
RESPIRI LIMITED

APPENDIX 4C AND R&D TAX INCENTIVE ANNOUNCEMENT

4C FINANCIAL COMMENTARY

The cash balance at the end of the September 2018 quarter was \$805k. As discussed more fully below, the Company's cash position will be strengthened with the receipt, by the end of November, of a \$1.026m R&D.

During the quarter, the company has incurred less than forecast R&D costs as resources started to be directed towards product development (medical device quality prototype) and marketing activities in line with the series of announcements released by the company in September 2018 regarding the appointment of manufacturing partners and the commencement of various commercialisation strategies. Most notable the establishment of the Medical & Scientific Advisory Board for Australia and UK and creating product awareness with first trade display booth at the MedTech Conference in the US.

Higher than anticipated corporate and administration costs this quarter are primarily due to the timing of payments to advisers and auditors for the June 2018 year end reporting season, as well as additional board related costs associated with the board changes as outlined in the company's announcement dated 30 May 2018.

Overall though the total expenditures for the quarter were in line with forecast. The company remains on track to deliver on each major device development milestone to support the successful launch of the Gen II device by Q3 FY19 (Q1 2019 calendar year).

The Board remains disciplined in our capital management and continues to strictly control the Company's cash burn.

R&D TAX INCENTIVE

The Company is pleased to announce that it anticipates receiving an R&D Tax Incentive refund of \$1,026,252 for the 2017/18 financial year by the end of November 2018. This is an increase of 36% on the previous year resulting from eligible expenditure on the Gen II asthma monitoring ecosystem, named "Wheezo" - as announced last week.

The increased cash inflow reflects Respi's decision to transfer technology development activity to Australian based hardware and software teams to maximise the Company's Government incentives under the scheme.

An appropriate R&D Incentive structure is an important component of the Respi's overall strategy because significant R&D expenditure remains necessary for delivering cutting edge consumer health device product solutions like Wheezo to the global market.

The R&D Tax Incentive is an Australian Government program under which companies receive cash refunds for 43.5% of eligible expenditure on research and development.

Respiri has worked diligently to expedite timeframe and processing for receipt of the R&D incentives. Receiving the refund within a few months from end of the 2017/18 financial year represents a significant improvement from previous years.

Mario Gattino

Chief Executive Officer

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About Respiri Limited (ASX:RSH)

Respiri is a health technology company leading the way in the development of innovative devices and mobile health apps to improve the management of chronic and costly respiratory disorders such as asthma and COPD. Building on decades of experience in the research and development of cutting edge clinical products for hospitals, the company has first-mover advantage in providing broad access to its proprietary acoustic based clinical solutions for remote monitoring with the development of a suite of over-the-counter connected devices.

Health authorities universally agree that mHealth solutions can transform asthma care and health conscious consumers are rapidly embracing patient self-management with the aid of smartphones, the growth engine for Respiri's flagship product, AirSonea®. With the addition of new products, including a connected device for nocturnal monitoring in development, Respiri has a captive market, globally, of parents and carers of young children who cannot perform lung function tests. Respiri products have been cleared for use by the US Food and Drug Administration, the European Union CE, the Australian TGA and the commencement of an approval process for Asian markets has begun.

Respiri is especially proud of its recent de-risking of milestones. The substantial achievements over the past 18 months place Respiri in a lower risk position and on the cusp of commercialisation compared to the vast majority of medical device and biotech companies.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

Respiri Limited (ASX: RSH)

ABN

98 009 234 173

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(836)	(836)
(b) product manufacturing and operating costs	(110)	(110)
(c) advertising and marketing	(48)	(48)
(d) leased assets	-	-
(e) staff costs	(173)	(173)
(f) administration and corporate costs	(443)	(443)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(1)	(1)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,609)	(1,609)

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

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

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

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,419	2,419
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,609)	(1,609)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(5)	(5)
4.6	Cash and cash equivalents at end of quarter	805	805

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	805	2,419
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	805	2,419

6. Payments to directors of the entity and their associates

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

Current quarter \$A'000

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Fees of Executive Director and Non-Executive Directors (including GST)
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7. Payments to related entities of the entity and their associates

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

Current quarter \$A'000

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N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	313
9.2 Product manufacturing and operating costs	261
9.3 Advertising and marketing	207
9.4 Leased assets	-
9.5 Staff costs	231
9.6 Administration and corporate costs	330
9.8 Total estimated cash outflows	1,342

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

Compliance statement

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

Sign here:  Date:30 / 10 / 2018.

(Chief Executive Officer &
Director)

Print name:

MR MARIO GATTINO

Notes

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