

# R H I N O M E D

## RHINOMED QUARTERLY REPORT

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- **Turbine sales remain strong with \$162k for September Quarter**
- **Turbine achieves registration with US FDA**
- **Interbike exhibition confirms global distribution demand – Israel, Japan and Columbia distribution agreements signed by 30 September**
- **Snoring program on track for late 2014 release**

### **Melbourne, Australia. October 29th, 2014:**

Rhinomed (ASX:RNO) has recorded another quarter of strong sales (\$162k) of its lead technology – the Turbine.

The strong demand comes off the back of a surge in the previous quarter sales and is attributed to growing repeat purchases within Australia and the appointment of Bike Box to service the Australian cycling retail market.

Key activities during the quarter included the company achieving registration of the Turbine with the US FDA. This was an important step in ensuring the company implements its quality control programs to the highest level.

During the quarter the company also appointed an Australian and Israeli distributor as it sought to build a global wholesale distribution network. This program was further supported with the company exhibiting the Turbine at the 2014 Interbike exhibition in Las Vegas, Nevada. With over 26,000 retailers, wholesalers, distributors and cycling trade in attendance, Interbike is the premier global cycling exhibition and provided an opportunity for the company to show case its Turbine technology. As a result the company also appointed a Japanese and Columbian distributor toward the end of the quarter and is rapidly progressing the finalization of a growing number of distributors right around the globe.

CEO Michael Johnson said, “The Interbike exhibition confirmed the strong interest from the global cycling and triathlon industry in the Turbine technology. The response from retailers from all over the world was fantastic and we will be focusing our efforts on growing our global distribution footprint and supporting these significant markets.”

We are thrilled to be appointing some highly experienced and well credentialed partners in key markets. Our distributors have all been through a due diligence process which involves assessing their connections into the retail trade and ensuring they have established a track record of success with great brands in their market. We look for a business plan that includes minimum order quantities for years one and two and the commitment of an opening order. All our partners share the passion for the Turbine as a game changing technology that can help people to breathe better!

In an exciting development during the quarter, 2013 Tour de France winner Chris Froome announced that he would wear the Turbine during the 2014 Vuelta a Espana. The Vuelta is the last pro race of the season and saw Froome return to captain Team Sky following a horrendous fall in the Tour de France. Rhinomed would like to congratulate Chris on his brilliant ride and second place in the Vuelta.

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“The continued positive sales result from the Australian market and the extraordinary response from the global cycling and triathlon trade at Interbike confirms that our strategy of test marketing our technology in Australia before taking it the global market is bearing fruit” said Johnson. The company expects to announce a succession of distribution agreements over the next three quarters as the Turbine brand expands its global presence.

## **Strengthens Balance sheet with \$5m raising**

During the quarter the company announced a capital raising of \$5m through a \$3.5 private placement to sophisticated investors and a \$1.5m fully underwritten shareholder purchase plan. The strong support from investors reflects the growing confidence that the strategy put in place 18 month ago is starting to deliver. We thank all our shareholders for their strong support and welcome our new investors. The raising significantly strengthens our balance sheet at a time when the company is locking in a revenue stream from its Turbine wholesale business and is about to launch its new Snoring technology.

We recognize the significant opportunity before us in sport and snoring. We will continue to invest diligently in the areas that will support the generation of revenue and open up new markets. Our goal is to build cash flows that will place the company into a cash flow positive position as soon as possible.

## **R&D Programs**

During the quarter the company continued in its investment in R&D and the finalizing of its snoring product. We remain committed to developing truly unique respiratory technology that will provide high value solutions to the millions of people who wish they could silence their partners snoring. Rhinomed’s solution is on track for release in late 2014.

The drug delivery program continues to advance with stability trials nearing completion and the design of the device underway.

The company over the quarter continued to invest in Intellectual Property protection in a number of jurisdictions as it seeks to expand its presence in the respiratory sector.

## **Media Enquiries**

Michael Johnson, CEO & Director

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Follow us on twitter  @rhinomedceo and @theturbinecom

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

Rhinomed Limited is a Melbourne based technology firm with a focus on nasal, respiratory and breathing management technologies. The company is seeking to monetise applications of its BreatheAssist technology portfolio in the Sport, Sleep, Wellbeing and Drug Delivery markets. For more information go to: <http://www.rhinomed.com.au>

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## About the Turbine®

If you have ever been out of breath, the solution is right under your nose. The Turbine® is a revolutionary product, which utilises the BreatheAssist technology to assist athletes to deal with shortness of breath experienced during aerobic exercise. The Turbine can deliver athletes on average a 38% increase in airflow through the nasal passages. The Turbine product range has been designed for both professional and amateur athletes participating in sports and fitness activities ranging from triathlon, cycling, running and non-impact sports to elite training environments and general workout activities.

## International Distribution enquiries

Tel: +61 (0)3 8416 0900

E: [info@rhinomed.com.au](mailto:info@rhinomed.com.au)

<https://www.rhinomed.com.au/customer/account/create/type/wholesale/>

# Appendix 4C

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

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

RHINOMED LIMITED

ABN

12 107 903 159

Quarter ended ("current quarter")

30 September 2014

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from customers (Sales for the Quarter \$162k)	110	110
1.2	Payments for (a) staff costs	(285)	(285)
	(b) advertising & marketing	(273)	(273)
	(c) research & development	(191)	(191)
	(d) corporate	(259)	(259)
	(e) other working capital	(234)	(234)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	8
1.5	Interest and other costs of finance paid	(3)	(3)
1.6	Taxes (paid)/rebate	-	-
1.7	Other (Grant receipts)	-	-
	<b>Net operating cash flows</b>	<b>(1,127)</b>	<b>(1,127)</b>

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

		Current quarter \$A'000	Year to date (3 months) \$A'000
1.8	Net operating cash flows (carried forward)	(1,127)	(1,127)
1.9	<b>Cash flows related to investing activities</b>		
	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(40)	(40)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
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>	(40)	(40)
1.14	<b>Total operating and investing cash flows</b>	(1,167)	(1,167)
	<b>Cash flows related to financing activities</b>		
1.15	Proceeds from issues of shares, options, etc.	3,253	3,253
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)	(11)	(11)
	<b>Net financing cash flows</b>	3,242	3,242
	<b>Net increase (decrease) in cash held</b>	2,075	2,075
1.21	Cash at beginning of quarter/year to date	1,504	1,504
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	<b>Cash at end of quarter</b>	3,579	3,579

+ 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	85
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. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities – convertible note	-
3.2	Credit standby arrangements*	-

\*The above credit facility has not been drawn down upon since 2012.

### 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	3,579	1,504
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>3,579</b>	<b>1,504</b>

+ See chapter 19 for defined terms.

### Acquisitions and disposals of business entities

	Acquisitions <i>Non-Cash</i>	Disposals <i>(Item 1.10(a))</i>
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 October 2014

**Print name:** Justyn Stedwell, Company Secretary

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.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information

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+ See chapter 19 for defined terms.