

BUSINESS UPDATE - MARCH QUARTER

DISTRIBUTION GROWTH CONTINUES

KEY HIGHLIGHTS:

- Significant growth in distribution in USA through AmerisourceBergen, Independence Medical, GNC and in Australia through Symbion.
- Strengthening financial and cash position - Receipts up to \$858k (FY17 YTD \$1.7m).
- Units shipped increases 25% for the quarter, up to 116 945 units year to date.
- Revenues FY17 YTD up to AUD\$1.4m - Quarterly revenue down to \$248k following transition of Australian customer base to BOC.
- Successfully closed \$2.2m capital raise with two sophisticated North American based investors prior to major capital management initiatives.

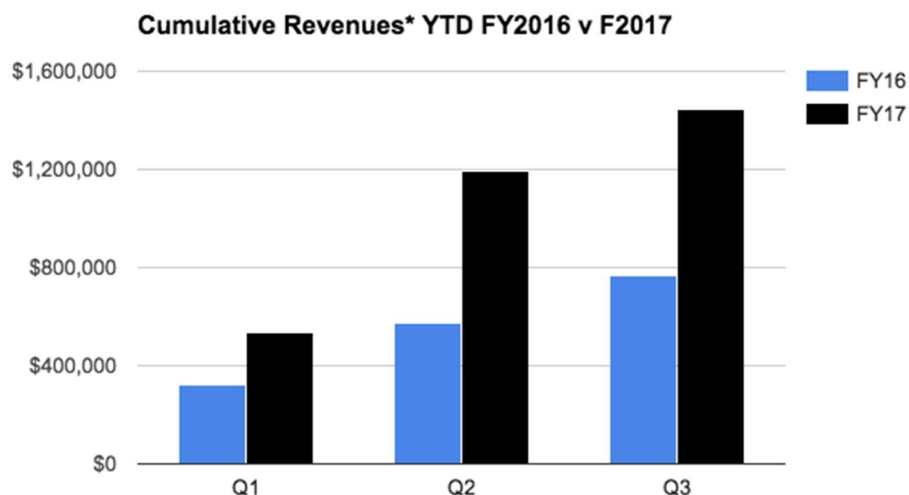
April 27th 2017 Melbourne, Australia.

Respiratory technology company Rhinomed Limited (ASX: RNO) has ended the third quarter in a strong financial position following an increase in receipts from operations, the addition of major shareholders and a capital management plan that will strengthen the share register.

The company has recorded strong distribution growth over the March quarter completing vendor deals with leading American wholesalers AmerisourceBergen and Independence Medical and has expanded its reach in Australia with existing wholesaler Symbion. In addition, the company added GNC as a retailer. During the quarter the company continued the handover of the Australian customer base to its new Australian wholesale distribution partner BOC Limited (The Linde Group).

Recognized (unaudited) revenue for the March quarter (\$248k) is lower than the December quarter (\$683k) but up 31 % Year on Year. During the quarter the company also recorded 25% growth in units shipped to customers. FY17 Year to Date the company has shipped 116,945 units and generated \$1.4 million in (unaudited) revenues - an 88% increase year on year.

Cash Receipts from operations in FY17 Q3 reached \$859k. The Closing quarterly cash balance increased to \$2.9 million reflecting a net burn for the quarter of \$79k.



(*Chart reflects unaudited revenues)

FY17 Q3 Quarterly performance recognises the timing of the onboarding of a number of new distributors in the USA and the requirements regarding the recognition of revenues and the impact of the timing of the move to a more streamlined Australian distribution system via BOC. With these distribution channels now in place and with the addition of a broad global set of distribution partners, the future sales pipeline will reflect the dynamic nature of dealing with global retail leaders.

Distribution momentum continues

Over the quarter the Australian retail footprint was significantly expanded through the ranging of Mute in Symbion's 800 store Pharmacy Choice network. In addition, access to Mute has been expanded to close to 1,500 Australian based pharmacies who utilise the Symbion wholesale network. The impact of this expansion will become apparent over the remainder of the calendar year.

In North America the company reported two major distribution deals during the quarter. This included adding AmerisourceBergen - which will open access to 3,200 Good Neighbour pharmacies - and Independence Medical, a subsidiary of healthcare giant Cardinal Health - which opens access to Mute to their durable medical equipment (DME), hospital and healthcare network.

More recently the company announced a relationship with iconic health and wellness retailer GNC Inc. An initial 811 corporate stores will begin stocking Mute over the next quarter as part of an initial trial. This retail presence includes 142 stores that are located on military bases. During the quarter Discount Drug Mart, based in Ohio, USA, confirmed the roll out of Mute in its 72 stores will commence in FY17Q4.

The company is currently pursuing further significant distribution and retail expansion opportunities as part of its strategy within the US market. We will continue to update investors on the progress of this program.

Financial Position

The company is pleased to report that with underlying growth continuing the company's financial position continues to strengthen.

Over the quarter the company sought to strengthen its financial position and closed a \$2.2 million dollar placement to two US based sophisticated investors. In addition, the company established a \$2 million working capital facility through an entity controlled by Chairman Ron Dewhurst. This working capital facility was not drawn upon during the quarter.

Additionally, the company announced a major initiative regarding its capital structure. A Shareholder Meeting will be held on the 28th of April to seek shareholder approval for consolidation of the company shares on a one share for every ten shares held. Additionally the Board also seeks to alter the constitution to enable a sale of less than marketable parcels.

These two initiatives will enable the company to be better positioned to attract investors and ensure recognition of the value that exists within its technology platform. Details regarding all the resolutions before shareholders have been provided in the Notice of Meeting lodged on the ASX in March.

Business development and strategic relationships

The global sleep market is continuing to experience significant 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 company continues to believe that the combination of its unique platform technology and the increasing role of the retail pharmacy in delivering better sleep solutions represents a major strategic opportunity.

A critical success factor in this consumer healthcare channel is technology that combines a clear proposition to both consumer and clinicians with a brand presence that cuts through in the retail environment. Rhinomed's platform technology and compelling brands that cross from sleep to sport and with future potential applications in Obstructive Sleep Apnea, nasal congestion and ultimately, drug delivery, places it in a unique strategic position in an exciting and growing global market.

This corporate proposition 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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MAKE EVERY BREATH COUNT

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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

Name of entity

Rhinomed Limited

ABN

12 107 903 159

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers (Unaudited Sales for the Qtr \$248k; YTD \$1,464k)	859	1,724
1.2 Payments for		
(a) research and development	(9)	(93)
(b) product manufacturing and operating costs	(200)	(791)
(c) advertising and marketing	(352)	(986)
(d) leased assets	-	-
(e) staff costs	(373)	(1,144)
(f) administration and corporate costs	(284)	(887)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	29
1.5 Interest and other costs of finance paid	(3)	(9)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	280	280
1.8 Other (provide details if material)	-	(1)
1.9 Net cash from / (used in) operating activities	(79)	(1,878)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment	-	-	-
(b) businesses (see item 10)	-	-	-
(c) investments	-	-	-
(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	2,198	2,198	
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	(2)	(7)	
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	2,196	2,191	

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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	799	2,621
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(79)	(1,878)
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)	2,196	2,191
4.5	Effect of movement in exchange rates on cash held	(5)	(23)
4.6	Cash and cash equivalents at end of quarter	2,911	2,911

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	2,911	799
5.2	Call deposits	-	-
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)	2,911	799

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

133

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

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

-

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 (established 30 January 2017)	2,000	Nil
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.		

On 30 January 2017, RNO has entered into an unsecured working capital financing facility to the value of AUD\$2 million.

The facility is provided from an entity related to the company, Chairman Ron Dewhurst.

The facility can be drawn upon in multiples of \$250,000 and Interest is at commercial rates.

The facility is repayable by 31 July 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	23
9.2 Product manufacturing and operating costs	253
9.3 Advertising and marketing	162
9.4 Leased assets	-
9.5 Staff costs	458
9.6 Administration and corporate costs	428
9.7 Other – Intellectual Property	114
9.8 Total estimated cash outflows	1,438

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: 27th April 2017.

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.