

RHINOMED

MAKE EVERY BREATH COUNT

RHINOMED RECORDS STRONG QUARTER ON QUARTER GROWTH

KEY HIGHLIGHTS:

- Quarterly Receipts from Customers increases to \$539k (up 59%)
- Quarterly Sales revenue increases to \$533k (up 79%)
- American retail store footprint increases with CVS Health and McKesson Corporation
- Turbine builds strong presence at 2016 Rio Olympic Games and 2016 Tour de France

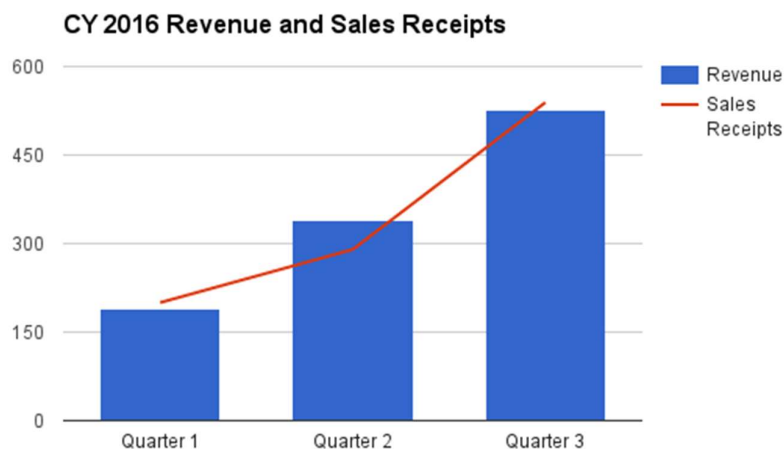
October 28, 2016. Melbourne, Australia.

Respiratory technology company Rhinomed Limited (ASX: RNO) is pleased to report continued good quarter on quarter growth in operational revenue during Q1, FY17.

Sales Momentum continues

Receipts from Customers increased to \$539k (up 59% from \$340k) in parallel as receipts from both direct to consumer and sales through major retailers were received. Cash burn for the quarter dropped 48%. The change is reflective of both an increase in store numbers and also the early impact of promotional activities.

Pleasingly, Revenue from the sale of its Mute and Turbine products experienced a continued solid increase growing from \$298k to \$533k, up 79% from the previous quarter. Following on a full financial FY16 revenues of \$1.01M, this FY17 Q1 result reflects the strong sales momentum now underway.



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Distribution footprint

The Mute technology increased its retail distribution with several significant distribution and wholesale arrangements being secured over the quarter. The Company confirmed earlier this quarter that McKesson Corporation - one of the largest medical distribution companies in the US would list Mute. Seattle based Bartell Drugs has been the first drug store chain to stock Mute through this relationship.

Additionally, the company began a test and learn program in late September with major US drug store retailer CVS Health. This program will allow the company a unique insight into the type of customer buying Mute and provide valuable input into future marketing and promotional programs.

Pleasingly, the company can report the success of the initial promotional program undertaken through the 108 New York based Duane Reade stores has seen the program extended until January. Duane Reade is a subsidiary of Walgreens Boots Alliance. The company anticipates being able to provide an update on progress within the Walgreens stores within Q2 of FY17.

Rhinomed will continue to focus on significantly expanding its US store footprint. The company's Cincinnati Ohio based team continues to meet with drug store and retail buyers and introduce them to both the Mute and Turbine brands. Global store count is now close to 3000 stores.

The presence of Mute in Boots UK has continued to grow with Mute now available in an additional 47 Boots stores situated in airports throughout the UK. This brings total UK store presence to 647.

Rhinomed recognises Olympic performances

The continued use of the Company's platform technology by some of the world's elite athletes is a vital part of socialising the use of this novel nasal technology.

We would like to congratulate the many athletes who used Turbine and Mute during the Rio Olympic Games. In particular we would like to congratulate Kristin Armstrong who won Gold for the USA in the women's cycling time trial, Chris Froome who won Bronze in the mens cycling time trial for the UK (having successfully clinched his third yellow jersey in the 2016 Tour de France), Shannon Rowbury who came fourth in the women's 1500 meters for the USA and Jared Ward, who recorded an amazing 6th in the men's marathon representing the USA.

We also acknowledge the extraordinary performance of Rachel Morris, who won Gold in the women's single sculls rowing at the 2016 Paralympics for the UK.

Business development and corporate relationships

The global sleep market is undergoing significant change step change. The interest by consumers, patients, clinicians and retailers in the role of sleep and its impact on health and wellness is growing rapidly.

The role Rhinomed's platform technology plays in this exciting market and its potential in congestion, sleep apnea and drug delivery is increasingly recognised by large pharmaceutical, medical device and consumer health companies. Rhinomed continues to investigate a range of potential relationships for its development programs and will update shareholders as these relationships crystalize.

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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 technology portfolio in the Sport, Sleep, Wellbeing and Drug Delivery markets. For more information go to www.rhinomed.global

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Rhinomed Limited

ABN

12 107 903 159

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers (Unaudited Sales for the Qtr \$533k; YTD \$533k)	539	539
1.2 Payments for		
(a) research and development	(45)	(45)
(b) product manufacturing and operating costs	(356)	(356)
(c) advertising and marketing	(293)	(293)
(d) leased assets	-	-
(e) staff costs	(372)	(372)
(f) administration and corporate costs	(328)	(328)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(1)	(1)
1.9 Net cash from / (used in) operating activities	(852)	(852)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,621	2,621
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(852)	(852)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(12)	(12)
4.6	Cash and cash equivalents at end of quarter	1,757	1,757

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	251	1,121
5.2	Call deposits	1,506	1,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,757	2,621

6. Payments to directors of the entity and their associates

Current quarter \$A'000

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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The amount at 6.1 includes payment of directors' fees and payments to a director related entity excluding reimbursement for administrative expenses and travel expenses.

7. Payments to related entities of the entity and their associates

Current quarter \$A'000

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	140
9.3 Advertising and marketing	290
9.4 Leased assets	-
9.5 Staff costs	355
9.6 Administration and corporate costs	210
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	995

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: ...28 October 2016....

Print name: PHILLIP HAINS.....

Notes

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. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.