

**Quarterly Activity Report – FY16 Q3**

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**KEY HIGHLIGHTS**

- **Global distribution makes significant progress**
- **US launch in 998 Walgreens and Duane Reade stores in May 2016**
- **McArthur Medical appointed Canadian Distributor for Mute and Turbine**
- **Boots UK roll out continues – first payments to be received Q4 FY16**
- **Europa Sports appointed wholesale distributor for Turbine and Mute in USA**
- **Receipts from customers reach \$200k - predominantly from Australia**
- **Capital raise of \$4m completed (subject to shareholder approval)**
- **SPP announced to raise up to \$1m**

During the quarter:

**Sales and Marketing**

The company continued its strong focus on expanding its international distribution footprint:

- The Mute technology is stocked in 600 Boots stores (part of global retailer Walgreens Boot Alliance, Inc) in the UK and the Republic of Ireland. The company continues to work closely with the Boots team to develop this market. Cash receipts are expected during Q4 FY16.
- The company has now extended the relationship with Walgreens Boots Alliance into the USA with the announcement that 891 Walgreens and 107 Duane Reade stores would begin stocking Mute in May 2016. The company has shipped 22,000 units to support this initial roll out and is developing a marketing and promotional program to support the launch.
- During the quarter the company announced that it had appointed McArthur Medical, one of Canada's leading sleep and medical equipment companies, as distributor of Mute and Turbine into the Canadian market place. Sales are expected to commence in the next quarter.
- Additionally, the company announced that it had appointed Europa Sports as distributor of the Turbine and Mute in the USA.
- By quarter-end, the company was on track to have more than doubled its retail store footprint.

Since the end of the quarter, the company has announced further extensions to US distribution:

- Performance Bike, America's No.1 specialty bicycle retailer, will stock Turbine in 127 stores.
- Online health and fitness retailer, [www.inboxfitness.com](http://www.inboxfitness.com) to stock Turbine.
- Online membership savings club, [www.jet.com](http://www.jet.com), to stock Mute.

## R&D

- The company's R&D programs continue to focus on the development of the INPEAP (Intranasal Positive Expiratory Airway Pressure) device for the treatment of mild-moderate obstructive sleep apnea and on the development of a decongestant version of the OTC Mute and Turbine technologies.
- We welcomed international cycling champion Chris Froome's feedback on the decongestant program during his visit to Australia in January for the Herald Sun Tour. This feedback is being incorporated into the development of the technology.
- The Phase 1 Clinical Trial of the INPEAP device for the treatment of obstructive sleep apnea is nearing completion following a slower than expected recruitment process. The company expects to report the results of this important trial during Q4 FY16.

## Operations

- Receipts from customers reached \$200k for the quarter, which excluded any payments from Boots, which are expected to be reported in Q4 FY16. Trade debtors increased to \$271k during the quarter, an increase of \$187k over the financial year.
- Year to date receipts from customers exceeded \$500k. The majority of this revenue was from the Australian market place.
- The company increased its production capacity substantially during 2015 and can report that the new facilities are performing well and are able to meet forecast demand from international markets.
- Expenditure in marketing and advertising fell through the quarter as the company focused more on business development activities and widening its distribution footprint, prior to the US retail launch of Mute.
- The company welcomed strong support from new investors toward the end of the quarter as it successfully completed a \$4m capital raise through Bell Potter. Up to an additional \$1m is being raised through an SPP which is open to all eligible shareholders.

Rhinomed will continue to focus on building a strong international distribution footprint. Our goal is to drive customer growth through a retail channel presence in the USA and the UK. Rhinomed also seeks to leverage growing support from clinicians and increasing consumer awareness of the role of sleep in driving performance and optimising health.

## Media Enquiries

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Follow us on

**Twitter** @rhinomedceo and @mutesnoring and @theturbinecom

**About Rhinomed Limited (ASX:RNO)**

Rhinomed Limited is a Melbourne, Australia based technology firm with a focus on nasal, respiratory and breathing management technologies. The company is developing and commercialising applications of its technology portfolio in the sport, sleep, cough/cold, allergy and drug delivery markets. The company has two products in market (the Turbine for sports and exercise and Mute for snoring and better sleep) and is currently conducting a clinical trial of its new INPEAP technology targeting mild to moderate sleep apnea. For more information, go to [www.rhinomed.global](http://www.rhinomed.global).

## Appendix 4C Quarter 3

### Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Rhinomed Limited

ABN

12 107 903 159

Quarter ended ("current quarter")

31<sup>st</sup> March 2016

#### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from customers (Unaudited Sales for the Qtr \$190k)	200	502
1.2	Payments for		
	(a) staff costs	(333)	(1,072)
	(b) advertising and marketing	(201)	(1,383)
	(c) research and development	(111)	(528)
	(d) corporate	(193)	(795)
	(e) other working capital	(311)	(970)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	9
1.5	Interest and other costs of finance paid	(11)	(26)
1.6	Income taxes paid	-	-
1.7	Other (R&D Refund)	-	436
<b>Net operating cash flows</b>		<b>(958)</b>	<b>(3,827)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(958)	(3,827)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	(2)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	310	310
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	104
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>310</b>	<b>412</b>
<b>1.14 Total operating and investing cash flows</b>		
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	2,550
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (share issue costs)	-	(61)
<b>Net financing cash flows</b>	<b>-</b>	<b>2,489</b>
<b>Net increase (decrease) in cash held</b>	<b>(648)</b>	<b>(926)</b>
1.21 Cash at beginning of quarter/year to date	1,084	1,369
1.22 Exchange rate adjustments to item 1.21	(4)	(10)
<b>1.23 Cash at end of quarter</b>	<b>433</b>	<b>433</b>

+ See chapter 19 for defined terms.

## Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	36
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	The amount at 1.24 includes payment of directors' fees and payments to a director related entity excluding reimbursement for administrative expenses and travel expenses.	

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	5,275	-

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	433	1,084
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>433</b>	<b>1,084</b>

### Acquisitions and disposals of business entities

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

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	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 29<sup>th</sup> April 2016

Print name: PHILLIP HAINS

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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