

# Rhinomed Limited

## Appendix 4E

### Preliminary Final Report

#### Year ended 30 June 2019

Name of entity  
Rhinomed Limited

ABN or equivalent company reference  
ABN 12 107 903 159

Year ended  
30 June 2019  
(Previous corresponding year: 30 June 2018)

#### Results for announcement to the market

				\$
Revenue for ordinary activities	Up	51.5%	to	3,285,982
Loss after tax attributable to members	Up	51.5%	to	(6,066,170)
Net loss for the period attributable to members	Up	51.5%	to	(6,066,170)

#### Distributions

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. The Company has no dividend reinvestment plan.

#### Explanation of results

Revenue for the period is comprised of sales revenue for the Turbine and Mute product.

The revenue for the reporting period from ordinary activities was \$3,285,982 (2018: \$2,169,176).

The loss for the Group after income tax for the reporting period was \$6,066,170 (2018: \$4,004,323).

For further details relating to the current period's results, refer to the Review of Operations contained within the attached documents.

#### Net tangible assets

	30 June 2019	30 June 2018
Net tangible assets	\$1,651,492	\$1,450,289
Shares (no.)	141,933,281	117,671,387
Net tangible assets (cents)	1.16	1.23

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**Changes in controlled entities**

There are no changes in controlled entities during the financial year.

**Other information required by Listing Rule 4.3A**

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached Interim Report (which include the Directors Report).

**Status of audit of accounts**

The accounts are currently in the process of being audited. An Annual Report for the year ended 30 June 2019 containing the Audit Report shall be provided in due course.

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# Rhinomed Limited

ABN 12 107 903 159

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Rhinomed Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporation Act 2001.

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**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**

97 Green Street  
Cremorne Victoria 3121  
Australia  
Telephone: +61 (0) 3 8416 0900  
Fax: +61 (0) 3 8080 0796

**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:  
- Ordinary fully paid shares (code: RNO)

**Website**

[www.rhinomed.global](http://www.rhinomed.global)

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The Directors submit the preliminary financial statements of the Consolidated entity for the full year ended 30 June 2019. The Consolidated Group includes Rhinomed Limited and its subsidiaries to year ended 30 June 2019. The financial report has been prepared in accordance with Australian Accounting Standards.

## **Directors**

The following persons held office as Directors of Rhinomed Limited during the financial year:

Mr Michael Johnson  
Mr Ron Dewhurst  
Mr Brent Scrimshaw  
Dr Eric Knight

## **Review of operations**

Revenue from continuing operations for the financial year continued to increase year on year to \$3.29m increasing 51.5% up from \$2.17m in 2018.

The Group reported a loss of \$6.07m for the financial year, up 51.5% from \$4.00m in 2018.

Employee benefits expense increased from \$1.5m in FY18 to \$3.0m in FY19. This was as a result of the expensing of the grant of options, as approved at the 2018 Annual General Meeting (AGM), amounting to \$1.0m. Employee numbers increased from 14 in FY18 to 17 in FY19.

Net cash used in operating activities was \$4.71m (up from \$3.85m in FY18). Operating expenditure is aligned with revenue generation and investment to support sales growth in key markets and roll-out of Pronto in FY20. This is in line with the Company's focus on building its global distribution presence and leveraging key relationships with key retailers and utilizing the current distribution network to launch new products with a quicker turn around to market. This solid progress reflects the significant efforts made during FY19 to expand the company's distribution channels and to utilize the current distribution channels to launch new products in FY20 and onwards. Store count continues to grow and has reached 11,470 for the financial year ended June 2019. Over the course of the current financial year the Company set several key milestones:

- Increase distribution amongst our existing key accounts in our three core markets;
- Increase the overall retail footprint through strategic focus on high value retail/pharmacy networks;
- Leverage off existing Intellectual Property and distribution networks to roll-out new products (Pronto);
- Continue to find new opportunities to launch new products utilizing Intellectual Property and distribution networks.

The Company has made significant progress in achieving each of these milestones.

### **Events after the reporting date**

No matter or circumstance has arisen since 30 June 2019 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 years.

### **Financial position**

The Group held cash reserves of \$1,421,315 at 30 June 2019 (2018: \$1,263,122), an increase of \$158,193 from the previous period end. The Group's net assets were \$4,606,487 compared with \$4,766,912 for the previous year. The net carrying value of the Group's intangible assets of \$2,954,995 compared with \$3,316,623 for the previous year.

The Group recorded a total comprehensive loss for the period of \$6,066,170 after tax reflecting the continuing investment in positioning the technology the forefront of the sleep market.

**Rhinomed Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2019**

	Notes	Consolidated entity 2019 \$	2018 \$
<b>Income</b>			
Revenue from continuing operations	2	3,285,982	2,169,176
Other income	2	84,741	90,188
<b>Expenses</b>			
Raw materials and consumables used		(1,092,670)	(607,447)
Employee benefits expense		(3,042,115)	(1,503,486)
Depreciation and amortisation		(395,518)	(372,103)
Administrative expenses		(1,614,702)	(1,458,003)
Marketing		(2,219,856)	(1,750,937)
Research and development		(373,484)	(142,296)
Other expenses		(686,496)	(504,839)
<b>Loss before income tax</b>		<b>(6,054,118)</b>	<b>(4,079,747)</b>
Income tax (expense)/benefit		(12,052)	75,423
<b>Loss for the year</b>		<b>(6,066,170)</b>	<b>(4,004,324)</b>
<b>Other comprehensive loss</b>			
Exchange differences on translation of foreign operations		(6,451)	7,731
<b>Total comprehensive loss for the year</b>		<b>(6,072,621)</b>	<b>(3,996,593)</b>
Total comprehensive loss for the year is attributable to:			
Non-controlling interests		-	-
Owners of Rhinomed Limited		(6,072,621)	(3,996,593)
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share		(4.56)	(3.74)
Diluted earnings per share		(4.56)	(3.74)

*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 statement of financial position**  
**As at 30 June 2019**

	Notes	Consolidated entity 2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,421,315	1,263,122
Trade and other receivables		567,396	838,144
Inventories		336,972	359,070
Other assets		417,478	54,202
<b>Total current assets</b>		<u>2,743,161</u>	<u>2,514,538</u>
<b>Non-current assets</b>			
Other financial assets		87,170	52,170
Property, plant and equipment		222,159	25,253
Intangible assets	3(a)	2,954,995	3,316,623
<b>Total non-current assets</b>		<u>3,264,324</u>	<u>3,394,046</u>
<b>Total assets</b>		<u>6,007,485</u>	<u>5,908,584</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		745,513	696,075
Provisions		48,218	53,364
Deferred revenue		556,297	371,354
<b>Total current liabilities</b>		<u>1,350,028</u>	<u>1,120,793</u>
<b>Non-current liabilities</b>			
Provisions		50,970	20,879
<b>Total non-current liabilities</b>		<u>50,970</u>	<u>20,879</u>
<b>Total liabilities</b>		<u>1,400,998</u>	<u>1,141,672</u>
<b>Net assets</b>		<u>4,606,487</u>	<u>4,766,912</u>
<b>EQUITY</b>			
Issued capital	4(a)	59,243,447	54,366,251
Reserves	4(b)	1,654,875	802,835
Accumulated losses		(56,291,835)	(50,402,174)
<b>Total equity</b>		<u>4,606,487</u>	<u>4,766,912</u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

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**Rhinomed Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2019**

	Issued capital \$	Option reserve \$	Reserves NCI \$	Foreign exchange reserve \$	Accumulated losses \$	Total equity \$	
<b>Balance at 1 July 2017</b>	50,934,839	824,089	(6,158,687)	(28,985)	(40,239,163)	5,332,093	
Loss for the period	-	-	-	-	(4,004,324)	(4,004,324)	
Other comprehensive (income) /expense for the period	-	-	-	7,731	-	7,731	
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,731</b>	<b>(4,004,324)</b>	<b>(3,996,593)</b>	
<b>Transactions with equity holders in their capacity as equity holders:</b>							
Shares issued net of issue costs	3,431,412	-	-	-	-	3,431,412	
Transfer to accumulated losses	-	-	6,158,687	-	(6,158,687)	-	
	3,431,412	-	6,158,687	-	(6,158,687)	3,431,412	
<b>Balance at 30 June 2018</b>	<b>54,366,251</b>	<b>824,089</b>	<b>-</b>	<b>(21,254)</b>	<b>(50,402,174)</b>	<b>4,766,912</b>	
	Notes	Issued capital \$	Option reserve \$	Reserves NCI \$	Foreign exchange reserve \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2018</b>		54,366,251	824,089	-	(21,254)	(50,402,174)	4,766,912
Loss for the period		-	-	-	-	(6,066,170)	(6,066,170)
Other comprehensive (income) /expense for the period		-	-	-	(6,451)	-	(6,451)
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,451)</b>	<b>(6,066,170)</b>	<b>(6,072,621)</b>
<b>Transactions with equity holders in their capacity as equity holders:</b>							
Shares issued net of issue costs		4,877,196	-	-	-	-	4,877,196
Options issued		-	1,035,000	-	-	-	1,035,000
Options expired		-	(176,509)	-	-	176,509	-
		4,877,196	858,491	-	-	176,509	5,912,196
<b>Balance at 30 June 2019</b>		<b>59,243,447</b>	<b>1,682,580</b>	<b>-</b>	<b>(27,705)</b>	<b>(56,291,835)</b>	<b>4,606,487</b>

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 year ended 30 June 2019**

	Notes	Consolidated entity 2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		3,119,966	1,768,552
Payments to suppliers and employees		(7,896,007)	(5,758,478)
Interest received		17,674	15,000
Interest and other costs of finance paid		(18,637)	(18,000)
Receipt of R&D tax refund		-	75,423
Government grants		67,067	72,159
<b>Net cash (outflow) from operating activities</b>		<u>(4,709,937)</u>	<u>(3,845,344)</u>
<b>Cash flows from investing activities</b>			
Payments for purchase of property, plant and equipment		-	(11,802)
(Investment) in term deposits		(35,000)	-
<b>Net cash (outflow) from investing activities</b>		<u>(35,000)</u>	<u>(11,802)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity securities	4(a)	5,094,998	3,605,125
Capital raising costs		(232,188)	(173,713)
<b>Net cash inflow from financing activities</b>		<u>4,862,810</u>	<u>3,431,412</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>117,873</b>	<b>(425,734)</b>
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		40,320	21,973
<b>Cash and cash equivalents at end of year</b>		<u>1,421,315</u>	<u>1,263,122</u>

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

**Rhinomed Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**1 Segment information**

The Group has operated in one segment, being the identification, acquisition and commercialisation of late stage therapeutic delivery technologies.

**2 Income**

	<b>Consolidated entity</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Sale of goods	3,285,982	2,169,176
<b>Other income</b>		
Interest received	17,674	13,063
Other items	-	4,966
Government grants	67,067	72,159
	<b>84,741</b>	<b>90,188</b>

**3 Non-financial assets**

**(a) Intangible assets**

	<b>Consolidated entity</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Goodwill</b>		
At cost	4,951,996	4,951,996
Less: impairment	(3,386,992)	(3,386,992)
<b>Net carrying value</b>	<b>1,565,004</b>	<b>1,565,004</b>
<b>Development costs</b>		
At cost	599,045	602,503
Less: impairment	(213,576)	(213,576)
Less: amortisation	(192,854)	(165,624)
<b>Net carrying value</b>	<b>192,615</b>	<b>223,303</b>
<b>Intellectual property</b>		
At cost	9,516,217	9,516,217
Less: impairment	(6,492,957)	(6,492,957)
Less: amortisation	(1,825,884)	(1,494,944)
<b>Net carrying value</b>	<b>1,197,376</b>	<b>1,528,316</b>
<b>Total intangible assets</b>	<b>2,954,995</b>	<b>3,316,623</b>

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**Rhinomed Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**  
(continued)

**3 Non-financial assets (continued)**

**(a) Intangible assets (continued)**

*(i) 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 \$
<b>Balance at 30 June 2017</b>	<b>1,565,004</b>	<b>253,991</b>	<b>1,859,256</b>	<b>3,678,251</b>
Amortisation charge	-	(30,688)	(330,940)	(361,628)
<b>Balance at 30 June 2018</b>	<b>1,565,004</b>	<b>223,303</b>	<b>1,528,316</b>	<b>3,316,623</b>
Amortisation charge	-	(30,688)	(330,940)	(361,628)
<b>Balance at 30 June 2019</b>	<b>1,565,004</b>	<b>192,615</b>	<b>1,197,376</b>	<b>2,954,995</b>

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**Rhinomed Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**  
(continued)

**4 Equity**

**(a) Issued capital**

(i) *Movements in ordinary shares on issue:*

Details	Number of shares	\$
<b>Balance at 1 July 2017</b>	<b>93,637,159</b>	<b>50,934,839</b>
05/12/2017 Private placement at \$0.15	5,271,281	790,692
08/12/2017 Private placement at \$0.15	18,129,613	2,719,433
21/03/2018 Private placement at \$0.15	633,334	95,000
Less: transaction costs arising on share issue	-	(173,713)
<b>Balance at 30 June 2018</b>	<b>117,671,387</b>	<b>54,366,251</b>
<b>Balance at 1 July 2018</b>	<b>117,671,387</b>	<b>54,366,251</b>
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	146,689
Less: transaction costs arising on share issue	-	(217,802)
<b>Balance at 30 June 2019</b>	<b>141,933,281</b>	<b>59,243,447</b>

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**Rhinomed Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**  
(continued)

**4 Equity (continued)**

**(b) Reserves**

	<b>Consolidated entity</b>	
	<b>2019</b>	<b>2018</b>
	\$	\$
Other reserves	<b>1,682,580</b>	824,089
Foreign exchange reserve	<b>(27,705)</b>	(21,254)
	<b>1,654,875</b>	<b>802,835</b>

*(i) Reconciliations*

	Option reserve \$	NCI reserve \$	Foreign exchange reserve \$	Total \$
<b>Balance at 1 July 2017</b>	<b>824,089</b>	<b>(6,158,687)</b>	<b>(28,985)</b>	<b>(5,363,583)</b>
Foreign exchange movements	-	-	7,731	7,731
Transfer to accumulated losses from NCI reserve	-	6,158,687	-	6,158,687
<b>Balance at 30 June 2018</b>	<b>824,089</b>	-	<b>(21,254)</b>	<b>802,835</b>
<b>Balance at 1 July 2018</b>	<b>824,089</b>	-	<b>(21,254)</b>	<b>802,835</b>
Share-based payments	1,035,000	-	-	1,035,000
Options issued/(expired)	(176,509)	-	-	(176,509)
Foreign exchange movements	-	-	(6,451)	(6,451)
<b>Balance at 30 June 2019</b>	<b>1,682,580</b>	-	<b>(27,705)</b>	<b>1,654,875</b>

The option reserve is used to record the expense associated with the valuation of options. The foreign exchange reserve is used to record exchange differences arising on translation of a foreign controlled subsidiary.

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**Rhinomed Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**  
(continued)

**4 Equity (continued)**

**(b) Reserves (continued)**

*(ii) Movements in options*

	<b>No.</b>	<b>\$</b>
<b>Balance at 1 July 2017</b>	<b>9,026,923</b>	<b>824,089</b>
Options lapsed/expired	-	-
<b>Balance at 30 June 2018</b>	<b>9,026,923</b>	<b>824,089</b>
	<b>No.</b>	<b>\$</b>
<b>Balance at 1 July 2018</b>	<b>9,026,923</b>	<b>824,089</b>
Options lapsed/expired	(2,876,923)	(176,509)
Options issued	9,000,000	1,035,000
<b>Balance at 30 June 2019</b>	<b>15,150,000</b>	<b>1,682,580</b>

**5 Subsidiaries**

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

<b>Subsidiary</b>	<b>Country of incorporation</b>	<b>2019 %</b>	<b>2018 %</b>
Breathing Space Health Pty Ltd (Dormant)	Australia	100	100
ASAP Breatheassist Pty Ltd	Australia	100	100
Rhinomed UK Limited*	United Kingdom	100	100
Breatheassist Limited	United Kingdom	100	100
Rhinomed Inc.	United States	100	100

\* formally known as Consegna Management Services Limited.

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.

**6 Events occurring after the reporting period**

No matter or circumstance has arisen since 30 June 2019 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 years.

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