

R H I N O M E D

APPENDIX 4D

For the Half Year Ended 31 December 2015

Results for Announcement to the Market

Current Reporting Period - Half year ended 31 December 2015

Previous Reporting Period - Half year ended 31 December 2014

Revenues from ordinary activities	Up 227%	to	\$522,165
Loss after tax attributable to members	Up 18%	to	(\$2,777,184)
Net loss for the period attributable to members	Up 18%	to	(\$2,777,184)

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 2015 0.23 As at 31 December 2014 0.79 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 2015**

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DIRECTORS' REPORT

Your directors submit the interim financial report of the consolidated entity for the half-year ended 31 December 2015. 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 (appointed 1 December 2015)
Dr Eric Knight	Non-Executive Director
Mr Brent Scrimshaw	Non-Executive Director
Mr Michael Johnson	Executive Director
Mr Martin Rogers	Non-Executive Chairman (retired 1 December 2015)

Company Secretaries:

Mr Justyn Stedwell	Company Secretary
Mr Phillip Hains	Company Secretary

Review of Operations

Results

The Group reported a loss of \$2.8m for the half year ended 31 December 2015, compared with a loss of \$2.3m for the prior corresponding period. The Group reported revenues of \$522k (up 227%) on the corresponding prior period. This result exceeded the entire previous financial year's revenue. Revenue growth reflects the increasing impact of the roll out of the Mute technology and a surge in interest in Turbine following the Tour de France.

Operations

During the half year the Company made significant progress toward its objective of building a strong sales and distribution network while also continuing its R&D program.

Milestones achieved included:

- Investment in production capacity at the ChinaMed plant was increased to 3.9m packs pa in anticipation of increasing demand from business development activities over FY16. Operation at the plant continues to conform with the highest ISO 13485 and GMP standards.
- Agreement was reached to range Mute into the iconic Boots pharmacy chain in the United Kingdom in November. By year end Mute was available in approximately 600 stores in the UK.
- The Company appointed Mr Shane Duncan as VP Global Sales and Marketing. Mr Duncan brings over 25 years experience as a successful sales and marketing executive for companies such as GSK, Merck and more recently sleep company Compumedics. Mr Duncan is based in Rhinomed's new US office in Cincinnati, Ohio.
- Both Mute and Turbine were registered with Canada Health, the Canadian regulatory authority, clearing the way for distribution into Canada in 2016.
- The Company exhibited at the Australian Sleep Down Under conference in Melbourne, Australia and showcased its Mute technology and the 'in trial' INPEAP technology for mild to moderate sleep apnea.
- The Company received an R&D tax rebate of \$436k.

DIRECTORS' REPORT (continued)

Sales

- Strong sales of the Company's Mute technology began to influence sales through the period. While Turbine was a significant contributor in the first quarter, seasonal softness in the northern winter began to effect retailer stock levels.
- The Company continues to roll out Mute within the Australian pharmacy market. Mute is now ranged in 330 pharmacies throughout Australia. Mute is wholesaled through the Symbion distribution network and Sigma's DDS network. Strong support from both consumers and pharmacists alike has seen this initial take up continue.
- The Company continues to use Australia as a test market to trial its marketing and pharmacy training programs, prior to global roll out.
- To support the push in the Australian pharmacy channel, the Company carried out its first "Snoregust" campaign in August 2015. This campaign highlighted the impact of snoring on health and saw Rhinomed partner with SleepGP and Mitch Dowd. We anticipate this campaign will continue to grow over the forthcoming years.
- The Company launched Mute in approximately 600 Boots stores in the UK in November. By the end of December 2015, the Company was pleased to report that sales were in line with Boots expectations and continued support into 2016 was anticipated.
- The introduction of Mute into the UK was accompanied by a social media, PR and above the line advertising campaign that featured radio ads and outdoor posters. The campaign generated a strong response and further marketing support is planned throughout the 2016 calendar year.
- Turbine sales experienced a strong increase during and following the Tour de France. Chris Froome's appointment as brand ambassador in June was timely as he went on to win the Tour de France. His involvement continues to raise the profile of the Turbine brand and attract new users to the technology.
- During the first quarter the Turbine also exhibited at the US Interbike Show. This exhibition provided the Company with an opportunity to reach out to distributors and continue to build relationships into the sports and aerobic exercise industry.
- Toward the end of the year there was a noted decline in Turbine sales ahead of the northern winter as retailers and distributors within the independent bike store community sought to lower stock holdings over the winter period. The Company expects to see a recovery in sales as retailers seek to increase stock holdings ahead of the spring and summer seasons.

Corporate

In September 2015, the Company announced a capital raising of \$2.5m before costs by way of placement of 79,687,500 fully paid shares at \$0.032 per share to institutional, sophisticated and offshore investors.

In line with its strategy to focus its energies on the key technology platform, the Company announced the sale of the Vibrovein assets for \$95k in September 2015.

In December 2015, the Company was pleased to announce the appointment of Mr Ron Dewhurst as Chairman of the Company. Mr Dewhurst has spent 40 years spread across the investment banking and asset management industries. He has lived approximately half of his career outside his native Australia, working in Hong Kong, the United Kingdom and the United States of America. Mr Dewhurst has held leadership roles as CEO of Australian Investment Bank ANZ McCaughan Ltd, Managing Director of Australian asset manager IOOF Holdings Ltd, Head of Americas for J P Morgan Asset Management, and Executive Vice President and Head of Global Investment Managers for Legg Mason Inc based in the U.S.

Financial Position

The Group held cash reserves of \$1,086m, a decline of \$283k for previous period end. The Group's net assets were \$5.664m compared with \$5.967m for the previous period end. The net carrying value of the Group's intangible assets of \$4.2m remains consistent with the previous period allowing for amortisation charges.

DIRECTORS' REPORT (continued)

Business Strategy and Future Prospects

The Company anticipates that Mute will increasingly be a significant contributor to revenue growth at both a wholesale level and a direct to consumer level.

The Company continues to focus on distribution milestones. Key to this is a focus on the North American markets. We anticipate that opening up a significant distribution base in these markets will be crucial to building a sustainable and growing revenue base for the Company.

The Company's objective is clear. We seek to introduce consumers to the Mute technology through increased distribution through retail health channels. By socialising the use of a nasal stent technology, we prepare the way for the introduction of further developments of our technology platform, such as a nasal decongestant and the INPEAP technology for the treatment of early stage sleep apnea.

The independent Phase 1 Clinical Trial of the Intranasal Positive Expiratory Air Pressure (INPEAP) technology at Monash Health continued throughout the half year. Results are expected in the first half of 2016.

Importantly, the Company continues to see Mute being recommended as an adjunct to existing mandibular advancement devices and CPAP. This is an interesting development and we will continue to work closely with clinicians to gather data to support the use of our nasal stent to assist patients struggling with nasal obstruction. The Company believes that this is a significant development given the changing healthcare reimbursement landscape in the US and the increasing pressure on the sleep apnea industry to improve compliance rates.

Events after Reporting date

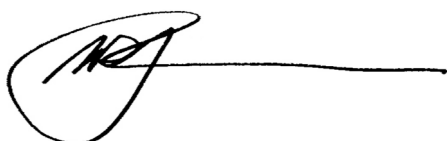
There were no events subsequent to reporting date.

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

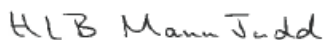
Rhinomed Limited

Auditor's Independence Declaration


As lead auditor for the review of the half-year financial report of Rhinomed Limited for the half-year ended 31 December 2015, 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 half-year ended 31 December 2015.



HLB Mann Judd
Chartered Accountants



Tim Fairclough
Partner

Melbourne
26 February 2016

HLB Mann Judd (VIC Partnership)

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME **FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

RHINOMED LIMITED		31 December 2015	31 December 2014
	Note	\$	\$
Revenue from continuing operations		522,165	129,562
Other income		3,080	29,935
Raw materials and consumables used		(165,241)	(83,472)
Employee benefits & directors expense		(811,955)	(458,423)
Depreciation and amortisation expense		(263,991)	(209,175)
Impairment of assets	3	(1,622)	(90,807)
Fair value adjustment of investment	3	(25,000)	(75,000)
Administration		(703,206)	(525,494)
Marketing		(1,182,738)	(688,220)
Research & development		(226,591)	(598,465)
Other expenses		(359,379)	(346,168)
Loss before income tax for the period		(3,214,479)	(2,915,727)
Income tax benefit		437,295	570,337
Net loss for the period		(2,777,184)	(2,345,390)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss when specific conditions are met</i>			
Foreign currency translation		(6,901)	-
Other comprehensive loss for the period, net of tax		(6,901)	-
Total comprehensive loss after income tax for the period		(2,784,085)	(2,345,390)
Net loss attributable to non-controlling interest		-	-
Net loss attributable to owners of the parent entity		(2,777,184)	(2,345,390)
Basic loss per share (cents per share)		(0.48)	(0.53)
Diluted loss per share (cents per share)		(0.48)	(0.53)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 31 DECEMBER 2015**

RHINOMED LIMITED		31 December 2015	30 June 2015
	Note	\$	\$
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents		1,085,772	1,368,621
Trade and other receivables		372,216	120,477
Other financial assets	6	250,000	-
Inventories		220,983	110,028
Non-current assets classified as held for sale	5	-	93,848
Other		106,085	70,569
Total Current Assets		2,035,056	1,763,543
<u>Non-Current Assets</u>			
Other financial assets	6	103,063	378,063
Property, plant and equipment		209,431	272,503
Intangible assets	4	4,220,197	4,402,497
Total Non-Current Assets		4,532,691	5,053,063
TOTAL ASSETS		6,567,747	6,816,606
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Trade and other payables		864,119	814,795
Employee entitlements		39,750	34,332
Total Current Liabilities		903,869	849,127
TOTAL LIABILITIES		903,869	849,127
NET ASSETS		5,663,878	5,967,479
<u>EQUITY</u>			
Issued capital	2	44,395,197	41,927,021
Reserves		(2,701,970)	(2,533,777)
Accumulated losses		(36,029,349)	(33,425,765)
TOTAL EQUITY		5,663,878	5,967,479

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Issued Capital \$	Option Reserve \$	FX Reserve \$	Reserves NCI \$	Accumulated Losses \$	Non- controlling interests \$	Total \$
Balance as at 30 June 2014	37,204,175	5,699,284	-	(6,158,687)	(30,183,147)	-	6,561,625
Total comprehensive income for the period	-	-	-	-	(2,345,390)	-	(2,345,390)
<i>Transactions with owners in their capacity as owners</i>							-
Shares issued, net of costs	4,722,846	-	-	-	-	-	4,722,846
Balance as at 31 December 2014	41,927,021	5,699,284		(6,158,687)	(32,528,537)	-	8,939,081
Total comprehensive income for the period	-	-	-	-	(2,971,602)	-	(2,971,602)
<i>Transactions with owners in their capacity as owners</i>							-
Option expired	-	(2,074,374)	-	-	2,074,374	-	-
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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS **FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	31-Dec-15	31-Dec-14
	\$	\$
<i>Cash flows from operating activities</i>		
Receipts from customers	271,338	129,562
Payments to suppliers and employees	(3,537,860)	(2,238,369)
Interest received	7,028	26,546
Interest and other costs of finance paid	(14,707)	(2,491)
Receipt of R&D tax rebate	437,295	570,337
Other (provide details if material)	-	-
Net cash flows (used in)/provided by operating activities	(2,836,906)	(1,514,415)
<i>Cash flows related to investing activities</i>		
Payment for purchases of plant and equipment	(18,619)	(252,484)
Sale of IP asset	104,500	-
Net cash flows (used in)/provided by investing activities	85,881	(252,484)
<i>Cash flows related to financing activities</i>		
Proceeds from issues of securities	2,550,000	5,042,072
Capital raising costs	(81,824)	(319,226)
Net cash flows (used in)/provided by financing activities	2,468,176	4,722,846
Net increase/(decrease) in cash and cash equivalents	(282,849)	2,955,947
Cash and cash equivalents at the beginning of the year	1,368,621	1,451,833
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	1,085,772	4,407,780

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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 2015 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 2015 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 2015, 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 2015.

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 2017 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 2015 was \$2,777,184 (half-year 31 December 2014: operating loss after tax \$2,344,390). The Consolidated Entity had net current assets of \$1,131,187 as at 31 December 2015, including cash reserves of \$1,085,772 (30 June 2015: net current assets of \$914,416). The Consolidated Entity had net assets of \$5,663,878 as at 31 December 2015 (30 June 2015: net assets \$5,967,479).

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.

The Consolidated Entity has a track record in accessing capital to fund its operations and the Directors believe that that the Consolidated Entity has the ability to access additional capital.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2015**

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

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 2015.

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 value-in-use 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.

NOTE 2: ISSUED CAPITAL

	Consolidated		Consolidated	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	Shares	Shares	\$	\$
Ordinary Shares - fully paid	619,126,135	539,438,635	44,414,197	41,927,021
<i>Movement in ordinary shares on issue</i>				
At 1 July	539,438,635	395,379,445	41,927,021	37,204,175
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)	-
				-
				-
04/09/2014 Private placement at \$0.035	-	84,059,146	-	2,942,070
08/09/2014 Private placement at \$0.035	-	14,285,714	-	500,000
05/11/2014 Share purchase plan at \$0.035	-	45,714,330	-	1,600,002
Less Costs of capital raising half year ended 31 December 2014	-	-	-	(319,226)
	619,126,135	539,438,635	44,395,197	41,927,021

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2015**

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

	Notes	31-Dec-15 \$	31-Dec-14 \$
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The following revenue and expense items are relevant in explaining the financial performance for the half-year:

Impairment expense		(1,622)	(90,807)
Change in value of investment	6	(25,000)	(75,000)
Gain on sale of asset	5	1,152	-

NOTE 4: INTANGIBLE ASSETS

	31-Dec-15 \$	30-Jun-15 \$
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	646,352	646,352
Less impairment	(213,576)	(213,576)
Less amortisation	(83,696)	(62,917)
Assets held for sale/disposed	(43,849)	(43,849)
Net carrying value	305,231	326,010
Intellectual property		
At cost	9,566,217	9,566,217
Less impairment	(6,492,957)	(6,492,957)
Less amortisation	(673,298)	(511,777)
Assets held for sale/disposed	(50,000)	(50,000)
Net carrying value	2,349,962	2,511,483
Total intangible assets	4,220,197	4,402,497

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2015**

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 2014	1,565,004	411,078	2,881,892	4,857,974
Additions - Internal development	-	-	-	-
Amortisation charge	-	(41,219)	(320,409)	(361,628)
Assets held for sale	-	(43,849)	(50,000)	(93,849)
Balance at 30 June 2015	1,565,004	326,010	2,511,483	4,402,497
Additions - Internal development	-	-	-	-
Amortisation charge	-	(20,779)	(161,521)	(182,300)
Disposal of asset	-	-	-	-
Balance at 31 December 2015	1,565,004	305,231	2,349,962	4,220,197

NOTE 5: ASSETS CLASSIFIED AS HELD FOR SALE & SALE OF ASSET

	31-Dec-15	30-Jun-15
	\$	\$
Assets held for sale		
- Other intellectual property	-	50,000
- Development costs	-	43,848
	-	93,848

The Group had been in negotiations to sell its Marxman Device technology along with associated intellectual property; these assets were sold on 7 September 2015 for \$AUD 95,000 (plus GST).

	31-Dec-15
	\$
Sale price of assets	95,000
Carry value of assets sold	(93,848)
Profit on sale of asset	1,152

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2015**

NOTE 6: OTHER FINANCIAL ASSETS

	31-Dec-15	30-Jun-15
	\$	\$
<i>Current</i>		
Investments at fair value through profit or loss (a)	250,000	-
	250,000	-
<i>Non-current</i>		
Investments at fair value through profit or loss (a)	-	275,000
Term Deposits (b)	103,063	103,063
	103,063	378,063

(a) Represents shares held in Imugene Limited (IMU) with change in fair value recognised in profit or loss.

All investments have been assessed as Level 1 fair value hierarchy as they represent shares in publicly listed companies with fair values measured using quoted prices in an active market.

The Imugene shares have subsequently been sold for a price in excess of their carrying value at 31 December 2015.

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

NOTE 7: OPTIONS

	31-Dec-15	30-Jun-15
	No.	No.
Movement in options were as follows:		
Opening Balance	245,150,000	276,206,150
Options issued	769,230	-
Options lapsed/expired	(2,000,000)	(31,056,150)
Closing balance	243,919,230	245,150,000

NOTE 8: CONTINGENT LIABILITIES AND ASSETS

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

NOTE 9: 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 10: EVENTS SUBSEQUENT TO REPORTING DATE

There were no events subsequent to reporting date.

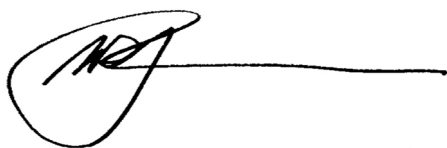
DIRECTORS' DECLARATION

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 2015 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 long horizontal line.

Mr Michael Johnson
Executive Director

Rhinomed Limited

Date: This 26th Day of February 2016

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 2015, consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 of 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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that 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 interim 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 2015 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)

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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 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying 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



Tim Fairclough
Partner

Melbourne
26 February 2016

AUSTRALIAN COMPANY NUMBER (ACN)

107 903 159

DIRECTORS

Mr Michael Johnson

Mr Ron Dewhurst

Dr Eric Knight

Mr Brent Scrimshaw

Rhinomed Limited is a Public Company

Limited by shares and is domiciled in Australia.

Executive Director

Non-Executive Chairman

Non-Executive Director

Non-Executive Director

COMPANY SECRETARIES

Mr Justyn Stedwell

Mr Phillip Hains

CHIEF FINANCIAL OFFICER (CFO)

Ms Justine Heath

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AUDITORS

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Melbourne, Victoria, 3000

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WEBSITE

www.rhinomed.global

SECURITIES QUOTED

Australian Securities Exchange

- Ordinary Fully Paid Shares (Code: RNO)