

R H I N O M E D

APPENDIX 4D

For the Half Year Ended 31 December 2016

Results for Announcement to the Market

Current Reporting Period - Half year ended 31 December 2016

Previous Reporting Period - Half year ended 31 December 2015

Revenues from ordinary activities	Up 133%	to	\$1,214,453
Loss after tax attributable to members	Down 51%	to	(\$1,352,020)
Net loss for the period attributable to members	Down 51%	to	(\$1,352,020)

Dividends (distribution)	Amount per Security	Franked Amount per Security
Final dividend	n/a	n/a
Previous corresponding period	n/a	n/a
<u>Net Tangible Asset per Security (cents per security)</u>		
As at 31 December 2016	0.23	
As at 31 December 2015	0.24	
Record date for determining entitlements to dividend	n/a	
<u>Explanation of the above information:</u>		
Refer to the Directors' Report - Review of Operations.		

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

None

3. Details of individual and total dividends

None

4. Details of dividend reinvestment plans in operation.

None

5. Details of Associates and Joint Ventures

None

6. These accounts have been subject to review and there has been no qualification or dispute.

R H I N O M E D

Rhinomed Limited

ABN 12 107 903 159

**Interim Financial Report
For the Half Year Ended 31 December 2016**

Contents	Page
Directors' Report	5
Auditor's Independence Declaration	8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Consolidated Financial Statements	13
Directors' Declaration	18
Independent Auditor's Review Report	19
Company Directory	21

DIRECTORS REPORT

Your directors submit the interim financial report of the consolidated entity for the half-year ended 31 December 2016. The Consolidated Group includes Rhinomed Limited and its subsidiaries as at period end and during the period ended on that date.

Directors

The following persons were Directors of the company during the whole of the half-year and up to the date of this report, unless stated otherwise:

Current Directors:

Mr Ron Dewhurst	Non-Executive Chairman
Mr Michael Johnson	Executive Director
Dr Eric Knight	Non-Executive Director
Mr Brent Scrimshaw	Non-Executive Director

Company Secretaries:

Mr Justyn Stedwell	Company Secretary
Mr Phillip Hains	Company Secretary

Review of Operations

Results

The group reported a loss of \$1.3m for the half year ended 31 December, down 51% when compared with a loss of \$2.8m for the corresponding period last year.

The group reported revenues of \$1.2 m (up 133%) when compared to the \$522k in the corresponding period last year.

This result, for the first six months of the financial year, exceeded the entire previous financial years revenue. Revenue growth reflects the increasing impact of the retail store roll out of the Mute technology across several global markets including the UK, Canada and the USA. To strengthen the Company's financial position and to better manage the trading term requirements of a growing global customer base, the company also established a \$2.0m working capital facility on standard commercial terms.

Operations

Milestones achieved include:

- Significant expansion in the global retail footprint. By 31 December, Mute was available in approximately 3000 stores globally - up from 990 stores at the same time last year.
- Agreement was reached with one the oldest and largest healthcare companies in the USA - McKesson Corporation. McKesson supplies the fourth largest pharmacy network in the USA.
- Bartell drugs in Seattle became the first group to begin pulling Mute from McKesson's.
- Mute expanded its online reach into the Sleep Apnea market through 1800-cpap.com, CPAP Supplies USA, MVAP Medical Supplies.

DIRECTORS REPORT (continued)

- Our Canadian distributor, MacArthur Medical, continues to make inroads in the Canadian Pharmacy market with Lawtons Drugs ranging Mute through their network.
- The second largest Drugstore chain in the USA, CVS, began a 'Test and Learn' program - trialling Mute in 100 stores - this program is ongoing and has now been extended to 133 stores. The 'Test and Learn' program is proving invaluable information about the type of customers buying Mute and will provide important input into Rhinomed strategies going forward.
- Australian and New Zealand Pharmacy numbers continue to grow and in the first half of FY17 we welcomed Star Pharmacy, UFS Pharmacies and Good Price Pharmacies to the Mute network. Pleasingly, organic growth within independent pharmacies continues to grow.
- Promotional activities during the first half of FY17 continued with Mute appearing on both the National News and Weekend Sunrise programs on the Seven Network in Australia.
- US promotional activities also began ramping up with a number of media outlets picking up on Mute and its benefits in the US. The company anticipates these activities will continue in earnest for the rest of the financial FY17 year.
- In July, Rhinomed investor and Ambassador Chris Froome won his third Tour de France. Chris, who uses Turbine during his warm ups and during some stages, cemented victory in what is arguably the toughest race on the planet.
- A month later, the Rio Olympic Games saw more and more athletes record personal bests and achieve Olympic glory while wearing the Turbine. Kristin Armstrong won Gold in the women's cycling Time Trial, Chris Froome backed up his earlier Tour de France victory with Bronze in the men's cycling Time Trial, Shannon Rowbury, the US record holder, came a close 4th in the women's 1500m in the athletics while Jared Ward recorded his best result yet coming 6th in the men's marathon. A couple of weeks later British rowing sensation Rachel Morris won Gold in the Paralympics for the UK.
- In August one of the world's toughest mountain bike races- the Leadville 100 was won by Todd Wells, another Turbine Athlete.
- The company reached an agreement with global cycling equipment company Vittoria Industries to distribute Turbine exclusively in the USA. Vittoria will sell Turbine into its 4000 existing accounts.
- In addition, the company added Vittoria as a distributor of Mute in the USA targeting the non health sector which includes the impulse purchase markets.
- In December the company finished off a very positive 2016 by signing a distribution agreement with one of the world's largest Sleep equipment distribution companies - the Linde Group. The agreement covers distribution into the Australian and New Zealand markets by Linde's Australian subsidiary BOC Limited.

Corporate

Over the first half of the year the COO/CFO Ms Justine Health left to pursue new opportunities. The company will split the financial and operational roles going forward. Pleasingly, Ms Pinping Lim has stepped up into the role as Financial Controller while we search for an Australian based CFO. The company will also seek to strengthen the operational team in the USA over the next six months.

DIRECTORS REPORT (continued)

Financial Position

The company held cash reserves of \$0.8m, a decline of \$1.8m for the previous period end while also seeing an increase in trade receivable to \$0.85m of which 51% are due in the first 45 days of the quarter. This increase was in line with expectations as the number of pharmacy chain customers grew. The company will look at optimising working capital through the introduction of relevant systems and facilities on an ongoing basis. The Group's net assets were \$5.7m compared with \$7.1m for the previous period end. The net carrying value of the Group's intangible assets of \$3.9m remains consistent with the previous period allowing for amortisation charges.

Business Strategy and Future Prospects

The Company is well positioned to take full advantage of the rapidly growing global sleep market.

Over the last 18 months there has been a groundswell of interest in sleep, and in particular, the consumer sleep technology market. This has resulted in a growing number of people, globally, looking for solutions that will improve the quantity and quality of sleep they enjoy. Rhinomed anticipates that this will continue to underpin the growing interest in the Mute technology from the pharmacy and grocery sectors.

The company is focused on achieving its distribution milestones and strengthening its AsiaPac retail footprint while significantly expanding its US presence. Building a significant retail footprint is crucial to creating a sustainable and growing revenue base for the company.

The Company remains committed to the strategy set in place four years ago: Continue to socialize the concept of a nasal technology through sport and exercise markets, leverage this into the rapidly growing sleep market and further grow the company through the introduction of innovation that solves significant unmet needs in the congestion (cough and cold) and Obstructive Sleep Apnea (OSA) markets.

The company will continue to progress its Sleep Apnea program seeking to validate the impact of its existing Mute technology on compliance of the existing OSA therapies - CPAP and Oral therapies. In addition, we will continue to develop our proprietary low cost, low invasive, front line Intranasal Positive Expiratory Air Pressure (INPEAP) technology.

Events after Reporting date

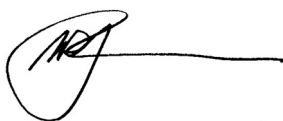
The Company announced on 30th January 2017 that it had entered into a working capital facility to the value of AUD\$2 million provided by a related entity to Chairman, Ron Dewhurst. Under the terms of the unsecured facility, the Company can draw upon multiples of \$AUD250,000 at commercial interest rates, with the total facility to be repaid by 31 July 2018.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This Director's Report has been issued following a resolution of the Directors pursuant to section 306 (3) of the *Corporations Act 2001*.

For an on behalf of the Board;

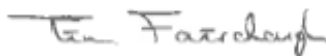


Mr Michael Johnson
Executive Director
Rhinomed Limited

As lead auditor for the review of the financial report of Rhinomed Limited for the half-year ended 31 December 2016, 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.



Tim Fairclough
Partner

Melbourne
22 February 2017

HLB Mann Judd (VIC Partnership)

Level 9, 575 Bourke Street, Melbourne VIC 3000 | GPO Box 2850, Melbourne VIC 3001 | DX 154 Melbourne | Tel: +61 (0)3 9606 3888 | Fax: +61 (0)3 9606 3800

Email: mailbox@hlbvic.com.au | Website: www.hlbvic.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (VIC Partnership) is a member of  international. A world-wide network of independent accounting firms and business advisers.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
HALF-YEAR ENDED 31 DECEMBER 2016**

RHINOMED LIMITED		31 Dec 2016	31 Dec 2015
	Note	\$	\$
Revenue from continuing operations		1,214,453	522,165
Other income		17,637	3,080
Raw materials and consumables used		(258,755)	(165,241)
Employee benefits & directors expense		(776,818)	(811,955)
Depreciation and amortisation expense		(266,613)	(263,991)
Impairment of assets	3	-	(1,622)
Fair value adjustment of investment	3	-	(25,000)
Administration		(620,872)	(703,206)
Marketing		(665,893)	(1,182,738)
Research & development		(17,292)	(226,591)
Other expenses		(256,867)	(359,380)
Loss before income tax for the period		(1,631,020)	(3,214,479)
Income tax benefit		279,000	437,295
Net loss for the period		(1,352,020)	(2,777,184)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss when specific conditions are met</i>			
Foreign currency translation		(1,332)	(6,901)
Other comprehensive loss for the period, net of tax		(1,332)	(6,901)
Total comprehensive loss after income tax for the period		(1,353,352)	(2,784,085)
Net loss attributable to non-controlling interest		-	-
Net loss attributable to owners of the parent entity		(1,353,352)	(2,784,085)
Basic loss per share (cents per share)		(0.17)	(0.48)
Diluted loss per share (cents per share)		(0.17)	(0.48)

The accompany notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

RHINOMED LIMITED		31 Dec 2016	30 June 2016
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		800,086	2,612,757
Trade and other receivables		1,187,307	510,645
Inventories		452,293	546,337
Other		72,401	149,235
Total Current Assets		2,512,087	3,818,974
Non-Current Assets			
Other financial assets	5	104,538	103,775
Property, plant and equipment		43,500	127,811
Intangible assets	4	3,857,579	4,039,879
Total Non-Current Assets		4,005,617	4,271,465
TOTAL ASSETS		6,517,704	8,090,439
LIABILITIES			
Current Liabilities			
Trade and other payables		499,184	672,837
Unearned income		209,526	222,981
Employee entitlements		46,976	79,251
Total Current Liabilities		755,686	975,069
TOTAL LIABILITIES		755,686	975,069
NET ASSETS		5,762,018	7,115,370
EQUITY			
Issued capital	2	48,919,157	48,919,157
Reserves		(2,554,425)	(2,553,093)
Accumulated losses		(40,602,714)	(39,250,694)
TOTAL EQUITY		5,762,018	7,115,370

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital \$	Option Reserve \$	FX Reserve \$	Reserves NCI \$	Accumulated Losses \$	Non- controlling interests \$	Total \$
Balance as at 30 June 2015	41,927,021	3,624,910	-	(6,158,687)	(33,425,765)	-	5,967,479
Total comprehensive income for the period	-	-	(6,901)	-	(2,777,184)	-	(2,784,085)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued, net of costs	2,468,176	-	-	-	-	-	2,468,176
Option expired	-	(173,600)	-	-	173,600	-	-
Issue of options	-	12,308	-	-	-	-	12,308
Balance as at 31 December 2015	44,395,197	3,463,618	(6,901)	(6,158,687)	(36,029,349)	-	5,663,878
Total comprehensive income for the period	-	-	(17,123)	-	(3,221,345)	-	(3,238,468)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued, net of costs	4,523,960	-	-	-	-	-	4,523,960
Issue of options	-	166,000	-	-	-	-	166,000
Balance as at 30 June 2016	48,919,157	3,629,618	(24,024)	(6,158,687)	(39,250,694)	-	7,115,370
Total comprehensive income for the period	-	-	(1,332)	-	(1,352,020)	-	(1,353,352)
Balance as at 31 December 2016	48,919,157	3,629,618	(25,356)	(6,158,687)	(40,602,714)	-	5,762,018

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016	31 Dec 2015
	\$	\$
<i>Cash flows from operating activities</i>		
Receipts from customers	791,449	271,338
Payments to suppliers and employees	(2,620,377)	(3,537,860)
Interest received	17,637	7,028
Interest and other costs of finance paid	(6,224)	(14,707)
Receipt of R&D tax rebate	-	437,295
Net cash flows (used in)/provided by operating activities	(1,817,515)	(2,836,906)
<i>Cash flows related to investing activities</i>		
Payment for purchases of plant and equipment	-	(18,619)
Sale of IP asset	-	104,500
Net cash flows (used in)/provided by investing activities	-	85,881
<i>Cash flows related to financing activities</i>		
Proceeds from issues of securities	-	2,550,000
Capital raising costs	-	(81,824)
Net cash flows (used in)/provided by financing activities	-	2,468,176
Net increase/(decrease) in cash and cash equivalents	(1,817,515)	(282,849)
Cash and cash equivalents at the beginning of the year	2,612,757	1,368,621
Effects of exchange rate changes on cash and cash equivalents	4,844	-
Cash and cash equivalents at the end of the year	800,086	1,085,772

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 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. The Group or consolidated entity includes Rhinomed Limited, ("the Company") and its subsidiaries as at 31 December 2016 and during the period ended on that date.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 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 for those outlined below:

Adoption of new and revised Accounting Standards

During the half-year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for reporting periods beginning on or after 1 July 2016. The revised Standards and Interpretations did not affect the Group's accounting policies or the amounts reported in the financial statements.

Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not currently have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

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.

Going Concern

The operating loss after tax for the 6 months period ended 31 December 2016 was \$1,352,020 (half-year 31 December 2015: operating loss after tax \$2,777,184). The Consolidated Entity had net current assets of \$1,756,401 as at 31 December 2016, including cash reserves of \$800,086 (30 June 2016: net current assets of \$2,843,905). The Consolidated Entity had net assets of \$5,762,018 as at 31 December 2016 (30 June 2016: net assets \$7,115,370).

At the date of this report, the Directors have considered the above factors and are of the opinion that the Consolidated Entity 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 Consolidated Entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The Consolidated Entity has a track record in accessing capital to fund its operations and the Directors believe that the Consolidated Entity has the ability to access additional capital. On the 30 January 2017 the Company also entered into a working capital financing facility agreement to give the Company access to up to \$2,000,000 to help fund short term cash requirements.

In the event that the Consolidated Entity is unsuccessful in the matters set out above, there is a material uncertainty as to whether the Consolidated Entity will continue as a going concern. If the Consolidated Entity is unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, 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 this interim report, the significant judgments 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 2016.

Impairment assessment for intangibles

The Consolidated Entity assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Consolidated Entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using both value-in-use and fair value calculations which incorporate various key assumptions based on forecast revenue and EBITDA estimates by product and geographical market prepared by local management which are expected to be generated from future sales of the mute and the turbine product.

There is a degree of risk inherent in the achievability of the projected cash flows due to the early stage of commercialisation of the mute and the turbine product which in turn, places a higher degree of sensitivity of the underlying assumptions adopted in the NPV model.

Impairment of receivables

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

Share-based Payments

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2016**

NOTE 2: ISSUED CAPITAL

	Consolidated		Consolidated	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	Shares	Shares	\$	\$
Ordinary Shares - fully paid	814,234,007	619,126,135	48,919,157	44,395,197
<i>Movement in ordinary shares on issue</i>				
At 1 July	814,234,007	539,438,635	48,919,157	41,927,021
23/09/2015 Private placement	-	64,062,500	-	2,050,000
25/09/2015 Private placement	-	10,937,500	-	350,000
23/12/2015 Private placement	-	4,687,500	-	150,000
Less Costs of capital raising half year ended 31 December 2015	-	-	-	(81,824)
	814,234,007	619,126,135	48,919,157	44,395,197

NOTE 3: PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

	31 Dec 2016	31 Dec 2015
	\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

Impairment expense	-	(1,622)
Change in value of investment	-	(25,000)
Gain on sale of asset	-	1,152

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2016**

NOTE 4: INTANGIBLE ASSETS

	31 Dec 2016	30 June 2016
	\$	\$
Goodwill		
At cost	4,951,996	4,951,996
Less impairment	(3,386,992)	(3,386,992)
Net carrying value	1,565,004	1,565,004
Development costs		
At cost	602,503	602,503
Less impairment	(213,576)	(213,576)
Less amortisation	(125,027)	(104,248)
Net carrying value	263,900	284,679
Intellectual property		
At cost	9,516,217	9,516,217
Less impairment	(6,492,957)	(6,492,957)
Less amortisation	(994,585)	(833,064)
Net carrying value	2,028,675	2,190,196
Total intangible assets	3,857,579	4,039,879

Reconciliations:

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

	Goodwill	Development Costs	Intellectual Property	Total
	\$	\$	\$	\$
Balance at 1 July 2015	1,565,004	326,010	2,511,483	4,402,497
Amortisation charge	-	(41,331)	(321,287)	(362,618)
Balance at 30 June 2016	1,565,004	284,679	2,190,196	4,039,879
Amortisation charge	-	(20,779)	(161,521)	(182,300)
Balance at 31 December 2016	1,565,004	263,900	2,028,675	3,857,579

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2016**

NOTE 5: OTHER FINANCIAL ASSETS

	31 Dec 2016	30 June 2016
	\$	\$
<i>Non-current</i>		
Term Deposits (a)	104,538	103,775
	104,538	103,775

(a) Represents a bank guarantee/deposit in relation to a rental property lease and a banking facility.

NOTE 6: OPTIONS

	31 Dec 2016	30 June 2016
	No.	No.
Movement in options were as follows:		
Opening Balance	271,919,230	245,150,000
Options issued	-	28,769,230
Options lapsed/expired	-	(2,000,000)
Closing balance	271,919,230	271,919,230

NOTE 7: CONTINGENT LIABILITIES AND ASSETS

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 8: 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.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

The Company announced on 30th January 2017 that it had entered into a working capital facility to the value of AUD\$2 million provided by a related entity to Chairman, Ron Dewhurst. Under the terms of the unsecured facility, the Company can draw upon multiples of \$AUD250,000 at commercial interest rates, with the total facility to be repaid by 31 July 2018.

DIRECTORS' DECLARATION

In the opinion of the Directors of Rhinomed Limited, ('the Company'):

1. The attached interim financial statements and notes thereto are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements including:
 - a. complying with the Accounting Standard AASB 134 and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year then ended; and
2. there are reasonable grounds to believe that the Company 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 signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

For and on behalf of the Board;

A handwritten signature in black ink, consisting of a stylized 'M' and 'J' followed by a horizontal line.

Mr Michael Johnson
Executive Director

Rhinomed Limited

Date: This 22nd Day of February 2017

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 statement of financial position as at 31 December 2016, 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 Consolidated Entity's financial position as at 31 December 2016 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*.

HLB Mann Judd (VIC Partnership)

Level 9, 575 Bourke Street, Melbourne VIC 3000 | GPO Box 2850, Melbourne VIC 3001 | DX 154 Melbourne | Tel: +61 (0)3 9606 3888 | Fax: +61 (0)3 9606 3800

Email: mailbox@hlbvic.com.au | Website: www.hlbvic.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (VIC Partnership) is a member of  International, A world-wide network of independent accounting firms and business advisers.

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 2016 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 Consolidated Entity to continue as a going concern, and therefore the Company and the Consolidated Entity may not be able to realise their assets and extinguish their liabilities in the normal course of business.



HLB Mann Judd
Chartered Accountants

Melbourne
22 February 2017



Tim Fairclough
Partner

COMPANY DIRECTORY

AUSTRALIAN COMPANY NUMBER (ACN)

107 903 159

Rhinomed Limited is a Public Company

Limited by shares and is domiciled in Australia.

DIRECTORS

Mr Ron Dewhurst

Mr Michael Johnson

Dr Eric Knight

Mr Brent Scrimshaw

Non-Executive Chairman

Executive Director

Non-Executive Director

Non-Executive Director

COMPANY SECRETARIES

Mr Justyn Stedwell

Mr Phillip Hains

PRINCIPAL PLACE OF BUSINESS

Level 1, 4-10 Amsterdam Street

Richmond, Victoria, 3121

Telephone: +61 (0)3 8416 0900

Facsimile: +61 (0)3 8080 0796

BANKERS

National Australia Bank (NAB)

330 Collins Street,

Melbourne, Victoria, 3000

Australia

REGISTERED OFFICE

Suite 1, 1233 High Street

Armadale, Victoria, 3143

Australia

Telephone: + 61 (0)3 9824 5254

Facsimile: + 61 (0)3 9822 7735

SHARE REGISTRY

Automic Registry Services

Level 2, 267 St Georges Terrace

Perth, Western Australia

Australia

AUDITORS

HLB Mann Judd

Level 9, 575 Bourke Street

Melbourne, Victoria, 3000

Australia

Telephone: + 61 (0)3 9606 3888

Facsimile: + 61 (0)3 9606 3800

WEBSITE

www.rhinomed.global

SECURITIES QUOTED

[Australian Securities Exchange](#)

- Ordinary Fully Paid Shares (Code: RNO)

- Listed Options (Code: RNOOA)