 and forms part of the directors' report for the half- year ended 31 December 2013.

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

On behalf of the directors

Howard Digby
Executive Chairman
26 February 2014
Perth, Western Australia

Stantons International Audit and Consulting Pty Ltd
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26 February 2014

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

RE: SUN BIOMEDICAL LIMITED

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

As Audit Director for the review of the financial statements of Sun Biomedical Limited for the half year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

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

Samir Tirodkar
Director

Stantons International Audit and Consulting Pty Ltd
trading as
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUN BIOMEDICAL LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sun Biomedical Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Sun Biomedical Limited (the consolidated entity). The consolidated entity comprises both Sun Biomedical Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sun Biomedical Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Sun Biomedical Limited on 26 February 2014.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

Stantons International

Samir

Samir Tirodkar
Director

West Perth, Western Australia
26 February 2014

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134 '*Interim Financial Reporting*' and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the directors

Howard Digby
Executive Chairman
26 February 2014
Perth, Western Australia

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2013

	Note	Consolidated Half-year ended 31 Dec 2013 $	Consolidated Half-year ended 31 Dec 2012 $ (restated)
Continuing operations			
Revenue	2	24,939	71,769
Other income		21,573	-
Research and development expenses		(45,893)	-
Business development expenses		(76,405)	(51,735)
Commercialisation expenses		(20,497)	(230)
Corporate administration expenses		(146,810)	(190,831)
Impairment of financial assets		-	(72,555)
Loss before income tax		**(243,093)**	**(243,582)**
Income tax expense		-	-
Loss for the period		**(243,093)**	**(243,582)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period		**(243,093)**	**(243,582)**
Loss attributable to:			
Owners of Sun Biomedical Limited		**(243,093)**	**(243,582)**
Loss per share:			
Basic and diluted (cents per share)		0.073	0.138

Notes to the consolidated financial statements are included on pages 12 to 15.

Consolidated statement of financial position as at 31 December 2013

	Note	Consolidated 31 Dec 2013 $	Consolidated 30 Jun 2013 $
Current assets			
Cash and cash equivalents		1,490,484	1,152,511
Trade and other receivables		18,225	6,883
Other financial assets		-	594,052
Total current assets		**1,508,709**	**1,753,446**
Total assets		**1,508,709**	**1,753,446**
Current liabilities			
Trade and other payables		44,664	46,308
Total current liabilities		**44,664**	**46,308**
Total liabilities		**44,664**	**46,308**
Net assets		**1,464,045**	**1,707,138**
Equity			
Issued capital	3	30,286,353	30,286,353
Reserves		157,979	157,979
Accumulated losses		(28,980,287)	(28,737,194)
Total equity		**1,464,045**	**1,707,138**

Notes to the consolidated financial statements are included on pages 12 to 15.

Consolidated statement of changes in equity for the half-year ended 31 December 2013

	Issued Capital $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2012	**29,399,862**	**-**	**(28,220,096)**	**1,179,766**
Loss for the period	-	-	(243,582)	(243,582)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(243,582)**	**(243,582)**
Issue of shares	1,158,990	-	-	1,158,990
Share issue costs	(137,243)	-	-	(137,243)
Balance at 31 December 2012	**30,421,609**	**-**	**(28,463,678)**	**1,957,931**
Balance at 1 July 2013	**30,286,353**	**157,979**	**(28,737,194)**	**1,707,138**
Loss for the period	-	-	(243,093)	(243,093)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(243,093)**	**(243,093)**
Balance at 31 December 2013	**30,286,353**	**157,979**	**(28,980,287)**	**1,464,045**

Notes to the consolidated financial statements are included on pages 12 to 15.

Consolidated statement of cash flows for the half-year ended 31 December 2013

	Consolidated	
	Half-year ended	
	31 Dec 2013 $	31 Dec 2012 $
Cash flows from operating activities		
Payments to suppliers and employees	(162,315)	(169,108)
Research and development costs paid	(142,795)	-
Interest received	27,458	48,555
Net cash used in operating activities	(277,652)	(120,553)
Cash flows from investing activities		
Proceeds from sale of equity investments	115,625	7,334
Proceeds from redemption of loan investments	500,000	275,000
Net cash provided by investing activities	615,625	282,334
Cash flows from financing activities		
Proceeds from equity instruments of the Company	-	1,158,990
Payment for share issue costs	-	(27,991)
Net cash provided by financing activities	-	1,130,999
Net increase in cash and cash equivalents	**337,973**	**1,292,780**
Cash and cash equivalents at the beginning of the period	1,152,511	154,329
Cash and cash equivalents at the end of the period	**1,490,484**	**1,447,109**

Notes to the consolidated financial statements are included on pages 12 to 15.

Condensed notes to the consolidated financial statements for the half-year ended 31 December 2013

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *'Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *'Interim Financial Reporting'*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial statements of the Company for the year ended 30 June 2013 together with any public announcements made during the following half-year.

The half-year financial report was authorised for issue by the directors on 26 February 2014.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. Theses accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New and revised accounting requirements applicable to the current half-year reporting period

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

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

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

Impact of the application of AASB 10

AASB 10 replaces the parts of AASB 127 'Consolidated Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain

when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 per cent of the voting rights in an investee has control over the investee is relevant to the consolidated entity.

Impact of the application of AASB 13

The consolidated entity has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the consolidated entity has not made any new disclosures required by AASB 13 for the 2012 comparative period, the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Impact of the application of AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'

The consolidated entity has applied the amendments to AASB 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the consolidated entity does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

Significant accounting judgements and key estimates

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

In preparing these half-yearly statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial report for the year ended 30 June 2013.

2. Revenue

	31 Dec 2013 $	31 Dec 2012 $
Interest income	18,828	64,435
Commission received	6,111	-
Profit from sale of equity investments	-	7,334
	24,939	71,769

3. Issued Capital

Fully paid ordinary shares

Issued capital as at 31 December 2013 amounted to $30,286,353 (331,140,008 fully paid ordinary shares) (31 December 2012: $30,421,609 (331,140,008 fully paid ordinary shares)). Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held. There were no movements in the issued capital of the Company in the current half-year.

4. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2013 annual financial report.

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

5. Dividends

No dividends were paid or declared for the half-year ended 31 December 2013 and the Directors have not recommended the payment of a dividend.

6. Commitments and contingencies

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report. As at 31 December 2013, the Company had no significant commitments.

7. Subsequent events

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

(i) On 17 January 2014, the Company announced that the negotiation period to acquire the business of Parvulus Suisse SA (Parvulus) or to licence the Intra Annular Ring technology owned by Parvulus had expired and the Company decided not to proceed with any further discussions with Parvulus.

(ii) On 24 January 2014, the Company announced that it had entered into a manufacturing service agreement with Hangzhou Beichi Tech Co. Ltd (Beichi). The agreement covers production of first models of the modified device (Oraline®) as well as process optimisation and further tune-up of Oraline® new product.

(iii) On 4 February 2014, the Company announced that it has entered into a non-binding Memorandum of Understanding (MoU) with LumiQuick Diagnostics Inc of Santa Clara, California (LumiQuick) and its sister company, Xiamen Boson Biotech Co. Fujian, China (Boson), under which the parties will negotiate the terms for services relating to the development and commercialisation of the Company's improved Oraline® drug test family.