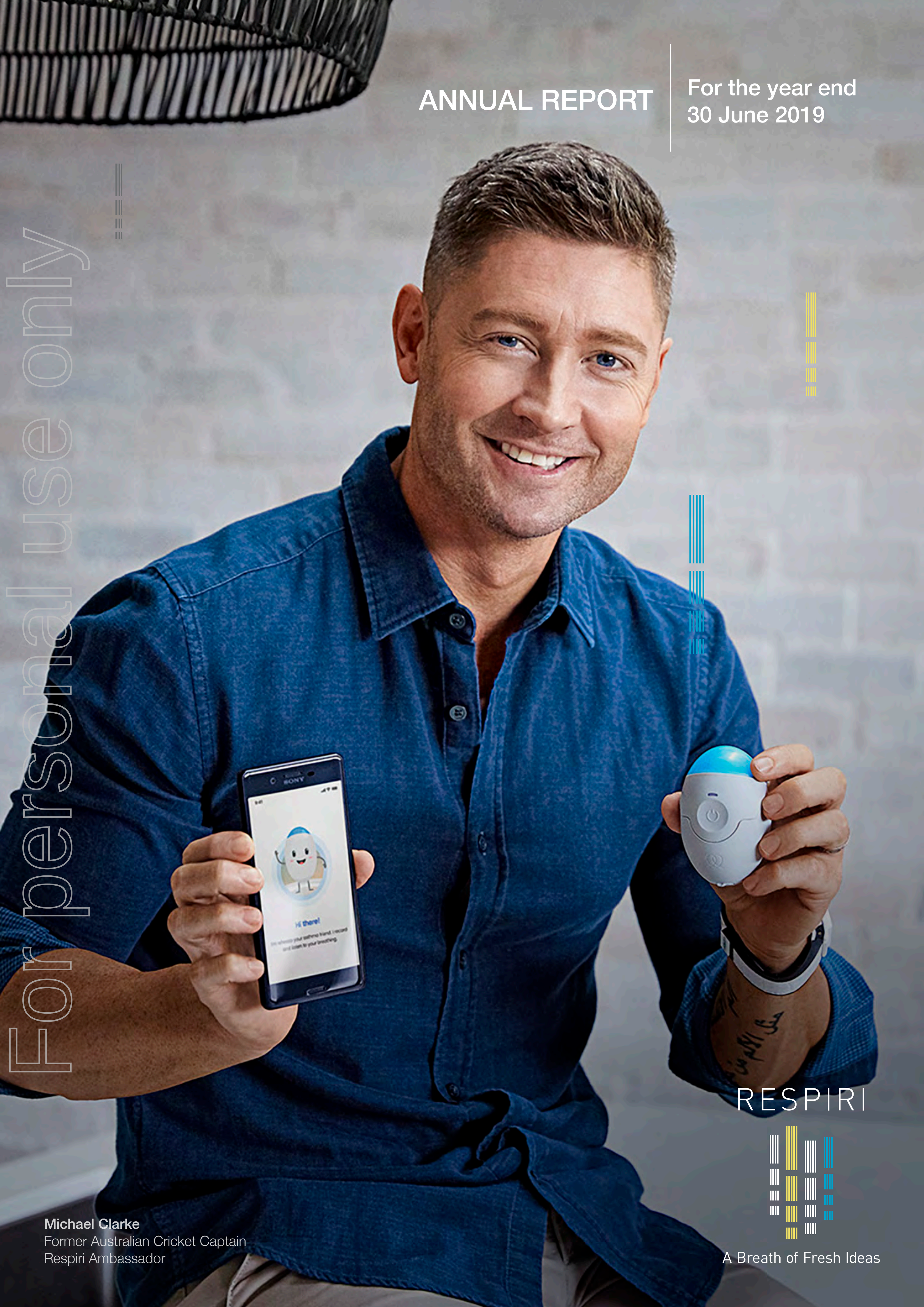
ANNUAL REPORT

For the year end
30 June 2019



Michael Clarke
Former Australian Cricket Captain
Respiri Ambassador

RESPIRI

A Breath of Fresh Ideas

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Directors' Report

The Directors' of Respiri ("RSH", "Respiri" or "the Group") formerly iSonea ("ISN") submit herewith the annual financial report for the Group for the financial year ended 30 June 2019. In order to comply with the Corporations Act 2001 the Directors' Report as follows:

Directors

The names of the Directors in office at any time during the year, or since the end of the year, are as follows:

Mr Mario Gattino	**CEO and Executive Director**
Appointed to the Board	14th December 2017
Last elected by Shareholders	N/A
Experience	Mr Mario Gattino has over 25 years' experience in senior leadership positions within the medical industry. His track record in commercialising and managing sales of drug and medical device products in multiple countries will be invaluable in helping Respiri achieve its commercial milestones. Mr Gattino has held senior leadership positions in Pfizer, one of the world's largest pharmaceutical companies in the USA and Europe. He is an expert in sophisticated stakeholder management, portfolio and business development via M&A and licensing, brand commercialisation, business innovation and profit generation. Other key roles he has held include Managing Director for Perrigo ANZ, a company that makes a wide range of consumer healthcare products, and was the key advisor to an in-vitro diagnostic start-up where he developed its global commercialisation strategy and successfully raised capital.
Qualifications	MBA, Bachelor of Applied Science (Medical Administration), Graduate Diploma in Management. GAICD
Interest in shares and options	420,000 Ordinary Shares and 20,000,000 Unlisted Options
Committees	N/A
Directorships held in other listed entities	No other Public Company Directorships in the past three years

Mr Ross Blair-Holt	**Non-Executive Chairman**
Appointed to the Board	27th November 2018
Last elected by Shareholders	N/A
Experience	Mr Ross Blair-Holt is a Director and CEO of all Bruce Mathieson Group private family companies, Director of ALH Group Pty Ltd, since 2004 and Chief Operating Officer 2004 – 2014. He is also a Director of Beovista Pty Ltd, an energy saving machine manufacturer and operator, and Director of GreyScan Pty Ltd, world's first inorganic explosive detector, and Firefly Health Pty Ltd, non-invasive personal hypoglycaemic monitoring for Type 1 diabetics.
Qualifications	Bachelor of Commerce, a Fellow of Certified Practising Accountants (FCPA)
Interest in shares and options	1,120,423 Ordinary Shares
Directorships held in other entities	Director and CEO of all Bruce Mathieson Group private family companies, Director and CEO of ALH Group Pty Ltd, Director of Beovista Pty Ltd, Director of GreyScan Pty Ltd and Director of Firefly Health.

Professor Bruce Thompson	Non-Executive Director
Appointed to the Board	27th November 2018
Last elected by Shareholders	N/A
Experience	Mr Bruce Thompson is Head of Physiological Services at The Alfred Hospital, one of the largest lung function laboratories in Australia, Adjunct Professor, Central Clinical School, Monash University and will take up his new role as Dean, School of Health Sciences at Swinburne University of Technology in 2019. He is the President-elect of the Thoracic Society of Australia and New Zealand and is a member of a number of other professional associations including the Asia Pacific Society of Respirology, American Thoracic Society, European Respiratory Society, National Health and Medical Research Council, Institute for Breathing and Sleep, Lung Health Promotion Centre, National Science Week and World Congress in Biomedical Engineering. Mr Thompson has been the recipient of over $34 million in competitive grants for research, has contributed to Government Policy Documents and is the author of numerous peer reviewed journal articles and official documents. Mr Thompson is also Chair of Respiri's Australian Medical and Scientific Advisory Board.
Qualifications	B.app.Sci, CRFS, FANZSRS, FThorSoc, FAPSR, PhD
Interest in shares and options	-

Mr Brendan Mason	Non-Executive Director
Appointed to the Board	30th May 2018
Resigned from the Board	27th November 2018
Qualifications	EMBA, Business Administration and Management, Post Graduate Diploma in Operations, Business Operations

Mr Mark Ziirsen	Non-Executive Chairman
Appointed to the Board	30th May 2018
Resigned from the Board	27th November 2018
Qualifications	MBA, International business, B.Comm and CPA

Dr Thomas Duthy	Non-Executive Director
Appointed to the Board	24th October 2018
Resigned from the Board	27th November 2018
Qualifications	PhD, MBA

Company Secretaries

Mr Alastair Beard	**Company Secretary**

Mr Alastair Beard was appointed as Company Secretary on 13th March 2019.

Mr Beard is a skilful and adaptable Certified Practicing Accountant with diverse private and public company experience including roles as director or Chief Financial Officer in the property, utilities, aquaculture and research-to-commercialisation industries.

Mr Julian Rockett	**Company Secretary**
Resigned on	13th March 2019
Ms Jenni Lightowlers	**Company Secretary**
Resigned on	3rd July 2018

Principal Activities

The Company's principal activities in the course of the financial year have been the research, development and commercialisation of medical devices, and the development of mobile health applications. There were no significant changes in the nature of the Company's principal activities during the financial year.

Operating and Financial Review

The loss of the Company after income tax for the financial year was $8,474,586 (2018: $3,207,220). This result has been achieved after fully expensing all research and development costs.

This first half year represented a period of intense activity and achievement for the Group focused on the completion of the Wheezo technology towards a viable medical device for commercialisation, plus a key objective of complimenting this with the highest level medical and scientific validation:

HIGHLIGHTS

- Cutting edge engineering and software development of the Wheezo home monitoring device and smart app culminating in a functional medical device quality breath sensor prototype in September. Decision by Group that design phase was completed and this prototype in conjunction with the smart app would be subjected to the mandatory testing and compliance process that will form the basis of our Wheezo regulatory submission for CE approval.

- Subsequent to this, the group announced a manufacturing agreement with SRX Global for the production of its next generation breath and asthma wheeze detection sensor. Four imperatives guided our selection of production partner; local operation to control synergies across the ecosystem, manufacturing innovation, strong engineering and the ability to quickly scale to volume to meet global demand via Malaysia facility.

- In September 2018, the appointment of Professor Bruce Thompson, one of the leading respiratory experts in this country and the President-elect of the Thoracic Society of Australia and New Zealand, to Chair Respiri's Medical & Scientific Advisory Board. Under Professor Thompson's leadership, an advisory board meeting was held in London in October 2018 with a leading group of UK respiratory experts to define the clinical study program for the Wheezo technology necessary to obtain health care practitioners (HCP) endorsement in early launch markets.

- On November 28th the Group held its Annual General Meeting, where the previous Chairman, Mr. Mark Ziirsen and Non-Executive Directors, Mr. Brendan Mason and Dr. Thomas Duthy announced their resignations from the Board prior to the AGM, leading to the appointment of Mr. Ross Blair-Holt as Non-Executive Chairman and Professor Bruce Thompson also taking on a Non-Executive Director position along with his continued role as Chair of the Medical & Scientific Advisory Board.

- The Group conducted a successful capital raising process in December 2018 that achieved $3,200,000 funding (including $50,000 from directors subject to approval at the Company's AGM in 2019)

- The Company also completed an oversubscribed Share Purchase Plan process in January 2019 delivering another $1,000,000.

The Group led by the newly appointed Board in the second half 2019 FY, was strongly aligned with the 3 strategic pillars driving our success as announced at the recent AGM:

- Clinical Validation
- Customer Engagement
- Big Data Technologies

During this period there was a deliberate shift from development to planning for market entry and commercialising the technology. The R&D phase of development for Wheezo was winding down with activity heavily focused on final testing and the integration process of the state-of-the-art Breath Sensor and wireless connectivity to the smart app by our development partners. This represents the final mandatory step in meeting all regulatory submission requirements for product approval and sales:

HIGHLIGHTS

- The previously announced first two key Clinical Studies under Professor Bruce Thompson's leadership supporting our market launch promotional claims, were the focus of our activity for the remainder of the period and beyond. 1) Stethoscope Comparison – completed and paper submitted for publication Sept 19 & 2) Correlation of wheeze rate with other clinical measures – target completion early Dec 19 Quarter and paper submitted for publication. The success of these 2 clinical studies will allow us to actively engage the medical community, asthma associations, health technology assessment agencies, private insurers/payors to endorse the adoption of Wheezo in asthma self-management

- Lower than forecast spend in product manufacturing, advertising, and marketing activities for the period was aligned with updated phasing and timing of these activities, reflecting the previously communicated delay due to resolving the issue around plastics components. Finished final Wheezos for demonstration purposes were available by end May 2019.

- Staff costs and other corporate & admin costs were closely managed during the period, in line with expectations and factoring in transaction costs associated with capital raising activity.

- The company secured a borrowing facility of up to $1.4 M which anticipated the forecasted 2019 R&D tax incentive claim of which $0.6m was undrawn at the end of June 2019. The facility provided increased financial flexibility and strength in executing our plans towards the Wheezo launch. Any draw down from this facility by the company is expected to be fully repaid by end October 2019.

- Signed a transformational joint venture for India with Dr. Harsha Vardan and MedAchievers that is evolving rapidly to provide major opportunities for Respiri in that market. A key focus of the Company's activities for the coming months is capitalising on the early interest and emerging demand from India. We anticipate our first global sales to come from India this year, after a short period of key evaluation and clinical implementation studies – focusing on leading hospitals and Government-supported health initiatives around respiratory disease, where Wheezo's contribution can be defined and ramped-up to meet the broader population needs.

- Completed the development of the state-of-the-art Breath Sensor and wireless connectivity to the smart app to deliver the promise of the world first Wheezo technology for CE approval and demonstrations to leading respiratory experts, investors and potential partners to support strategic partnerships with leading global MedTech, pharma or technology companies.

- The Group's previously announced reported negotiations with a major China based pharmaceutical group did not materialise into a final agreement at the time. China remains one of the most important future launch markets for our Wheezo technology and we continue to engage on a market entry strategy with third parties.

Through this diligent and structured approach, we continue to de-risk the business model with each successful milestone, transitioning from an R&D, development stage entity towards a commercially driven operational company to deliver significant revenue streams in 2020.

Key prioritised milestones for 1H / 2020 FY:

- Working towards orders for Wheezo from target leading hospitals and Government-supported health initiatives in India. The B2B2C business model in this market, selling directly to large institutional customers allows a faster, low risk path to revenue at significantly reduced launch spending vis a vis B2C markets.

- Implementing our manufacturing plan from initial production run in Australia, through to scaling up for high capacity production (20,000 units/month) in Malaysia in collaboration with SRX. Continuously working towards lower production costs, optimal product design, shorter timelines and improved margin driven by volume.

- Completion of the 2 key clinical studies to allow us to actively engage the medical community, asthma associations, health technology assessment agencies, private insurers/payors and potential partners to endorse / collaborate in the adoption of Wheezo in asthma self-management.

- Culminating in CE approval and green light for sales in all target markets for 2020

Approaching the final stages of launch, the Group will operate with a disciplined spending mindset that supports our stated business plan towards success. The Board continues to prioritise future capital needs, maintaining shareholder support and attracting new investors. As we execute these plans, the Group remains agile and where required, will pivot (e.g. India) to achieve our mission, enjoy success and deliver shareholder value.

Dividends

The Company did not pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2019 financial year.

Significant Changes in the State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company during the financial year under review not otherwise disclosed in this Annual Report.

Matters Subsequent to Reporting Period

Former Directors' Options

At the 2017 Annual General Meeting on 14 December 2017, shareholders approved the issue of 14,000,000 options to two directors who subsequently retired on 30 May 2018. The Company subsequently determined that these options were not issued and had not vested. The 2018 financial statements have been prepared reflecting the Company's position.

The Company has announced on 6 September 2019 that it has resolved the legal dispute with its two former directors on terms satisfactory to both parties and in accordance with the original terms of the options, which were set out in the Explanatory Memorandum to the notice of the 2017 Annual General Meeting and approved by shareholders at that meeting.

The Company confirmed that the 14,000,000 options issued to the two former directors were validly issued and that, as approved by the Board on 30 May 2018, the options vested immediately (as a result of the former directors' retirement) and therefore the options are exercisable upon satisfaction of the share price and term exercise conditions in accordance with the option terms.

The Company has recognised an additional non-cash share based payment expense of $934,438 in the consolidated statement of profit and loss and other comprehensive income for the year ended 30 June 2019 for the vested options issued to the two former directors.

Share Placement

On 30 July 2019, the Company has successfully conducted a $3.4 million capital raising via a private placement to sophisticated and professional investors at Placement price of 10 cents per fully ordinary share. The Placement also includes $100,000 from directors of the Company which will subject to shareholder approval at the Company's AGM.

Likely Developments and Expected Results

Please refer to the 'Operating and Financial Review' section at the start of the Directors' Report for information in relation to Company's future Developments and Events

Environmental Regulations

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Risk Management

The Audit, Risk and Compliance Committee is responsible for overseeing the establishment and implementation of the risk management system, and for the reviewing and assessing the effectiveness of the Company's implementation of that system on a regular basis.

The Audit, Risk and Compliance Committee and senior management continue to identify the general areas of risk and their impact on the activities of the Company. The potential risk areas for the Company include:

- Reliance on key personnel
- efficacy, safety and regulatory risk of medical devices;
- financial position of the Company and the financial outlook;
- domestic and global economic outlook and share market activity;
- changing government policy (Australian and overseas);
- competitors' products and research and development programs;
- market demand and market prices for medical device technologies;
- environmental regulations;
- ethical issues relating to medical device research and development;
- the status of partnership and contractor relationships;
- other government regulations including those specifically relating to the biomedical and health industries; and
- occupational health and safety and equal opportunity law.

The above list of risk areas ought not to be taken as an exhaustive one of the risks faced by the Company or by investors in the Company. The above areas, and others not specifically referred to above, may in the future materially affect the financial performance of the Company.

The Board and Management will continue to perform a regular review of the following:

- the major risks that occur within the business;
- the degree of risk involved;
- the current approach to managing the risk; and
- where appropriate, determine:
  - any inadequacies of the current approach; and
  - possible new approaches that more efficiently and effectively address the risk.

Healthcare Technology Companies – Inherent Risks

Some of the risks inherent in the development of medical device products to a marketable stage include the uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development or may infringe intellectual property rights of other parties, the obtaining of the necessary regulatory authority approvals and difficulties caused by the rapid advancements in technology.

Also a particular medical device may fail the clinical development process through lack of efficacy or safety. Companies such as Respiri Limited are dependent on the success of their medical devices and on the ability to attract funding to support these activities.

Investment in healthcare technology including medical devices cannot be assessed on the same fundamentals as trading and manufacturing enterprises and thus investment in these areas must be regarded as speculative taking into account these considerations.

This Report may contain forward-looking statements regarding the potential of the Company's projects and interests, and the development of the Company's projects and interests, and the development potential of the Company's research and development projects.

Any statement describing a goal, expectation, intention or belief of the Company is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those inherent in the process of discovering, developing and commercialising medical devices that are safe and effective for use as human devices and the financing of such activities.

There is no guarantee that the Company's healthcare technology including medical devices will be successful, or receive regulatory approvals, or prove to be commercially successful in the future. Actual results could differ from those projected, or detailed in this report.

As a result, you are cautioned not to rely on forward-looking statements. Consideration should be given to these, and other risks concerning the Company's research and development program referred to in this Directors' Report as contained in this Financial Report for the year ended 30 June 2019.

Meetings of Directors

A number of formal meetings and circular resolutions were held during the year as tabled below:

	Directors' Meetings		Committee Meetings			
			Audit, Risk & Compliance		Remuneration & Nomination	
Director	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Mr Mario Gattino	15	15	-	-	2	2
Mr Bruce Thompson	7	7	-	-	2	2
Mr Ross Blair-Holt	7	7	-	-	2	2
Mr Mark Ziirsen	8	8	-	-	-	-
Mr Brendan Mason	8	8	-	-	-	-
Dr Thomas Duthy	3	3	-	-	-	-

For the date of appointment and resignation of each Director and Executive, please refer to the Remuneration Report section of the Directors' Report.

In addition, the Board routinely establishes special purpose and ad hoc committees to meet on regular basis to address various matters.

As at the date of this report, the Company had an Audit, Risk & Compliance Committee and a Remuneration & Nominations Committee, with membership of the committees as follows:

Position	Audit, Risk & Compliance Committee	Remuneration & Nominations Committee
Chairman	Mr Ross Blair-Holt	Prof Bruce Thompson
Member	Prof Bruce Thompson	Mr Ross Blair-Holt

Indemnification of Officers and Auditors

During the financial year, the Company maintained an insurance policy to indemnify Directors and Officers against certain liabilities incurred as such a Director or Officer, including costs and expenses associated in successfully defending legal proceedings. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the Auditor of the Company or any related body corporate against a liability incurred as such an Officer or Auditor.

Proceedings on Behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

During the year ended 30 June 2019 the Company did not engage the external auditor to provide non-audit services.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2019 has been received and can be found in the 'Auditor's Independence Declaration' section of this Annual Report.

Share Options on Issue as at the Date of this Report

The unissued ordinary shares of Respiri Limited under option as at the date of this report were:

Unlisted Options:

ASX Code	Date of Expiry	Exercise Price	No. under Option
RSH	30 November 2019	$0.28	10,000,000
RSH	31 December 2023	$0.03	14,000,000[1]
RSH	31 December 2024	$0.03	12,000,000[1]
RSH	31 December 2025	$0.03	8,000,000
RSH	21 December 2020	$0.12	5,000,000
RSH	31 December 2020	$0.005	6,000,000[2]
RSH	31 December 2021	$0.125	4,000,000[2]

[1]Included the reinstated 14,000,000 options issued to former directors in the 2018 financial year
[2]Issued in 2 tranches with different vesting conditions. See Note 24.

There were no listed options outstanding at the reporting date.

Corporate Governance

In recognising the need for the highest standards of corporate behaviours and accountability, the Directors of Respiri support and adhere to good corporate governance practices. The Company's Corporate Governance Statement is available on the Company's website at www.Respiri.co.

Remuneration Report (Audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company as required by the Corporations Act 2001 and its Regulations.

This report details the nature and amount of remuneration of each Director of Respiri Limited and all other Key Management Personnel.

For the purposes of this report, Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

For the purposes of this report, the term 'executive' encompasses the Executive Chairman.

Directors:

Name	Position	Appointment / Resignation
Mr Mario Gattino	CEO and Executive Director	Appointed CEO and Executive Director on 14th Dec 2017
Mr Brendan Mason	Non-Executive Director	Appointed on 30th May 2018 and Resigned on 27th Nov 2018
Mr Mark Ziirsen	Non-Executive Chairman	Appointed on 30th May 2018 and Resigned on 27th Nov 2018
Mr Ross Blair-Holt	Non-Executive Chairman	Appointed on 18th December 2018
	Non-Executive Director	Appointed on 27th November 2018
Prof Bruce Thompson	Non-Executive Director	Appointed on 27th November 2018
Dr Thomas Duthy	Non-Executive Director	Appointed on 24th October 2018 and Resigned on 27th Nov 2018
Other KMP		
Ms Koswani Wall	Chief Customer Experience & Communications Officer (CXO)	Appointed on 1st June 2018
Dr Samaneh Sarraf Shirazi	Chief Research Officer	Appointed on 4th Feb 2019

Remuneration Policy

Remuneration of all Non-Executive Directors and Officers of the Company is determined by the Board following recommendation by the Remuneration and Nomination Committee.

The Company is committed to remunerating Executive Directors in a manner that is market-competitive and consistent with "Best Practice" including the interests of shareholders. Remuneration packages are based on fixed and variable components, determined by the Executives' position, experience and performance, and may be satisfied via cash or equity.

Non-Executive Directors are remunerated out of the aggregate amount approved by shareholders and at a level that is consistent with industry standards. Non-Executive Directors do not receive performance based bonuses and prior Shareholder approval is required to participate in any issue of equity. No retirement benefits are payable other than statutory superannuation, if applicable.

Voting and comments made at the Company's Annual General Meeting

The Company did not receive any specific feedback at the AGM or throughout 2018 on its remuneration practices. The Remuneration Report was adopted at the 2018 AGM by more than 85% of eligible votes received.

Remuneration Policy Versus Company Financial Performance

Directors have been compensated for work undertaken and the responsibilities assumed in being Directors of this publicly listed company based on industry practice. Consistently with good corporate governance practices, compensation of Non-Executive Directors is not linked to specific performance hurdles or objectives.

The Company envisages its performance in terms of earnings will remain negative whilst the Company continues in the development and commercialisation phase. Shareholder value reflects the speculative and volatile biotechnology market sector.
This pattern is indicative of the Company's performance over the past five years. Accordingly, no dividends have been paid during the year, or in respect of the 2019 financial year.

Financial Year	Net (Loss)/Profit	Share Price at Balance Date $ AUD	Loss per Share cents per share
2019	(8,474,586)	$0.09	(1.69)
2018	(3,207,220)	$0.10	(0.73)
2017	(2,522,052)	$0.04	(0.58)
2016	(4,010,944)	$0.04	(1.34)
2015	($5,464,443)	$0.06	(1.94)
2014	($10,309,957)	$0.24	(3.91)
2013	($5,580,768)	$0.36	(2.55)
2012*	($5,585,172)	$0.05*	(9.69)*

* Share prices have been normalised for consideration of the capital consolidation performed in Aug 2012.

Performance Based Remuneration

The purpose of a performance bonus is to reward individual performance in line with Company objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This is regularly measured in respect of performance against key performance indicators (KPI's).

The Company uses a variety of short-term and long-term KPI's to determine achievement, depending on the role of the executive or director being assessed and the particular KPI being targeted.

These include:

- successful contract negotiations;
- Company share price consistently reaching a targeted rate on the ASX or applicable market over a period of time; and
- completion of set milestones;

The Non-Executive Directors do not receive performance-based remuneration.

Details of Remuneration for Year Ended 30 June 2019

The remuneration for each Director and each of the other Key Management Personnel of the consolidated entity during the year was as follows:

	Short-term Employment Benefits			Post-Employment Benefits	Share-based Payments	Total
	Cash salary and fees	Cash Bonus	Consulting Fees	Superannuation Contribution	Shares/Options	
30 June 2019	**$AUD**	**$AUD**	**$AUD**	**$AUD**	**$AUD**	**$AUD**
Directors						
Mr Mario Gattino	330,000	-	-	20,531	347,353	697,884
Mr Brendan Mason	34,444	-	-	-	-	34,444
Mr Mark Ziirsen	37,500	-	-	3,563	-	41,063
Mr Ross Blair-Holt	40,118	-	-	3,811	-	43,929
Prof Bruce Thompson	67,361	-	-	6,399	-	73,760
Dr Thomas Duthy	4,167	-	-	-	-	4,167
Other Key Management Personnel						
Dr Samaneh Sarraf Shirazi	127,140	-	-	12,078	-	139,218
Ms Koswani Wall[2]	230,000	-	-	20,531	6,908	257,439
	870,730	**-**	**-**	**66,913**	**354,261**	**1,291,904**

Note: For the date of appointment and resignation of each Director and Executive please refer to the Directors Report.

1. Remuneration in the form of share based payments are "at risk" as they are subject to vesting conditions based on length of service. Please see Note 24 for the determination of the fair value of the shares/options granted.
2. Ms Koswani Wall was not considered a Key Management Personnel in the 2018 financial year.

Details of Remuneration for Year Ended 30 June 2018

The remuneration for each Director and each of the other Key Management Personnel of the consolidated entity during the year was as follows:

	Short-term Employment Benefits			Post-Employment Benefits	Share-based Payments	Total
	Cash salary and fees	Cash Bonus	Consulting Fees	Superannuation Contribution	Shares/Options	$AUD
30 June 2018	**$AUD**	**$AUD**	**$AUD**	**$AUD**	**$AUD**	
Directors						
Mr Leon L'Huillier	108,333	-	125,000	-	-[1]	233,333
Mr John Ribot-de-Bresac	-	-	-	-	-[1]	-
Dr Timothy Oldham	20,000	-	-	-	-	20,000
Mr Mario Gattino	192,500	-	-	12,400	129,312[1]	334,212
Mr Brendan Mason	-	-	-	-	-	-
Mr Mark Ziirsen	-	-	-	-	-	-
	320,833	**-**	**125,000**	**12,400**	**129,312**	**587,545**

Note: For the date of appointment and resignation of each Director and Executive please refer to the Directors Report.

1. The shareholders approved the issuance of 34,000,000 unlisted RSH Options to Directors in accordance with resolution 3 of Company's 2017 Annual General Meeting. The Company subsequently determined that 14,000,000 options to former Directors were not issued and have not vested. This matter was in dispute in the 2018 financial year but has now been resolved. Refer to the subsequent event note (see Note 25) for more information
2. Remuneration in the form of share based payments are "at risk" as they are subject to vesting conditions based on length of service. Please see Note 24 for the determination of the fair value of the shares/options granted

At Risk Income as a Proportion of Total Remuneration

All Executive Directors and other key management personnel are eligible to receive incentives whether through employment contracts or by the recommendation of the Board. Their performance payments are based on a set monetary value, set number of shares or options or as a portion of base salary. Therefore, there is no fixed proportion between incentive and non-incentive remuneration. Entitlement to these payments does not depend on the future performance of the Company.

Non-Executive Directors are not entitled to receive bonuses and/or incentives.

The relative proportions of remuneration income that are at risk, and those that are fixed, are as follows:

	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2019	2018	2019	2018	2019	2018
Directors						
Mr Mario Gattino (appointed on 14th Dec 2017)	50%	61%	-	-	50%	39%
Mr Brendan Mason (appointed on 30th May 2018, resigned 27th Nov 2018)	100%	-	-	-	-	-
Mr Mark Ziirsen (appointed on 30th May 2018, resigned 27th Nov 2018)	100%	-	-	-	-	-
Mr Ross Blair-Holt (appointed on 27th Nov 2018)	100%	-	-	-	-	-
Prof Bruce Thompson (appointed on 27th Nov 2018)	100%	-	-	-	-	-
Dr Thomas Duthy (appointed on 24th Oct 2018, resigned 27th Nov 2018)	100%	-	-	-	-	-
Other Key Management Personnel						
Dr Samaneh Sarraf Shirazi (appointed 04th Feb 2019)	100%	-	-	-	-	-
Ms Koswani Wall (appointed 1st Jun 2018)	97%	-	-	-	3%	-

At risk long term incentive (LTI) relates to remuneration in the form of share based payments, which are subject to vesting conditions based on length of service. At risk short term incentive (STI) relates to discretionary bonuses approved by the board in respect of performance during the relevant year.

Share-based Compensation

At the General Meeting held on 31 October 2013, Shareholders approved the establishment of the 2013 Employees', Directors' and Consultants' Share and Option Plan (ESOP). The ESOP is intended to reward Directors, employees and/or consultants for their contributions to the Group. The Plan is to be used as a method of retaining key personnel for the growth and development of the Group. Due to the Group's presence in Israel and USA, the Plan has been established to benefit personnel in Australia, Israel and USA. As at 30 June 2019 equity had been issued to 1 director & 1 employee in Australia, 8 employees in USA and 2 employees in Israel under ESOP.

The terms and conditions of each grant of options affecting Director and other Key Management Personnel remuneration in the current or future reporting periods are as follows:

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Share Price Hurdle	Fully Vested	Value per Option at Grant Date
22 Nov 2016	22 Nov 2016	30 Nov 2019	$0.285	N/A	Yes	$0.022
14 Dec 2017	31 Dec 2020	31 Dec 2023	$0.03	$0.10	Yes	$0.048
14 Dec 2017	31 Dec 2020	31 Dec 2024	$0.03	$0.15	No	$0.092
14 Dec 2017	31 Dec 2020	31 Dec 2025	$0.03	$0.20	No	$0.112
7 Jun 2019	31 Dec 2020	31 Dec 2023	$0.005	0.20	No[1]	$0.048
7 Jun 2019	31 Dec 2021	31 Dec 2024	$0.125	0.25	No[1]	$0.073

[1] See Note 24 for details of vesting conditions.

Options granted under the plan carry no dividend or voting rights until exercised into ordinary fully paid shares.

When exercisable, each option is convertible into one ordinary share as soon as practical after the receipt by the Company of the completed exercise form and full payment of the exercise price.

The exercise price of options granted under this plan shall be determined by the Committee in its sole discretion.
The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

Details of options over ordinary shares in the Company provided as remuneration to each Director of the company and each of the other Key Management Personnel are set out below:

	Number of Options Granted During the Year		Number of Options Forfeited/ Lapsed/ Exercised During the Year		Number of Options Vested During the Year	
	2019	2018	2019	2018	2019	2018
Directors						
Mr Ross Blair-Holt	-	-	-	-	-	-
Mr Mario Gattino	-	20,000,000	-	-	6,000,000	-
Mr Brendan Mason	-	-	-	-	-	-
Mr Mark Ziirsen	-	-	-	-	-	-
Mr Ross Blair-Holt	-	-	-	-	-	-
Prof Bruce Thompson	-	-	-	-	-	-
Dr Thomas Duthy	-	-	-	-	-	-
Other Key Management Personnel						
Dr Samaneh Sarraf Shirazi	-	-	-	-	-	-
Ms Koswani Wall	10,000,000	-	-	-	-	-
	10,000,000	**20,000,000**	**-**	**-**	**6,000,000**	**-**

1. Refer to Page 19 for closing balance of options held by each Director and other Key Management Personnel of Respiri Limited, including their personally related parties, as at 30 June 2019.

No shares have been issued to the Directors in the current or proceeding financial year in their capacity as a director or as a result of exercise of any options.

(a) Shareholdings

The number of fully paid ordinary shares in the Company held during the financial year by each Director and other Key Management Personnel of Respiri Limited, including their personally related parties, are set out below:

30 June 2019	Balance at Start of the Year	Granted as Compensation	Shares from Options Exercised	Net Change Other	Balance at End of the Year
Directors					
Mr Mario Gattino	420,000	-	-	-	420,000
Mr Brendan Mason	-	-	-	-	-
Mr Mark Ziirsen	-	-	-	-	-
Mr Ross Blair-Holt	2,513,448	-	-	(1,393,025)	1,120,423
Prof Bruce Thompson	-	-	-	-	-
Dr Thomas Duthy	-				

Other Key Management Personnel					
Dr Samaneh Sarraf Shirazi	-	-	-	-	-
Ms Koswani Wall	221,206	-	-	138,000	359,206
	3,154,654	**-**	**-**	**(1,255,025)**	**1,899,629**

30 June 2018	Balance at Start of the Year	Granted as Compensation	Shares from Options Exercised	Net Change Other	Balance at End of the Year
Directors					
Mr Mario Gattino	-	-	-	420,000[2]	420,000
Mr Brendan Mason	-	-	-	-	-
Mr Mark Ziirsen	-	-	-	-	-
	-	**-**	**-**	**420,000**	**420,000**
Mr Leon L'Huillier	5,106,267	-	-	-	5,106,267[1]
Mr John Ribot-de-Bresac	7,983,614	-	-	-	7,983,614[1]
Dr Timothy Oldham	126,392	-	-	(28,033)	98,359[1]
	13,216,273	-	-	**(28,033)**	**13,188,240**

1. Directors resigned during the Financial Year 2018.
2. Purchased upon appointment.

b) Options and Rights

The number of options over ordinary shares in the Company held during the financial year by each Director and other Key Management Personnel of Respiri Limited, including their personally related parties, are set out below:

30 June 2019	Balance at Start of the Year	Granted as Compensation	Options Exercised	Net Change Other	Balance at End of the Year	Vested and Exercisable	Unvested
Directors							
Mr Mario Gattino	20,000,000	-	-	-	20,000,000	6,000,000	14,000,000
Mr Brendan Mason	-	-	-	-	-	-	-
Mr Mark Ziirsen	-	-	-	-	-	-	-
Mr Ross Blair-Holt	-	-	-	-	-	-	-
Prof Bruce Thompson	-	-	-	-	-	-	-
Dr Thomas Duthy	-	-	-	-	-	-	-
Other Key Management Personnel							
Dr Samaneh Sarraf Shirazi	-	-	-	-	-	-	-
Ms Koswani Wall	-	10,000,000	-	2,000,000[1]	12,000,000	2,000,000	10,000,000
	20,000,000	**10,000,000**	**-**	**2,000,000**	**32,000,000**	**8,000,000**	**24,000,000**

1. Existing options issued prior to appointment.

30 June 2018	Balance at Start of the Year	Granted as Compensation	Options Exercised	Net Change Other	Balance at End of the Year	Vested and Exercisable	Unvested
Directors							
Mr Leon L'Huillier	4,000,000	-	-	-	4,000,000	4,000,000[1]	-
Mr John Ribot-de-Bresac	2,000,000	-	-	-	2,000,000	2,000,000[1]	-
Dr Timothy Oldham	2,000,000	-	-	-	2,000,000	2,000,000[1]	-
Mr Mario Gattino	-	20,000,000[1]	-	-	20,000,000	-	20,000,000
Mr Brendan Mason	-	-	-	-	-	-	-
Mr Mark Ziirsen	-	-	-	-	-	-	-
	8,000,000	**20,000,000**	**-**	**-**	**28,000,000**	**8,000,000**	**20,000,000**

1. The shareholders have approved the issuance of 34,000,000 unlisted RSH Options to Directors in accordance with resolution 3 of Company's 2017 Annual General Meeting. The Company subsequently determined that 14,000,000 options to former Directors were not issued and have not vested. This matter was in dispute in the 2018 financial year but has now been resolved. Refer to the subsequent event note (see Note 25) for more information.

The Directors and other Key Management Personnel are subject to service agreements with normal commercial terms and conditions. The key terms of these agreements are set out below:

Duration	Ongoing term
Periods of Notice Required to Terminate	In the case of: - Mario Gattino, three months' notice of termination by the employee and six months' notice of termination by the Company; - Samaneh Shirazi, one month's notice of termination by the employee and one months' notice of termination by the Company; and - Koswani Wall, three months' notice of termination by the employee and three months' notice of termination by the Company.

This is the end of the Audited Remuneration Report.

This report is made in accordance with a resolution of Directors.

Mr Ross Blair-Holt
Non-Executive Chairman

Dated this the 17th September 2019
Melbourne, Australia

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Respiri Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Philip A Ransom

P A RANSOM
Partner

Dated: 17 September 2019
Melbourne, Victoria

RESPIRI

Annual Financial Statements

For the year ended 30 June 2019

Statement of Profit or Loss & Other Comprehensive Income

For the year ended 30 June 2019

	Note	Consolidated 30 June 2019 $ AUD	Consolidated 30 June 2018 $ AUD
Revenue			
Non-operating Revenue	3	5,136	17,612
Other Income	3	1,026,252	861,455
Total Revenue		**1,031,388**	**879,067**
Expenses	4		
Amortisation		-	(118,610)
Consulting, employee and director		(1,367,916)	(1,039,026)
Equity-based payment	24	(1,288,699)	(129,312)
Corporate administration		(1,540,279)	(1,104,311)
Depreciation		(4,628)	(6,838)
Marketing and promotion		(854,177)	(22,826)
Research and development		(4,237,397)	(1,512,288)
Travel		(212,878)	(153,076)
Loss before income tax expense from continuing operations		**(8,474,586)**	**(3,207,220)**
Income tax expense	5	-	-
Loss after income tax for the year		**(8,474,586)**	**(3,207,220)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(9,620)	(18,862)
Total comprehensive loss for the year		**(8,484,206)**	**(3,226,082)**
Loss attributable to members of the parent entity		**(8,474,586)**	**(3,207,220)**
Total comprehensive loss attributable to members of the parent entity		**(8,484,206)**	**(3,226,082)**
Basic loss per share (cents per share)	8	(1.69)	(0.73)
Diluted loss per share (cents per share)	8	(1.69)	(0.73)

The accompanying notes form part of these financial statements.

As at 30 June 2019

	Note	Consolidated 30 June 2019 $ AUD	Consolidated 30 June 2018 $ AUD
ASSETS			
Current Assets			
Cash and cash equivalents	9	306,655	2,418,427
Trade and other receivables	10	161,566	118,763
Other assets	14	534,709	109,833
Total Current Assets		**1,002,930**	**2,647,023**
Non-Current Assets			
Property, plant and equipment	12	9,502	10,951
Intangible assets	13	-	-
Other assets	14	1,173	2,985
Total Non-Current Assets		**10,675**	**13,936**
TOTAL ASSETS		**1,013,605**	**2,660,959**
LIABILITIES			
Current Liabilities			
Trade and other payables	15	1,756,955	997,234
Other financial liabilities	16	12,912	12,912
Other Borrowings	17	806,442	-
Total Current Liabilities		**2,576,309**	**1,010,146**
TOTAL LIABILITIES		**2,576,309**	**1,010,146**
NET ASSETS/(LIABILITIES)		**(1,562,704)**	**1,650,813**
EQUITY			
Issued capital	18	106,043,361	102,332,258
Reserves	19	1,590,476	40,510
Accumulated Losses		(109,196,541)	(100,721,955)
TOTAL EQUITY		**(1,562,704)**	**1,650,813**

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Issued Capital $ AUD	Option Reserve $ AUD	Foreign Currency Translation Reserve $ AUD	Accumulated Losses $ AUD	Total $ AUD
Balance at 30 June 2017	**99,382,258**	**217,102**	**(287,042)**	**(97,514,735)**	**1,797,583**
Loss after income tax expense for the year	-	-	-	(3,207,220)	(3,207,220)
Other comprehensive income for the year, net of tax	-	-	(18,862)	-	(18,862)
Total Comprehensive Income for the year	-	-	(18,862)	(3,207,220)	**(3,226,082**
Transactions with Equity holders in their capacity as equity holders:					
Shares Issued	3,200,000	-	-	-	3,200,000
Capital Raising Costs	(250,000)	-	-	-	(250,000)
Options Issued	-	129,312	-	-	129,312
Transfers to/from reserves[1]	3,200,000	-	-	-	3,200,000
Balance at 30 June 2018	**102,332,258**	**346,414**	**(305,904)**	**(100,721,955)**	**1,650,813**
Loss after income tax expense for the year	-	-	-	(8,474,586)	(8,474,586)
Other comprehensive income for the year, net of tax	-	-	(9,620)	-	(9,620)
Total Comprehensive Income for the year	-	-	(9,620)	(8,474,586)	**(8,484,206)**
Transactions with Equity holders in their capacity as equity holders:					
Shares Issued	4,199,990	-	-	-	4,199,990
Capital Raising Costs	(488,887)	-	-	-	(488,887)
Options Issued	-	1,559,586	-	-	1,559,586
Balance at 30 June 2019	**106,043,361**	**1,906,000**	**(315,524)**	**(109,196,541)**	**(1,562,704)**

1. To transfer the value of lapsed/expired options from the reserve to accumulated losses.
2. The shareholders have approved the issuance of 34,000,000 unlisted RSH Options to Directors in accordance with resolution 3 of Company's 2017 Annual General Meeting. The Company subsequently determined that 14,000,000 options to former Directors were not issued and have not vested. The matter has now been resolved. Refer to the subsequent event note (see Note 25) for more information.

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2019

	Note	Consolidated 30 June 2019 $ AUD	Consolidated 30 June 2018 $ AUD
Cash flows from operating activities			
Receipts from customers		-	2,255
Payments to suppliers and employees (inclusive of GST)		(7,442,713)	(3,781,680)
Interest received		5,136	15,357
R&D tax refund[1]		1,026,252	1,687,058
Net cash flows used in operating activities	**23a**	**(6,411,325)**	**(2,077,009)**
Cash flows related to investing activities			
Interest received		-	-
Proceeds from sales of plant and equipment		-	1,404
Payments for purchases of plant and equipment		(3,179)	(7,902)
Net cash flows used in investing activities		**(3,179)**	**(6,498)**
Cash flows related to financing activities			
Proceeds from issues of securities		3,749,990	3,000,000
Capital raising costs		(218,000)	(50,000)
Borrowings		800,000	-
Net cash flows from financing activities		**4,331,990**	**2,950,000**
Net (decrease)/increase in cash and cash equivalents		(2,082,514)	866,492
Cash and cash equivalents at the beginning of the year		2,418,427	1,562,920
Effects of exchange rate changes on cash and cash equivalents		(29,259)	(10,985)
Cash and cash equivalents at the end of the year	**9**	**306,655**	**2,418,427**

1. Total R&D tax concession refund received in the financial year 2018 consists of $108,058 of additional refund for the financial year 2015, $825,603 for the financial year 2016, and $753,397 for the financial year 2017.

The accompanying notes form part of these financial statement

Note 1 - Statement of Significant Accounting Policies

Corporate Information

Respiri Limited is a listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The addresses of its registered office and principal place of business are disclosed in company details (see Note 28).

The principal activities of the Company are the research, development and commercialisation of medical devices, and the production of mobile health applications. The company is a for-profit company.

The financial report of Respiri Limited (the Company) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on the 16th Day of September 2019.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Australian Accounting Interpretations, and complies with other authoritative pronouncements from the Australian Accounting Standards Board, as appropriate for for-profit orientated entities.

The financial report covers Respiri Limited as a consolidated entity consisting of Respiri Limited and the entities it controlled during the year.

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards and with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB).

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs, except for the revaluation of certain non-current assets and financial instruments. Cost is based on fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted and amounts rounded to the nearest dollar.

Critical Accounting Estimates and Judgements

The preparation of the financial statements requires the Directors and Management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below:

<u>Share-based payment transactions</u>
The consolidated entity measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Monte Carlo model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Operating Segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The operating segments of the Group are determined to be Australia and Israel. For more information, refer to Note 22.

Going Concern Basis

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the Group recorded losses of $8,474,586 (2018: $3,207,220 loss) and experienced net operating cash outflows of $6,411,325 (2018: $2,077,009 operating cash outflows) for the year ended 30 June 2019. As at that date the Group had net current liabilities of $1,573,379 (2018: $1,636,877 net current assets) and net liabilities of $1,562,704 (2018: $1,650,813 net assets).

The Group has undertaken significant research and development activities but expects the transition to commercialisation phase to occur in the coming months as the Research and Development (R&D) phase winds down. The Group has continued to receive Research and Development Tax Incentive income in relation to these activities, including $1,026,252 cash received in the 2019 financial year for the R&D activities conducted in the 2018 financial year.

The Group expects to receive further R&D Tax Incentive income in relation to its 30 June 2019 activities. The Board expect payment of the R&D Tax Incentive for all eligible R&D activities done during the 2019 financial year in October/November 2019 and this is estimated to be $1,800,000. The cash will be utilised to repay outstanding loans as disclosed in Note 17 – Other Borrowings, with any residual cash used to fund continuing business operations. The Group is also evaluating other Australian based activity beyond R&D that has the potential to qualify for increased Government funding (e.g. manufacturing and export of the technologies).

The Group was successful in raising capital of $3,150,000 in December 2018 and a further $1,000,000 was raised through its Share Purchase Plan in February 2019 to assist with its planned milestones. As disclosed in Note 25 Subsequent Events, on 30 July 2019 the Group successfully conducted a $3,400,000 capital raising via a private placement to sophisticated and professional investors at a Placement price of 10 cents per fully ordinary share.

The Group expects to commercialise its technologies in the coming months and will divert its resources to sales and marketing activities when the commercialisation phase commences. The Group will require additional funding sources in order to meet its planned milestones. The directors believe there are reasonable grounds to expect that the Group has the capacity to raise capital. The Group has a strong track record of accessing capital when it is required to advance its portfolio.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

Should the Group be unable to achieve the matters set out above, a material uncertainty would exist as to whether the Group would be able to continue as a going concern and therefore whether it would realise its assets and discharge its liabilities in the normal course of business.

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from contracts with customers*

The application of these amendments has had an immaterial impact on the Group's consolidated financial statements, see note (g) and (n) for further details.

New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Ref	Title	Summary	Effective for reporting period beginning	Impact on financial report	Expected to be initially applied
AASB 16	*Leases*	The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. The standard outlines the recognition and measurement requirements for 'right-of-use' assets on the statement of financial position.	1 Jan 19	The Company does not expect any material impact.	30 Jun 20
AASB 2018-1	*Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle*	AASB 2018-1 amends AASB 3 Business Combinations (August 2015), AASB 11 Joint Arrangements (July 2015), AASB 112 Income Taxes (August 2015) and AASB 123 Borrowing Costs (August 2015). As a consequence of the issuance of International Financial Reporting Standard Annual Improvements to IFRS Standards 2015- 2017 Cycle by the International Accounting Standards Board (IASB) in December 2017.	1 Jan 19	The Company does not expect any material impact.	30 Jun 20

Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a 30 June financial year-end.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity. Subsidiaries are accounted for at cost in the parent entity.

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

(b) Income Tax

The income tax expense is based on the taxable income for the year. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (excluding a business combination) that affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled. Current and deferred tax is recognised as an expense or income in Profit or Loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Group intends to settle its current tax assets and liabilities on a net basis.

Respiri Limited (head entity) and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.
Where the company is entitled to a tax rebate under the R&D Tax Concession during a particular financial year, the rebate is recorded as revenue for the year when received, rather than when expenditure was incurred.

(c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for a least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(d) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. The cost of inventories comprises cost of purchase and costs incurred in bringing inventories to their present location and condition. Cost of purchased inventories is determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated selling costs.

The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.

If in a particular period production is not at normal capacity, the costs of inventories does not include additional fixed overheads in excess of those allocated based on normal capacity. Such unallocated overheads are recognised as an expense in Profit or Loss in the period in which they are incurred. Furthermore, cost of inventories does not include abnormal amounts of materials, labour or other costs resulting from inefficiency.

(e) Plant and Equipment

Plant and equipment is stated at cost, less accumulated depreciation and impairment.

Cost includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Profit or Loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight-line basis commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Plant & Equipment	Depreciation Rate
Furniture & fittings	6 - 15%
Computer equipment	15 - 33%
Medical equipment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(f) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present values of minimum lease payments. Lease payments are allocated between the principal components of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the assets useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(g) Financial Assets and Liabilities

Recognition

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest rate method less impairment.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Financial Liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires. Non-derivative financial liabilities are recognised at amortised cost using the effective interest rate method, comprising original debt less principal payments, amortisation and impairment.

(h) Impairment of Assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

(i) Intangibles

Intellectual Property

Intellectual property relates to technology assets, know-how and patents related to assets acquired on acquisition of Respiri (Israel) Limited (previously KarmelSonix (Israel) Limited) and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the expected life, being 10 years. Amortisation commences when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for an intangible asset is reviewed at least at the end of each reporting period. If the expected useful life of the asset is different from the previous estimates, the amortisation shall be changed accordingly. Such changes are accounted for as changes in accounting estimates.

(j) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are retranslated at the rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost are not retranslated. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the translation of monetary items are recognised in Profit or Loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in Profit or Loss.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the Profit or Loss in the period in which the operation is disposed.

(k) Employee Benefits

Annual Leave and Long Service Leave

A liability is recognised for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Short term benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions (Israel only) and are recognised as expenses as the services are rendered.

Post employment benefits include superannuation and payments to insurance companies (Israel only) and are defined contribution plans. Such payments are made in accordance with the relevant legislation for country and/or state where an employee normally performs their duties as an employee. Payments are recognised as expenses as the services are rendered.

Share-Based Payments

Shared-based compensation benefits are provided to employees via the Respiri Limited Employee Option Plan and an employee share scheme.

The fair value of options granted under Respiri Limited Option Share Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at the grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date was determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably measured. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(n) Revenue

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of

cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, and control has transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Government Grants
Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit or Loss over the expected useful life of the related asset on a straight-line basis.

Government grants received in Israel as support for research and development projects, include an obligation to pay royalties (ranging from 3.5% to 5%) conditional on future sales arising from the project. These grants are recognised upon receipt as a liability if future economic benefits are expected from the project (i.e. sales). If no economic benefits are expected, the grants are recognised as a reduction of the related research and development expenses and the royalty obligation treated as a contingent liability.

At the end of each reporting date, the Company evaluates if there is reasonable assurance that the liability recognised, in whole or part, will not be repaid. If there are indications the liability will not be repaid, the appropriate amount of the liability is derecognised and recorded in Profit or Loss as a reduction of research and development expenses. Otherwise, the appropriate amount of the liability that reflects expected future royalty payments is recognised with a corresponding adjustment to research and development expenses.

Royalty payments are treated as a reduction of the liability.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

R&D Tax Concession Refunds
R&D Tax concession refunds are recorded as revenue for the year when received, rather than when expenditure was incurred.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Share Capital

Ordinary share capital is recognised as the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Earnings per share

Basic earnings per share
Basics earnings per share is calculated by dividing the profit attributed to the owners of Respiri Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 2 - Parent Entity Information

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with the accounting standards.

	Parent Entity	
	30 June 2019 $ AUD	30 June 2018 $ AUD
Statement of Financial Position		
Assets		
Current Assets	936,913	2,588,775
Non-Current Assets	12,257	13,706
Total Assets	**949,170**	**2,602,481**
Liabilities		
Current Liabilities	2,497,771	537,289
Total Liabilities	2,497,771	**537,289**
Net Assets	**1,548,601**	**2,065,192**
Equity		
Issued Capital	106,043,361	102,332,258
Reserves	1,906,000	346,414
Accumulated Losses[1]	(109,497,962)	(100,613,480)
Total Equity	**1,548,601**	**2,065,192**
Statement of Profit or Loss and Other Comprehensive Income		
Loss after income tax	(8,884,482)	(3,140,047)
Total Comprehensive Income	**(8,884,482)**	**(3,140,047)**

1. There was no transfer of lapsed/expired options from reserve in the financial year 2019 (2018: -nil)

Parent Entity Contingencies and Commitments

Parent Entity does not have any contingent liabilities and commitments.

Parent Entity Guarantees in Respect of the Debts of its Subsidiaries

The Parent Entity has no guarantees in respect of its subsidiaries.

Note 3 - Revenue

	30 June 2019 $ AUD	30 June 2018 $ AUD
Revenue		
Non-operating Revenue		
Interest	5,136	15,357
Other Revenue	-	2,255
Total Non-Operating Revenue	**5,136**	**17,612**
Total Revenue	**5,136**	**17,612**
Other Income		
R&D Tax Concession Received [1]	1,026,252	861,455
Total Other Income	**1,026,252**	**861,455**
	1,031,388	**879,067**

1. The R&D tax concession refund of $1,026,252 relates to the R&D tax concession refund for the financial year 2018. The financial year 2018 comparatives of $861,455 consists of $108,058 of additional R&D tax concession refund for the financial year 2015 and the R&D tax concession refund of $753,397 for the financial year 2017.

   The value of any allocable R&D tax concession refund with respect to eligible R&D expenditures incurred during the financial year 2019 has not yet been determined and have therefore not been included within the financial statements for financial year 2019.

Note 4 - Expenses

		30 June 2019 $ AUD	30 June 2018 $ AUD
Expenses			
a)	**Amortisation**	**-**	**118,610**
b)	**Consulting, employee and director**		
	Consulting expenses	511,015	292,241
	Employee expenses	484,920	286,634
	Director expenses	371,981	460,151
		1,367,916	**1,039,026**
c)	**Equity-based payment**	**1,288,699**	**129,312**
d)	**Corporate administration**		
	Audit and accounting fees	248,014	78,642
	Foreign exchange (gain)/loss	19,638	(2,665)
	Corporate administration expenses	1,182,335	998,264
	Office rentals	90,292	30,070
	Other	-	-
		1,540,279	**1,104,311**
e)	**Depreciation**	**4,628**	**6,838**
f)	**Marketing and promotion**	**854,177**	**22,826**
g)	**Research and development**	**4,237,397**	**1,512,288**
h)	**Travel**	**212,878**	**153,076**
Total Expenses		**9,505,974**	**4,086,287**

Note 5 - Income Tax Expenses

		30 June 2019 $ AUD	30 June 2018 $ AUD
a)	**The prima facie tax on loss from ordinary activities before the loss is reconciled to the income tax as follows:**		
	Loss before income tax	(8,474,586)	(3,207,220)
	Income tax benefit calculated at 27.50% (2018:27.50%)	(2,330,511)	(881,985)
	Tax effect of amounts which are not deductible in calculating income tax:		
	- impairment and amortisation expenses	-	32,618
	- share-based payments expenses	354,392	35,560
	- other expenses not deductible	73,357	10,527
	Other non-assessable income	(282,219)	(236,900)
	Other deductible items	(172,002)	(38,842)
	Deferred tax assets relating to tax losses and temporary differences not recognised	2,356,983	1,079,022
	Income tax expense	**-**	**-**
b)	**Unrecognised Deferred Tax Assets and Liabilities**		
	Deferred tax assets and liabilities are attributable to the following:		
	- Tax losses	21,260,625	18,821,228
	- Prepayments	(147,045)	(30,205)
	- Provision	20,324	3,292
	- Accruals	43,422	26,028
	Net deferred tax assets not recognised	**21,177,326**	**18,820,343**
c)	**Components of Tax**		
	The components of tax expense comprise:		
	- Current Tax	-	-
	- Deferred Tax	-	-
	Income tax expense	**-**	**-**

Included in the total of deferred tax assets attributable to tax losses not recognised are tax losses in relation to operations in Israel, United States of America and Australia. Tax losses in Australian entities alone of $19,692,869 (2018: $20,082,070) relate to losses generated from 22 November 2006 to 30 June 2019. The ongoing availability of these tax losses are subject to further review by the Company to ensure compliance with the relevant provisions of Australia Income Tax laws.

Note 6 - Key Management Personnel Compensation

The aggregate compensation made to Directors and other Key Management Personnel of the Consolidated entity is set out below:

	30 June 2019 $ AUD	30 June 2018 $ AUD
Short-term employee benefits	870,730	445,833
Post-employment benefits	66,913	12,400
Share-based payments[1]	354,261	129,312
	1,291,904	**587,545**

1. Refer to Note 24 for reconciliation.

Note 7 - Auditor's Remuneration

On 17th January 2019, Respiri's shareholders approved the appointment of RSM Australia Partners as the Company's auditor, replacing Deloitte Touche Tohmatsu effective 17th January 2019.

	30 June 2019 $ AUD	30 June 2018 $ AUD
Remuneration of Company's Auditor, RSM for:		
- auditing or reviewing the financial report of the Group	40,000	-
Remuneration of Company's former Auditor, Deloitte for:		
- auditing or reviewing the financial report of the Group	6,075	72,050
	46,075	**72,050**
Remuneration of Subsidiary Company's Auditor, Ernst & Young Israel for:		
- auditing or reviewing the financial report of the subsidiary[1]	8,068	6,592
	54,143	**78,642**

1. Audit fees paid to Ernst & Young subsidiaries for the auditing and/or review of the financial report of Respiri (Israel) Ltd.

Note 8 - Loss per Share

	30 June 2019	30 June 2018
Basic loss per share (cents)	(1.69)	(0.73)
Diluted loss per share (cents)	(1.69)	(0.73)
a) Net loss used in the calculation of basic and diluted loss per share	(8,474,586)	(3,207,220)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	499,122,902	441,492,813

c) Potential ordinary shares, including options, are excluded from the weighted average number of shares used in the calculations of basic loss per share as they are considered non-dilutive.

Note 9 - Cash and Cash Equivalents

	30 June 2019 $ AUD	30 June 2018 $ AUD
Cash at Bank	306,655	2,418,427

The interest rates on cash at bank on 30 June 2019 was 1.6% (2018: 0.6%). The Group's exposure to interest rate risk is discussed in Note 27 (b). The maximum exposure to credit risk at the end of the financial year is the carrying amount of each class of cash and cash equivalents mentioned above.

Note 10 - Trade and Other Receivables

	30 June 2019 $ AUD	30 June 2018 $ AUD
Current		
Other Receivables[1]	161,566	118,763

1. Other receivables include GST/V.A.T receivable.

Refer to Note 27 (c) for more information on the Group's credit risk management policy.

Note 11 - Controlled Entities

	Country of Incorporation	Percentage of Ownership* 30 June 2019	Percentage of Ownership* 30 June 2018
Parent Entity			
Respiri Limited	Australia	-	-
Subsidiaries of Respiri Limited			
KarmelSonix Australia Pty Ltd	Australia	100%	100%
iSonea (Israel) Limited	Israel	100%	100%
iSonea USA Inc.	United States of America	100%	100%

* Percentage of voting power is in proportion to ownership.

Note 12 - Property, Plant and Equipment

	30 June 2019 $ AUD	30 June 2018 $ AUD
Furniture & Fittings		
At cost	-	-
Accumulated depreciation	-	-
	-	-
Computer Equipment & Software		
At cost	192,713	188,981
Accumulated depreciation	(183,211)	(178,030)
	9,502	**10,951**
Medical Equipment		
At cost	35,648	35,442
Accumulated depreciation	(35,648)	(35,442)
	-	-

a) Movement in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Furniture & Fittings $ AUD	Computer Equipment $ AUD	Medical Equipment $ AUD	Total $ AUD
Balance as at 1 July 2017	**5,746**	**13,523**	**628**	**19,897**
Additions	-	7,902	-	7,902
Depreciation expense	(311)	(6,454)	(73)	(6,838)
Write Off/Disposals of assets	(5,435)	(4,020)	(555)	(10,010)
Exchange adjustments	-	-	-	-
Carrying amount as at 30 June 2018	-	**10,951**	-	**10,951**
Additions	-	3,179	-	3,179
Depreciation expense	-	(4,628)	-	(4,628)
Write Off/Disposals of assets	-	-	-	-
Exchange adjustments	-	-	-	-
Carrying amount as at 30 June 2019	-	**9,502**	-	**9,502**

Note 13 - Intangible Assets

	30 June 2019 $ AUD	30 June 2018 $ AUD
Intellectual Property		
At cost	2,006,793	2,006,793
Accumulated Amortisation	(2,006,793)	(2,006,793)
	-	-

	Acquired Intellectual Property $AUD
Balance as at 1 July 2017	**122,974**
Additions	-
Amortisation	(118,610)
Exchange adjustments	(4,364)
Carrying amount as at 30 June 2018	-
Additions	-
Amortisation	-
Exchange adjustments	-
Carrying amount as at 30 June 2019	-

Amortisation

Amortisation is charged on a straight-line basis over the expected life of the asset and begins when the asset is available for use. The Directors have determined that the asset was available for use on 1 January 2008 and the life of the intangible is 10 years. Intellectual property relates to acquired assets. The asset is fully written down as at 30 June 2018.

Note 14 - Other Assets

	30 June 2019 $ AUD	30 June 2018 $ AUD
Current		
Prepayments	522,324	94,299
Deposits	12,385	15,534
	534,709	**109,833**
Non-Current		
Other	1,173	2,985
	1,173	**2,985**
	535,882	**112,818**

Note 15 - Trade and Other Payables

	30 June 2019 $ AUD	30 June 2018 $ AUD
Current		
Trade payables	1,525,149	503,312
Accrued expenses	231,806	493,922
	1,756,955	**997,234**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on between 30 - 45 day terms
- Accrued expenses are non-interest bearing

Refer to Note 27 (d) for more information on the Group's liquidity risk management policy.

Note 16 - Other Financial Liabilities

	30 June 2019 $ AUD	30 June 2018 $ AUD
Current		
Other Financial Liability[1]	12,912	12,912
	12,912	**12,912**

1. Detailed information in relation to the Chief Scientist grants received in Israel is contained in Note 21.

Note 17 - Other Borrowings

	30 June 2019 $ AUD	30 June 2018 $ AUD
Opening Balance	-	-
Add: Loan drawdown[1]	800,000	-
Add: Capitalised Interest	6,442	-
Less: Repayments	-	-
Closing Balance	**806,442**	**-**

1. Short term R&D credit loan facility of $1.4 million provided by FundSquire based on 80% of expected FY2019 R&D tax refund at interest rate of 1.35% per month. The Company has drawn down $800,000 from the facility in June 2019.

Note 18 - Issued Capital

The Company has an unlimited authorised share capital of no par value ordinary shares.

	30 June 2019		30 June 2018	
	No.	$ AUD	No.	$ AUD
Fully Paid Ordinary Shares				
Balance at beginning of year	473,383,224	102,332,258	433,383,224	$99,382,258
Shares issued during the year	52,499,874	4,199,990	40,000,000	3,200,000[1]
Transactions costs relating to share issues	-	(488,887)	-	(250,000)[1]
Total Issued Capital	**525,883,098**	**106,043,361**	**473,383,224**	**102,332,258**

During the Year ended 30 June 2019, the Company issued the following securities:

Date	Details	No.	Issue Price $ AUD	Total Value $ AUD
21 Dec 18	Issue of shares to certain professional and sophisticated investors as announced to the market on 21st Dec 2018	39,375,000	0.080	3,150,000
11 Feb 19	Issue of shares to certain professional and sophisticated investors as announced to the market on 11th Feb 2019	12,499,874	0.080	999,990
15 Feb 19	Issue of shares in lieu of cash payment for services rendered [1]	625,000	0.080	50,000
		52,499,874		**4,199,990**

1. This pertains to shares issued to the Brand Ambassador in lieu of cash payment for services rendered.

Terms and Conditions of Issued Capital

Ordinary Shares:
Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy at a meeting of the Company.

Options:
Option holders do not have the right to receive dividends and are not entitled to vote at the meeting of the Company until options are exercised into ordinary shares by payment of the exercise price. Options may be exercised at any time from the date they vest to their expiry date. Share options convert into ordinary shares on a one for one basis on the date they are exercised.

Capital Risk Management:
The consolidated entity's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as a value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investment in the short-term as it continues to develop its technologies.

Note 19 - Reserves

	30 June 2019		30 June 2018	
	No.	**$ AUD**	**No.**	**$ AUD**
Options				
Balance at beginning of year	30,000,000	346,414	20,000,000	217,102
Unlisted Options issued during the year	15,000,000	277,795	20,000,000[1]	129,312
Adjustment for Options Issued in prior period	14,000,000	934,438[1]	-	-
Expense recorded over vesting period	-	347,353	-	-
Cancellation of options	-	-	(10,000,000)[2]	-
Total Option Reserve	**59,000,000**	**1,906,000**	**30,000,000**	**346,414**
FX Reserve				
Balance at beginning of year	-	(305,904)	-	(287,042)
Other comprehensive income for the year, net of tax	-	(9,620)	-	(18,862)
Total FX Reserve	**-**	**(315,524)**	**-**	**(305,904)**
Total Reserves	**59,000,000**	**1,590,476**	**30,000,000**	**40,510**

1 The shareholders have approved the issuance of 34,000,000 unlisted RSH Options to Directors in accordance with resolution 3 of Company's 2017 Annual General Meeting. The Company subsequently determined in the 2018 financial year that the 14,000,000 options to former Directors were not issued and have not vested. The matter was in dispute in the 2018 financial year but has since been resolved with the options reinstated and expenses recognised in the 2019 financial year. Refer to subsequent event note (see Note 25) for more information.

2 10,000,000 Unlisted Options issued on 24 February 2017 exercisable at $0.10 on or before 24 February 2022 for corporate advisory consultant services compensation were cancelled in December 2017. No expense recognised given this has all occurred within the same financial year.

During the Year ended 30 June 2019, the Company issued the following options:

Date	Details	No. of options	Option fair value $ AUD	Total Value $ AUD
21 Dec 18	Issue to Lead Manager of the Dec 18 placement in lieu of fees for services rendered.	5,000,000	0.0542	270,887
7 Jun 19	Issue to other Key Management Personnel under Employee Share Option Plan (ESOP)	6,000,000	0.0484	5,826
7 Jun 19	Issue to other Key Management Personnel under Employee Share Option Plan (ESOP)	4,000,000	0.0736	1,082
		15,000,000		**277,795**

Option Reserve:
The option reserve recognises the proceeds from the issue of options over ordinary shares and the expense recognised in respect of share based payments.

Note 20 - Capital and Leasing Commitments

a) Operating Lease Commitments

Haifa, Israel

The lease is a non-cancellable lease with a five-year term and has expired in 2018. There are no further lease commitments for the Israel operation.

b) Other commitments

Respiri Limited has no other commitments.

Note 21 - Contingent Liabilities

Office of the Chief Scientist- Israel

Following approval from the Office of the Chief Scientist in Israel (OCS), four OCS grants totalling USD$541,470 were received by Karmel Medical Acoustic Technologies Ltd (KMAT) prior to 2006 to assist with the R&D of technologies. The R&D associated with these OCS grants was acquired by Respiri from KMAT in 2006, together with the associated OCS grant obligations. In 2008, Respiri subsequently received two further grants from the OCS totalling USD$307,047 to assist in the funding of ongoing R&D work.

The terms of the OCS grant scheme specify that should technologies be developed with the direct assistance of a grant, and be commercialised, and generate sale revenue for the company, a royalty of between 3% - 3.5% of the associated sales revenue will be paid to the OCS until that OCS grant(s) amount, plus applicable interest applied to that grant(s) amount (based on LIBOR) has been repaid.

Note 22 - Segment Reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Operating Decision Makers for the purposes of resource allocation and assessment of performance is more specifically focused on the geographical locations of the Group's operations.

The Group's reportable segments under AASB 8 are therefore as follows:

- Australia
- Israel

The Australia reportable segment activities include research, development and commercialisation of medical devices, and the production of mobile health applications in Australia.

The Israel reportable segment activities include research, development and commercialisation of medical devices, and the production of mobile health applications in Israel.

In prior years, the Group has had operations in United States; however, these operations have ceased and therefore are no longer reported as a reportable segment.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

	----- Medical Devices ----- Segment		Segment	Corporate	Total
30 June 2019	**Australia $ AUD**	**Israel $ AUD**	**Total $ AUD**	**$ AUD**	**$ AUD**
Segment Revenue					
External sales	-	-	-	-	-
Interest revenue	-	-	-	5,136	5,136
Other Income	1,026,252	-	1,026,252	-	1,026,252
Total Segment Revenue	**1,026,252**	**-**	**1,026,252**	**5,136**	**1,031,388**
Segment Expenses					
Segment Depreciation Expenses	-	-	-	(4,628)	(4,628)
Segment Expenses	(4,059,200)	(123,074)	(4,182,274)	(5,319,072)	(9,501,346)
Total Segment Expense	**(4,059,200)**	**(123,074)**	**(4,182,274)**	**(5,323,700)**	**(9,505,974)**
Income Tax Expense					
Net Result	**(3,032,948)**	**(123,074)**	**(3,156,022)**	**(5,318,564)**	**(8,474,586)**
Assets					
Segment assets	18,592	14,271	32,863	980,742	1,013,605
Total Assets	**18,592**	**14,271**	**32,863**	**980,742**	**1,013,605**
Liabilities					
Segment liabilities	950	41,043	41,993	2,534,316	2,576,309
Total Liabilities	**950**	**41,043**	**41,993**	**2,534,316**	**2,576,309**

30 June 2018	----- Medical Devices ----- Segment		Segment	Corporate	Total
	Australia $ AUD	Israel $ AUD	Total $ AUD	$ AUD	$ AUD
Segment Revenue					
External sales	-	-	-	-	-
Interest revenue	-	2,259	2,259	15,353	17,612
Other Income	861,455	-	861,455	-	861,455
Total Segment Revenue	**861,455**	**2,259**	**863,714**	**15,353**	**879,067**
Segment Expenses					
Segment Depreciation Expenses	-	(2,714)	(2,714)	(4,124)	(6,838)
Segment Expenses	(1,582,684)	(395,892)	(1,978,576)	(2,100,874)	(4,079,449)
Total Segment Expense	**(1,582,684)**	**(398,606)**	**(1,981,290)**	**(2,104,998)**	**(4,086,287)**
Income Tax Expense	-	-	-	-	-
Net Result	**(721,229)**	**(396,347)**	**(1,117,576)**	**(2,089,645)**	**(3,207,220)**
Assets					
Segment assets	25,139	34,628	59,767	2,601,192	2,660,959
Total Assets	**25,139**	**34,628**	**59,767**	**2,601,192**	**2,660,959**
Liabilities					
Segment liabilities	404,816	31,856	436,672	573,474	1,010,146
Total Liabilities	**404,816**	**31,856**	**436,672**	**573,474**	**1,010,146**

Note 23 - Cash Flow Information

a) Reconciliation of cash flow from operations with loss after income tax

	30 June 2019 $AUD	30 June 2018 $AUD
Net Loss for the year	**(8,474,586)**	**(3,207,220)**
Add back depreciation expense	4,628	6,838
Add back amortisation expense	-	118,610
Add back share based payments	1,738,699	129,312
Add back capitalised interest on loan	6,442	-
Add back loss on disposal/write-off of assets	-	7,856
Add back foreign exchange adjustments	19,639	(2,663)
(Increases)/Decreases in Accounts Receivable[1]	(42,805)	747,410
Increases in Other Current Assets	(423,062)	(43,644)
(Decreases)/Increases in Accounts Payable	759,720	166,491
Net cash flows used in operating activities	**(6,411,325)**	**(2,077,010)**

1. Decrease in receivables balance relates to receipt of R&D tax concession receivable as at 30 June 2018 in the financial year 2018

b) Non-Cash financing and investing activities

Please refer to Note 18 and 19 for further details regarding equity issued for nil cash consideration.

Note 24 - Share-based Payments

a) Employee share and option plan

At the Annual General Meeting held on 30 October 2013, Shareholders approved the establishment of the 2013 Employees', Directors' and Consultants' Share and Option Plan (ESOP). The ESOP is intended to reward Directors, employees and/or consultants for their contributions to the Group. The Plan is to be used as a method of retaining and providing incentives to key personnel for the growth and development of the Group. The Plan has been established to benefit personnel in Australia, Israel and USA.

The following options were issued during the current year under ESOP:

No. of Options	Grant Date	Expiry date	Share price at grant date $ AUD	Exercise price $ AUD	Expected Volatility	Dividend yield	Risk-free interest rate	Fair value at grant date $ AUD
6,000,000[1]	7 Jun 19	31 Dec 23	$0.135	$0.005	126.10%	-	0.98%	$0.0484
4,000,000[2]	7 Jun 19	31 Dec 24	$0.135	$0.125	126.10%	-	0.98%	$0.0736

1. Options will vest after 31 December 2020, subject to the Company's share price being $0.20 or greater on 10 trading days within 20 sequential trading days in the eighteen months commencing July 2019.
2. Options will vest after 31 December 2021, subject to the Company's share price being $0.25 or greater on 10 trading days within 20 sequential trading days in the three months commencing July 2020.

The weighted average fair value of the share options granted during the financial year is $0.058 (2018: $0.087). Expected volatility is based on the historical share price volatility over the past 2 years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after vesting date when the share price is two and a half times the exercise price.

b) Fair value of share options granted in the year outside of the ESOP

For the options granted during the current financial year, the Black Scholes Option valuation model inputs used to -determine the fair value at the grant date, are as follows:

No. of Options	Grant Date	Expiry date	Share price at grant date $ AUD	Exercise price $ AUD	Expected Volatility	Dividend yield	Risk-free interest rate	Fair value at grant date $ AUD
5,000,000[1]	21 Dec 18	21 Dec 20	$0.093	$0.12	126.10%	-	0.98%	$0.0542

1. Issue to Lead Manager of the Dec 18 placement in lieu of fees for services rendered.

c) Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	30 June 2019		30 June 2018	
	No. of Options	Weighted Average Exercise Price $ AUD	No. of Options	Weighted Average Exercise Price $ AUD
Outstanding at the beginning of the year	30,000,000	0.12	20,000,000	0.19
Granted	15,000,000	0.08	20,000,000[1]	0.03
Adjustment for granted in prior period	14,000,000[1]	0.03		
Exercised	-	-	-	-
Expired/lapsed	-	-	-	-
Cancelled	-	-	(10,000,000)	-
Outstanding at year-end	**59,000,000**	**0.08**	**30,000,000**	**0.12**
Exercisable at year-end	29,000,000	0.13	10,000,000	0.12

1 The shareholders have approved the issuance of 34,000,000 unlisted RSH Options to Directors in accordance with resolution 3 of Company's 2017 Annual General Meeting. The Company subsequently determined in the 2018 financial year that the 14,000,000 options to former Directors were not issued and have not vested. The matter was in dispute in the 2018 financial year but has since been resolved with the options reinstated and expenses recognised in the 2019 financial year. Refer to subsequent event note (see Note 25) for more information.

d) Share options exercised during the year

No options were exercised during the financial year 2019.

e) Share options outstanding at the end of the year

The options outstanding at 30 June 2019 had a weighted average exercise price of $0.08 (2018: $0.12) and a weighted average remaining contractual life between 0.5 to 6.5 years. Exercise prices range from $0.005 (2018: $0.03) to $0.28 (2018: $0.28) in respect of options outstanding at 30 June 2019.

f) Share-based payments expense

	30 June 2019 $ AUD	30 June 2018 $ AUD
Share-based payments		
- Options issued to directors	347,353	129,312[1]
- Options issued to suppliers	270,887	-
- Options issued to other key management personnel	6,908	-
- Options issued to former directors	934,438[1]	
	1,559,586	**129,312**

1 The shareholders have approved the issuance of 34,000,000 unlisted RSH Options to Directors in accordance with resolution 3 of Company's 2017 Annual General Meeting. The Company subsequently determined in the 2018 financial year that the 14,000,000 options to former Directors were not issued and have not vested. The matter was in dispute in the 2018 financial year but has since been resolved with the options reinstated and expenses recognised in the 2019 financial year. Refer to the subsequent event note (see Note 25) for more information.

Note 25 - Subsequent Events

Share Placement

On 30 July 2019, the Company has successfully conducted a $3.4 million capital raising via a private placement to sophisticated and professional investors at Placement price of 10 cents per fully ordinary share. The Placement also includes $100,000 from directors of the Company which will subject to shareholder approval at the Company's AGM.

Former Directors' Options

At the 2017 Annual General Meeting on 14 December 2017, shareholders approved the issue of 14,000,000 options to two directors who subsequently retired on 30 May 2018. The Company subsequently determined that these options were not issued and had not vested. The 2018 financial statements have been prepared reflecting the Company's position.

The Company has announced on 6 September 2019 that it has resolved the legal dispute with its two former directors on terms satisfactory to both parties and in accordance with the original terms of the options, which were set out in the Explanatory Memorandum to the notice of the 2017 Annual General Meeting and approved by shareholders at that meeting.

The Company confirmed that the 14,000,000 options issued to the two former directors were validly issued and that, as approved by the Board on 30 May 2018, the options vested immediately (as a result of the former directors' retirement) and therefore the options are exercisable upon satisfaction of the share price and term exercise conditions in accordance with the option terms.

The Company has recognised an additional non-cash share based payment expense of $934,438 in the consolidated statement of profit and loss and other comprehensive income for the year ended 30 June 2019 for the vested options issued to the two former directors.

Note 26 - Related Party Transactions

The Group's related parties comprise of subsidiaries and key management personnel.

Disclosures relating to key management personnel are set out in the remuneration report. Transactions between the parent company and its subsidiaries are eliminated on consolidation and are not disclosed in this note.

There were no other related party transactions in the year ended 30 June 2019.

Note 27 - Financial Risk Management

The Group's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. Price risk is not a risk exposure. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The Company and Group do not have written policies regarding risk management however, these risks are managed prudently by senior management.

The Group holds the following financial instruments:

	30 June 2019 $ AUD	30 June 2018 $ AUD
Financial Assets		
Cash and cash equivalents	306,655	2,418,427
Trade and other receivables	161,566	118,763
	468,221	**2,537,190**
Financial liabilities		
Trade and other payables	1,756,955	997,234
Other financial liabilities	12,912	12,912
Other borrowings	806,442	-
	2,576,309	**1,010,146**

a) Foreign Currency Risk

The Group engages in international purchase transactions and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US dollar (USD) and Israeli shekel (ILS). The parent has minimal exposure to foreign exchange risk as it does not hold any foreign currency cash reserves and only makes minor foreign currency payments. The Group does not make use of derivative financial instruments to hedge foreign exchange risk.

The carrying amount of the foreign currency denominated monetary assets and liabilities at the reporting date is as follows, all amounts in the table below are displayed in $AUD at year-end spot rates:

	30 June 2019 $ AUD	30 June 2018 $ AUD
Cash and trade and other receivables		
- ILS	4,068	20,108
- USD	44,190	10,514
	48,258	**30,622**
Trade and other payables		
- ILS	(28,130)	(18,944)
- USD	(36,545)	(26,795)
	(64,675)	**(45,739)**

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD and ILS exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD Rate	Effect on profit before tax
2019	5%	(382)
	(5%)	382
2018	5%	(814)
	(5%)	814

	Change in ILS Rate	Effect on profit before tax
2019	5%	1,203
	(5%)	(1,203)
2018	5%	59
	(5%)	(59)

b) Interest Rate Risk

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities.

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk (against the implied 30 day bank bill rate). The table also represents the quantitative impact on the financial statements should the variation occur.

	30 June 2019			
	Carrying Amount $ AUD	Weighted average interest rate %	(1%) effect on profit before tax $ AUD	1% effect on profit before tax $ AUD
Financial assets				
Cash and cash equivalents	306,655	1.67	(3,067)	3,067
Total (decrease)/increase	306,655	-	(3,067)	3,067

	30 June 2018			
	Carrying Amount $ AUD	Weighted average interest rate %	(1%) effect on profit before tax $ AUD	1% effect on profit before tax $ AUD
Financial assets				
Cash and cash equivalents	2,418,427	0.60	(24,184)	24,184
Total (decrease)/increase	2,418,427	-	(24,184)	24,184

c) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has no significant concentration of credit risk in the current or prior year.
The Group ensures that surplus cash is invested with financial institutions of appropriate credit worthiness and limits the amount of credit exposure to any one counter party.

d) Liquidity Risk

Liquidity risk is the risk that the Group will not pay its debtors when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by maintaining sufficient bank balances to fund its operations and the availability of funding through committed credit facilities.

Management manages this risk by monitoring rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. The table below analyses the Group's financial liabilities.

	0-12 months	Maturing 1 to 3 years	Total
	$ AUD	$ AUD	$ AUD
30 June 2019			
Trade and other payables	1,756,955	-	1,756,955
Other borrowings	806,442	-	806,442
	2,563,397	**-**	**2,563,397**
30 June 2018			
Trade and other payables	997,234	-	997,234
Other borrowings	-	-	-
	997,234	**-**	**997,234**

e) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a capital structure that maximises shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares or reduce its capital, subject to the provisions of the Group's constitution.

The capital structure of the Group consists of equity attributed to equity holders of the Group, comprising contributed equity and reserves disclosed in Notes 18 and 19. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Group's Management the Board monitors the need to raise additional equity from the equity markets.

f) Fair Value Estimation

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values determined in accordance with the accounting policies disclosed in Note 1.

Note 28 - Company Details

<u>Registered Office</u>

Level 10, 446 Collins Street,
Melbourne, Victoria
AUSTRALIA 3000

<u>Principal Place of Business</u>

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Melbourne, Victoria
AUSTRALIA 3000

Ph: +61 (0)3 9602 3366
Fx: +61 (0)3 9602 3606

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www.wheezo.com

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and the notes, as set out on pages 24 to 56, and the remuneration disclosures that are contained within the Remuneration report within the Directors' report, set out on pages 12 to 21, are in accordance with the Corporations Act 2001 and:
    a. In the director's opinion there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable
    b. In the directors' opinion the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
    c. In the directors' opinion the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
    d. The directors have been given the declarations required by s295A of the Corporations Act 2001

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*

On behalf of the Directors

Mr Ross Blair-Holt
Non-Executive Chairman

Dated this the 17th Day of September 2019
Melbourne, Australia

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INDEPENDENT AUDITOR'S REPORT
To the Members of Respiri Limited

Opinion

We have audited the financial report of Respiri Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RSM

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $8,474,586 and had net operating cash outflows from operating activities of $6,411,325 during the year ended 30 June 2019 and, as of that date, the Group had net current liabilities of $1,573,379 and net liabilities of $1,562,704. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Share based payments Refer to Note 24 in the financial statements	
Respiri Limited have an Employees', Directors' and Consultants' Share and Option Plan ("ESOP") as part of the remuneration packages of employees. We identified share-based payments as a key risk due the complexity in the valuation of the options issued, and the estimates made by management in relation to the achievement of vesting conditions.	Our audit procedures in relation to share based payments included: • Reviewing the reasonableness of option valuation inputs into the Black Scholes Option Valuation Model including assessment of the share volatility rates applied in comparison to entities in the similar industry; and • Performing a recalculation of the Black Scholes Option Valuation Model for a sample of options issued; • Testing a sample of options issued to signed ESOP agreements; • Reviewing the accounting for the share-based payments in accordance with AASB 2 Share-based Payments; and • Reviewing the reasonableness of management's estimates of the likelihood of the achievement of vesting conditions for the options issued.

RSM

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Auditor's Responsibilities for the Audit of the Financial Report (Continued.)

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Respiri Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

P A RANSOM
Partner

Dated: 17 September 2019
Melbourne, Victoria

SHAREHOLDER INFORMATION as at 17 September 2019

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Holder	Ordinary shares held	% of total shares issued
INVESTMENT HOLDINGS PTY LTD <INVESTMENT HOLDINGS UNIT A/C>	72,008,027	12.88%
MR PETER KARL BRAUN	13,654,325	2.44%
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	12,880,421	2.30%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	11,480,918	2.05%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,506,184	1.52%
LUHOPI PTY LTD <THE RIBOT FAMILY STTLMT A/C>	7,533,614	1.35%
MR STEPHEN RICHARD BARRETT <SR & A BARRETT SUPER A/C>	7,000,000	1.25%
EQUITAS NOMINEES PTY LIMITED <PB-600812 A/C>	6,642,449	1.19%
DR BELINDA DEBORAH JACKSON	6,540,862	1.17%
GREY INNOVATION HOLDINGS PTY LTD	6,250,000	1.12%
ATLANTIS INVESTIGATIONS PTY LIMITED <LARAYNE PORTER S/FUND A/C>	5,884,524	1.05%
MR WILLIAM JOHN RICHARDS & MRS MARY MITCHELL RICHARDS <RICHARDS FAMILY S/FUND A/C>	5,671,269	1.01%
CLEMWELL PTY LTD <THE WELLS FAMILY A/C>	5,535,678	0.99%
NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	5,350,000	0.96%
COONAN FAMILY SUPERANNUATION FUND PTY LTD <COONAN FAMILY S/F A/C>	5,000,000	0.89%
TWO BULLS HOLDINGS PTY LTD	5,000,000	0.89%
MR ROSS SPENCE BAYNES	4,429,923	0.79%
MR WILLIAM JOHN RICHARDS & MRS MARY MITCHELL RICHARDS <RICHARDS FAMILY S/F A/C>	4,370,000	0.78%
CARLDEM PTY LTD <CARLDEM A/C>	4,316,015	0.77%
DL MARSHALL SUPER PTY LTD <MARSHALL SUPER FUND A/C>	4,105,000	0.73%

Unquoted equity securities

Unquoted equity securities	Number on issue	Number of holders
Options over ordinary shares issued	59,000,000	9

Substantial holders

Holder	Designation	Ordinary shares held	% of total shares issued
INVESTMENT HOLDINGS PTY LTD	<INVESTMENT HOLDINGS UNIT A/C>	72,008,027	12.88%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

On-market buy-backs

There is no current on-market buy-back in relation to the Company's securities.

Securities subject to voluntary escrow

There are no securities subject to voluntary escrow.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of Holders of ordinary shares
1 to 1,000	1,893
1,001 to 5,000	513
5,001 to 10,000	351
10,001 to 100,000	1,076
100,001 and above	626

Unmarketable parcels

As at the above date there were 2,431 shareholders with unmarketable parcels on the register.

SHAREHOLDER ENQUIRIES

Shareholders with enquiries about their shareholdings should contact the Share Register:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford, Victoria, 3067

Telephone: +61 (0)3 9415 4000
Facsimilie: +61 (0)3 9473 2500
Email: www.investorcentre.com/contact

CHANGE OF ADDRESS, CHANGE OF NAME, CONSOLIDATION OF SHAREHOLDINGS

Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

REMOVAL FROM THE ANNUAL REPORT MAILING LIST

Shareholders who wish to receive the Annual Report should advise the Share Registry in writing. These shareholders will continue to receive all other shareholder information.

TAX FILE NUMBERS

It is important that Australian resident shareholders, including children, have their tax file number or exemption details noted by the Share Registry.

CHESS (Clearing House Electronic Sub-register System)

Shareholders wishing to move to uncertified holdings under the Australian Stock Exchange (CHESS) system should contact their stockbroker.

UNCERTIFIED SHARE REGISTER

Shareholding statements are issued at the end of each month in which there is a transaction that alters the balance of your holding.

Corporate Information

AUSTRALIAN COMPANY NUMBER (ACN)
009 234 173

Respiri Limited is a Public Company Limited by shares and is domiciled in Australia.

DIRECTORS

Mr Mario Gattino	CEO and Executive Director (Appointed on 14th Dec 2017)
Mr Brendan Mason	Non-Executive Director (Resigned 27th Nov 2018)
Mr Mark Ziirsen	Non- Executive Chairman (Resigned 27th Nov 2018)
Mr Ross Blair-Holt	Non-Executive Chairman (Appointed on 18th Dec 2018)
Prof Bruce Thompson	Non-Executive Director (Appointed on 27th Nov 2018)
Dr Thomas Duthy	Non-Executive Director (Resigned on 27th Nov 2018)

COMPANY SECRETARY
Mr Alastair Beard

PRINCIPAL PLACE OF BUSINESS
Level 27, 101 Collins Street
Melbourne, Victoria
AUSTRALIA 3000
Telephone: + 61 (0)3 9824 5254
Fax: + 61 (0)3 9822 7735

REGISTERED OFFICE
Level 10, 446 Collins Street
Melbourne, Victoria
AUSTRALIA 3000
Telephone: + 61 (0)3 9602 3366
Fax: + 61 (0)3 9602 3606

SHARE REGISTRY
Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford, Victoria, 3067
Australia
Telephone: +61 (0)3 9415 4000
Facsimile: +61 (0)3 9473 2500

SOLICITORS
MinterEllison
Level 23, Rialto Towers
525 Collins Street
Melbourne, Victoria, 3000
Australia
Telephone: +61 (0) 3 8608 2000

AUDITORS
RSM Australia Partners
Level 21, 55 Collins Street
Melbourne, Victoria, 3000
Australia
Telephone: +61 (0) 3 9286 8000

BANKERS
National Australia Bank (NAB)
330 Collins Street,
Melbourne, Victoria, 3000
Australia

WEBSITES
www.respiri.co
www.wheezo.com

SECURITIES QUOTED

Australian Securities Exchange
- Ordinary Fully Paid Shares (Code: RSH)

RESPIRI

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Melbourne
Victoria, Australia 3000

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ABN 98 009 234 173