

Rhinomed Limited

Appendix 4D

Half-year ended 31 December 2018

Name of entity: Rhinomed Limited
ABN: 12 107 903 159
Half-year ended: 31 December 2018
Previous period: 31 December 2017

Results for announcement to the market

				31 December 2018 \$
Revenue from ordinary activities	Up	76.9%	to	1,347,805
Loss from ordinary activities after tax attributable to members	Up	55.2%	to	(2,865,535)
Net loss for the period attributable to members	Up	55.2%	to	(2,865,535)

Distributions

No dividends have been paid or declared by the Company for the current financial period. No dividends were paid for the previous financial period.

Explanation of results

For the half year ended 31 December 2018 the Group recorded invoiced shipments of \$1,883,529. This was in line with previous announcements.

Of this \$1,347,805 was recognised as revenue through the profit or loss during the period and \$535,724 represents goods that were shipped to customers, which the Group expects to be converted into revenue in the short to medium term.

Additional information supporting the Appendix 4D disclosure requirements can be found in the directors' report and the interim financial statements for the half-year ended 31 December 2018.

Net tangible assets per security

	31 December 2018 Cents	31 December 2017 Cents
Net tangible asset backing (per share)	3.30	2.74

Changes in controlled entities

There have been no changes in controlled entities during the half-year ended 31 December 2018.

Other information required by Listing Rule 4.2A

a. Details of individual and total dividends or distributions and dividend or distribution payments:	N/A
b. Details of any dividend or distribution reinvestment plans:	N/A
c. Details of associates and joint venture entities:	N/A
d. Other information	N/A

Interim review

The financial statements have been reviewed by the Group's independent auditor without any modified opinion or disclaimer.

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R H I N O M E D

CHANGING THE WAY THE WORLD BREATHES

Rhinomed Limited

ABN 12 107 903 159

**Interim financial report
for the half-year ended 31 December
2018**

**Rhinomed Limited
Corporate directory**

Directors

Mr Michael Johnson
Executive Director and Chief Executive Officer

Mr Ron Dewhurst
Non-Executive Chairman

Mr Brent Scrimshaw
Non-Executive Director

Dr Eric Knight
Non-Executive Director

Secretary

Mr Phillip Hains

Principal registered office in Australia

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Cremorne Victoria 3121
Australia
+61 (0) 3 8416 0900

Share registry

Automic Share Registry
Level 12, 575 Bourke Street
Melbourne VIC 3000

Auditor

HLB Mann Judd
Level 9, 575 Bourke Street
Melbourne Victoria 3000

Bankers

National Australia Bank (NAB)
330 Collins Street
Melbourne Victoria 3000

Stock exchange listings

Australian Securities Exchange (ASX: RNO)

Website

www.rhinomed.global

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Rhinomed Limited

ABN 12 107 903 159

Interim report - 31 December 2018

Contents

	Page
Directors' report	3
Interim financial report	
Consolidated statement of comprehensive income	7
Consolidated balance sheet	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	16
Independent auditor's review report to the members	17

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**Rhinomed Limited
Directors' report
31 December 2018**

The Directors submit the interim financial statements of the Group for the half-year ended 31 December 2018. The Group includes Rhinomed Limited and its subsidiaries as at period end 31 December 2018. The financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The following persons held office as Directors in Rhinomed Limited during the financial period:

Mr Michael Johnson, Executive Director and Chief Executive Officer
Mr Ron Dewhurst, Non-Executive Chairman
Mr Brent Scrimshaw, Non-Executive Director
Dr Eric Knight, Non-Executive Director

Review of operations

Rhinomed is actively seeking to improve the way millions of people around the world breathe. We achieve this goal by assisting people to overcome nasal breathing issues, such as congestion and obstruction, and the impact these issues have on sleep and everyday health and wellbeing.

Our strategy is to ensure our products are not only on the shelves of the world's leading pharmacies but that we also gain the endorsement and recommendation of leading sleep clinicians and dental practitioners who recognise the impact nasal obstruction issues have on their patients.

Pleasingly, the Directors can report that the half year period to the end December 2018 saw the Group make significant strides in achieving these outcomes. The following major milestones were achieved:

- Significant expansion of the US retail footprint. In July through to September the Group announced that Mute was being core ranged into a further 5,000+ US based stores, bringing total US based store count to 9,000 stores - approximately 11,000 stores globally. The roll out of stock into these stores was completed during October and November 2018.
- During the first half of FY19 the Company brought its Australian distribution back in house to better enable it to service demand from the Australian pharmacy and professional services market.
- In November the Group appointed Sean Slattery as CFO.
- Record shipments were invoiced during the period with a sales value of \$1,883,529, representing total units shipped of 112,682.
- Revenues of \$1,347,805 were recognised, while the sales value of the goods shipped to the customers amounted to \$535,724.
- Gross Profit/margins of over 65% remain strong during this formative growth period.
- The Group recorded a Loss of \$2.8 million for the period reflecting the continuing investment in positioning the technology at the forefront of the sleep market.
- Net cash flow was in line with the previous period reflecting a focus on strategic investment.
- The US market continues to respond positively to awareness and promotional programs at both a consumer and professional services level. As previously indicated the Company's marketing activities were subdued in FY19 Q2 in response to the increase in cost that is associated with the US midterm election, Thanksgiving and Christmas. These programs recommenced during FY19 Q3 in support of the increased retail store footprint.
- Underlying growth remains strong and the maturing of the business and impact of growing sell through from our US store base is creating a strong business case for other retailers to begin stocking Mute.

Review of operations (continued)

- R&D
 - In September of 2018 the Group announced a new partnership with leading US based medicinal cannabis company Columbia Care - this agreement will see the parties create a range of nasally delivered medical cannabis formulation products.
 - The Group commenced a review program with the CSIRO to assess a number of nasal delivery opportunities and has identified a number of viable options for the Columbia Care program. Work is now underway developing the platform that will deliver these formulations.
 - The Group has also progressed the development of its new technology range - a platform capable of delivering multiple vapour formulations. Two initial products have been developed - products that will solve consumer health problems in the global nasal congestion and sleep aid markets.
 - As disclosed at the 2018 AGM these products will go into production in the first half of 2019. The Group expects to be able to advise investors as to the response from US based retailers to this new technology in the first half of 2019.
- The Group held cash reserves of \$3.8M, an increase of \$2.6M since 30 June 2018, while also seeing an increase in trade receivables to \$1.3M up from \$0.8M at 30 June 2018
- The Group conducted a capital raise in November 2018, which was strongly supported by both existing and new shareholders. \$4.7M was raised at an issue price of \$0.21 after costs, with a further \$147k raised through an SPP process at the same issue price. Funds raised strengthen Rhinomed's balance sheet and allows the Group to better execute its growth agenda.
- The Group's net assets grew during the period to \$7,820,042 compared with \$4,766,912 at 30 June 2018. The net carrying value of the Group's intangible assets of \$3,135,809 remains consistent with the previous period allowing for amortisation charges.

Outlook

The Group is well placed to continue to execute its strategy of commercialising its platform technology. The Rhinomed nasal platform has a wide range of applications from simple stenting of the nose to alleviate snoring and improve sleep through to vapour and drug delivery. The Group will continue to seek to expand its strong and growing retail presence in the North American, Australian and UK markets while also strongly supporting the Sleep dental community who are in increasing numbers using Mute to overcome nasal obstruction issues associated with existing oral advancement therapies.

During the second half of FY19 the Group looks forward to updating investors about changes to its Mute retail store presence and details regarding the launch of its new vapour eluting technology range.

Events after reporting date

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

Rhinomed Limited
Directors' report
31 December 2018
(continued)

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to be 'MJ', with a long horizontal line extending to the right.

Mr Michael Johnson
Executive Director and Chief Executive Officer
Melbourne
28 February 2019

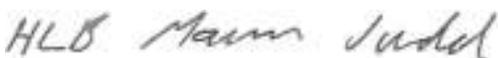
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the interim financial report of Rhinomed Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Rhinomed Limited and the entities it controlled during the period.



HLB Mann Judd
Chartered Accountants



Nick Walker
Partner

Melbourne
28 February 2019

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Rhinomed Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

		Consolidated entity	
		31 December	31 December
		2018	2017
	Notes	\$	\$
Revenue			
Revenue from continuing operations	2	1,347,805	761,852
Other income	2	47,211	4,352
Expenses			
Raw materials and consumables used		(464,947)	(202,312)
Share-based payments expense	5	(1,035,000)	-
Employee benefits expense		(970,981)	(668,267)
Depreciation and amortisation		(186,128)	(57,081)
Administration		(764,958)	(746,294)
Marketing		(502,143)	(684,545)
Research and development		(110,402)	(68,309)
Other expenses		(225,264)	(261,707)
Loss before income tax		(2,864,807)	(1,922,311)
Income tax (expense)/benefit		(728)	75,423
Loss for the period from continuing operations		(2,865,535)	(1,846,888)
Other comprehensive loss that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		6,468	8,489
Total comprehensive loss for the period		(2,859,067)	(1,838,399)
		Cents	Cents
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss per share		(2.30)	(1.91)
Diluted loss per share		(2.30)	(1.91)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Rhinomed Limited
Consolidated balance sheet
As at 31 December 2018

	Consolidated entity	
	31 December	30 June
	2018	2018
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	3,818,169	1,263,122
Trade and other receivables	1,265,681	838,144
Inventories	437,729	359,070
Other assets	250,720	54,202
Total current assets	5,772,299	2,514,538
Non-current assets		
Other financial assets	3	52,170
Property, plant and equipment	20,002	25,253
Intangible assets	3,135,809	3,316,623
Total non-current assets	3,207,981	3,394,046
Total assets	8,980,280	5,908,584
LIABILITIES		
Current liabilities		
Trade and other payables	596,333	696,075
Deferred revenue	360,483	371,354
Provisions	171,754	53,364
Total current liabilities	1,128,570	1,120,793
Non-current liabilities		
Provisions	31,668	20,879
Total non-current liabilities	31,668	20,879
Total liabilities	1,160,238	1,141,672
Net assets	7,820,042	4,766,912
EQUITY		
Issued capital	4	59,243,448
Reserves	1,844,303	54,366,251
Accumulated losses	(53,267,709)	802,835
Total equity	7,820,042	4,766,912

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Rhinomed Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2018

Consolidated entity	Notes	Issued capital \$	Option reserve \$	Reserves NCI \$	Foreign exchange reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017		50,934,839	824,089	(6,158,687)	(28,985)	(40,239,163)	5,332,093
Loss for the period		-	-	-	-	(1,846,888)	(1,846,888)
Other comprehensive (income) /expense for the period		-	-	-	8,489	-	8,489
Total comprehensive income for the period		-	-	-	8,489	(1,846,888)	(1,838,399)
Transactions with owners in their capacity as owners:							
Transfer to accumulated losses		-	-	6,158,687	-	(6,158,687)	-
Shares issued net of issue costs		3,338,250	-	-	-	-	3,338,250
		<u>3,338,250</u>	<u>-</u>	<u>6,158,687</u>	<u>-</u>	<u>(6,158,687)</u>	<u>3,338,250</u>
Balance at 31 December 2017		54,273,089	824,089	-	(20,496)	(48,244,738)	6,831,944
Balance at 1 July 2018		54,366,251	824,089	-	(21,254)	(50,402,174)	4,766,912
Loss for the period		-	-	-	-	(2,865,535)	(2,865,535)
Other comprehensive (income) /expense for the period		-	-	-	6,468	-	6,468
Total comprehensive income for the period		-	-	-	6,468	(2,865,535)	(2,859,067)
Transactions with owners in their capacity as owners:							
Shares issued net of issue costs	4	4,877,197	-	-	-	-	4,877,197
Options issued	5	-	1,035,000	-	-	-	1,035,000
		<u>4,877,197</u>	<u>1,035,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,912,197</u>
Balance at 31 December 2018		59,243,448	1,859,089	-	(14,786)	(53,267,709)	7,820,042

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Rhinomed Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2018

	Consolidated entity	
	31 December	31 December
	2018	2017
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers	978,906	714,087
Payments to suppliers and employees	(3,283,509)	(2,654,722)
Interest received	7,110	4,788
Interest and other costs of finance paid	(8,250)	(8,908)
Government grants	40,101	-
Net cash outflow from operating activities	(2,265,642)	(1,944,755)
Cash flows from investing activities		
Net cash inflow (outflow) from investing activities	-	-
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	4,985,009	3,510,124
Capital raising costs	(207,312)	(161,151)
Net cash inflow from financing activities	4,777,697	3,348,973
Net increase in cash and cash equivalents	2,512,055	1,404,218
Cash and cash equivalents at the beginning of the period	1,263,122	1,666,883
Effects of exchange rate changes on cash and cash equivalents	42,992	4,460
Cash and cash equivalents at end of period	3,818,169	3,075,561

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

(a) Statement of compliance

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and accounting standards including AASB 134 ('Interim Financial Reporting'), Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'. The Group or consolidated entity includes Rhinomed Limited, ("the Company") and its subsidiaries as at 31 December 2018 and during the period ended on that date. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This consolidated interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by the Group during the half-year and up to the date of this report in accordance with continuous disclosure requirements arising under the (Corporations Act 2001) and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except those noted in note 1(b).

(b) Adoption of new and revised Accounting Standards

The Group has adopted all standards which became effective for the first time during the half year to 31 December 2018. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

The Group applies for the first time, AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*. As required by AASB 134 *Interim Financial Reporting*, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time during the half year to 31 December 2018, but do not have an impact on the consolidated financial statements of the Group.

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue and related Interpretations* and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group performed an impact assessment regarding the application of AASB 15. The assessment identified that the application of this standard had no material impact on the Group.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group performed an impact assessment regarding the application of AASB 9. The assessment identified that the application of this standard had no material impact on the Group.

1 Summary of significant accounting policies (continued)

(c) Basis of preparation

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

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

(d) Going concern

The operating loss after tax for the 6 months period ended 31 December 2018 was \$2,865,535 (half-year 31 December 2017: \$1,846,888). The Group had net assets of \$7,820,042 as at 31 December 2018 (30 June 2018: \$4,766,912), including cash reserves of \$3,818,169 (30 June 2018: \$1,263,122).

At the date of this report, the Directors have considered the above factors and are of the opinion that the Group will be able to continue as a going concern and will be able to pay its debts as and when they fall due. The financial statements have therefore been prepared on a going concern basis which includes the presumption that sufficient funds will be available to finance the operations of the Group.

The Group has a track record in accessing capital to fund its operations and the Directors believe that the Group has the ability to access additional capital, as evidenced through the recently completed capital raise of \$5 million before costs in November 2018.

Based on current budget assumptions the Group has sufficient funds to meet current commitments towards commercialising the BreatheAssist asset in the sporting and health market.

Notwithstanding the material uncertainty pertaining to the ability of the Group to continue to access additional capital and its future operating income, 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.

Based on the above considerations, the Board has assessed the resources and opportunities available to the Group, and consequently believe that the Group will be able to repay its debts as and when they fall due.

Significant accounting judgments and key estimates

The preparation of the half-year financial report 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 the half-year financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2018.

Rhinomed Limited
Notes to the consolidated financial statements
For the half-year ended 31 December 2018
(continued)

2 Revenue

	Consolidated entity	
	31 December	31 December
	2018	2017
	\$	\$
Revenue		
Sale of goods	<u>1,347,805</u>	761,852
Other income		
Interest income	7,110	4,352
Government grants	40,101	-
Total other income	<u>47,211</u>	<u>4,352</u>

3 Other financial assets

	Consolidated entity	
	31 December	30 June
	2018	2018
	\$	\$
Non-current assets		
Term deposits	<u>52,170</u>	52,170

Term deposits represent a bank guarantee/deposit in relation to a rental property lease and credit card facilities.

4 Issued capital

	31 December	31 December	30 June	30 June
	2018	2018	2018	2018
	No.	\$	No.	\$
Fully paid	141,933,281	59,243,448	117,671,387	54,366,251

(a) Share capital

(i) Movements in ordinary shares

Details	Number of shares	\$
Balance at 1 July 2018	117,671,387	54,366,251
09/11/2018 Private placement at \$0.21	23,563,376	4,948,309
21/12/2018 Share purchase plan at \$0.21	698,518	146,700
Less: transaction costs arising on share issue	-	(217,812)
Balance at 31 December 2018	<u>141,933,281</u>	<u>59,243,448</u>

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4 Issued capital (continued)

(b) Other reserves

(i) Movement in options (share-based payment reserve)

Details	Number of options	\$
Balance at 1 July 2018	9,026,923	824,089
21/12/2018 unlisted options (ESOP) at \$0.287	9,000,000	1,035,000
Balance at 31 December 2018	18,026,923	1,859,089

5 Share-based payments

The following share-based payment arrangements were entered into during the half-year ended 31 December 2018 due to new options granted and vested:

Type/recipient	Grant date	Vesting date	Expiry date	Exercise price (\$)	No. of options	Fair value (\$)
ESOP (Michael Johnson)	14-Dec-2018	14-Dec-2018	21-Dec-2021	0.287	3,000,000	345,000
ESOP (Ron Dewhurst)	14-Dec-2018	14-Dec-2018	21-Dec-2021	0.287	3,000,000	345,000
ESOP (Brent Scrimshaw)	14-Dec-2018	14-Dec-2018	21-Dec-2021	0.287	1,500,000	172,500
ESOP (Eric Knight)	14-Dec-2018	14-Dec-2018	21-Dec-2021	0.287	1,500,000	172,500

For the options granted during the half-year ended 31 December 2018, the valuation model inputs used to determine the fair value at the grant date are outlined below:

Type/recipient	Share price at grant date (\$)	Exercise price (\$)	Term in years	Expected volatility	Dividend yield	Risk-free interest rate	Fair value per option at grant date (\$)
Michael Johnson	0.205	0.287	3	100.00%	0.00%	1.975%	0.115
Ron Dewhurst	0.205	0.287	3	100.00%	0.00%	1.975%	0.115
Brent Scrimshaw	0.205	0.287	3	100.00%	0.00%	1.975%	0.115
Eric Knight	0.205	0.287	3	100.00%	0.00%	1.975%	0.115

(i) ESOP

On 14 December 2018, Rhinomed Limited issued 9,000,000 options vesting immediately to Directors of the Group. The assessed fair value of options issued was determined using the Black-Scholes option pricing model that takes into account the exercise price, term of the option, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

6 Contingent liabilities and assets

The Group had no contingent liabilities at 31 December 2018 (30 June 2018: nil).

7 Segment reporting

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

7 Segment reporting (continued)

8 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

9 Basis of preparation of half-year report

(a) Impact of standards issued but not yet applied by the Group

AASB 16 Leases (applicable to annual reporting periods commencing on or after 1 January 2019)

When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases and related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of \$127,382. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Rhinomed Limited
Directors' declaration
For the half-year ended 31 December 2018

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 2 to 15 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standard AASB 134 *interim financial reporting*, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable taking into account the factors outlined in note 1 of these accounts.

This declaration is made in accordance with a resolution of Directors.



Mr Michael Johnson
Executive Director and Chief Executive Officer
Melbourne

28 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT to the members of Rhinomed Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Rhinomed Limited ("the company") which comprises the consolidated balance sheet as at 31 December 2018, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

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



HLB Mann Judd
Chartered Accountants



Nick Walker
Partner

Melbourne
28 February 2019

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