

RESPIRI



Appendix 4E – Preliminary Final Report

(ASX Listing rule 4.2A)

Company Name: Respiri Limited (the 'Company')
 ABN: 98 009 234 173
 Reporting Period: Financial year ended 30 June 2019
 Previous Reporting Period: Financial year ended 30 June 2018

Results for Announcement to the market

The results of Respiri Limited for the year ended 30 June 2019 are as follows:

Revenue	Up	17.33%	to	\$1,031,388
Loss after tax attributable to members	Up	132.91%	to	(\$7,469,903)
Net loss for the period attributable to members	Up	132.91%	to	(\$7,469,903)

Brief explanation of figures reported above

The loss for the Group after income tax for the reporting period was \$7,469,903 (2018: \$3,207,220)

For further details relating to the current period's results, refer to the Review of Operations contained within this document.

Dividends

No dividends have been paid or declared by the Group since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

Net Tangible Assets

	30 June 2019	30 June 2018
Net Tangible Assets	(\$1,562,704)	\$1,650,813
Shares (No.)	525,883,098	473,383,224
Net Tangible Assets (cents)	(0.30)	0.35

Loss per Share

	30 June 2019	30 June 2018
Basic/Diluted loss per share (cents)	1.50	0.73

Status of Audit of Accounts

This Preliminary Financial Report is based upon financial statements for the Company for the year ended 30 June 2019 that are in the process of being audited. The content of the Group's annual report has not yet been finalised and it will contain a going concern note. The independent audit report is likely to contain an emphasis of matter paragraph drawing attention to the Group's ability to continue as a going concern.

RESPIRI



ABN 98 009 234 173

Appendix 4E
Preliminary Final Report
For the year ended 30 June 2019

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Review of Operations

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 \$7,469,903 (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 Annual General Meeting 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:

Review of Operations

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 Respi 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.

Review of Operations

- 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.

Statement of Profit or Loss and 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	2	5,136	17,612
Other Income	2	1,026,252	861,455
Total Revenue		1,031,388	879,067
Expenses			
Amortisation	3	-	(118,610)
Consulting, employee and director		(1,367,916)	(1,039,026)
Equity-based payment	21	(284,016)	(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		(7,469,903)	(3,207,220)
Income tax expense	4	-	-
Loss after income tax for the year		(7,469,903)	(3,207,220)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(9,620)	(18,862)
Total comprehensive loss for the year		(7,479,523)	(3,226,082)
Loss attributable to members of the parent entity		(7,469,903)	(3,207,220)
Total comprehensive loss attributable to members of the parent entity		(7,479,523)	(3,226,082)
Basic loss per share (cents per share)	5	(1.50)	(0.73)
Diluted loss per share (cents per share)	5	(1.50)	(0.73)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2019

	Note	Consolidated 30 June 2019 \$ AUD	Consolidated 30 June 2018 \$ AUD
ASSETS			
Current Assets			
Cash and cash equivalents	6	306,655	2,418,427
Trade and other receivables	7	161,566	118,763
Other assets	11	534,709	109,833
Total Current Assets		1,002,930	2,647,023
Non-Current Assets			
Property, plant and equipment	9	9,502	10,951
Intangible assets	10	-	-
Other assets	11	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	12	1,756,955	997,234
Other financial liabilities	13	12,912	12,912
Other Borrowings	14	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	15	106,043,361	102,332,258
Reserves	16	585,793	40,510
Accumulated Losses		(108,191,858)	(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	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$ AUD	\$ AUD	\$ AUD	\$ AUD	\$ 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	-	-	-	(7,469,903)	(7,469,903)
Other comprehensive income for the year, net of tax	-	-	(9,620)	-	(9,620)
Total Comprehensive Income for the year	-	-	(9,620)	(7,469,903)	(7,479,523)
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	-	554,903	-	-	554,903
Balance at 30 June 2019	106,043,361	901,317	(315,524)	(108,191,858)	(1,562,704)

1. To transfer the value of lapsed/expired options from the reserve to accumulated losses.

2. 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 is the subject of an outstanding legal dispute between the Company and the former Directors. Refer to contingent liability note (see Note 18) 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
<i>Cash flows from operating activities</i>			
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	20a	(6,411,325)	(2,077,009)
<i>Cash flows related to investing activities</i>			
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)
<i>Cash flows related to financing activities</i>			
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	6	306,655	2,418,427

1. Total R&D tax concession refund received in the financial year 2019 consists of \$108,058 of additional refund for the financial year 2016, \$825,603 for the financial year 2017, and \$861,455 for the financial year 2018.

The accompanying notes form part of these financial statements

Note 1 - Statement of Significant Accounting policies

Corporate Information

This Preliminary Financial Report covers the consolidated entity Respire Ltd and its controlled entities. The Company's principal activities are research, development and commercialisation of medical devices.

The Company's Preliminary Financial Report does not include all the notes of the type normally included in an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the entity as the full financial report.

This Preliminary Financial Report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements, of Australian Accounting Standards and Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards.

Significant accounting policies adopted in preparation of the preliminary financial report are consistent with those adopted by the company in preparation of the 30 June 2018 financial report and the 31 December 2018 half year financial report.

The Preliminary Final 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.

The preliminary financial report is presented in Australian dollars and amounts are rounded to the nearest dollar.

Note 2 - Revenue

	30 June 2019	30 June 2018
	\$ AUD	\$ AUD
Revenue		
<i>Non-operating Revenue</i>		
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

- 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.

Notes to the Financial Statements *Continued.....*

Note 3 - Expenses

	30 June 2019	30 June 2018
	\$ AUD	\$ 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	284,016	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	8,501,291	4,086,287

Note 4 - Income Tax Expenses

	30 June 2019	30 June 2018
	\$ AUD	\$ 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	(7,469,903)	(3,207,220)
Income tax benefit calculated at 27.50% (2018:27.50%)	(2,054,223)	(881,985)
<i>Tax effect of amounts which are not deductible in calculating income tax:</i>		
- impairment and amortisation expenses	-	32,618
- share-based payments expenses	78,104	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 5 - Loss per Share

	30 June 2019	30 June 2018
Basic loss per share (cents)	(1.50)	(0.73)
Diluted loss per share (cents)	(1.50)	(0.73)
a) Net loss used in the calculation of basic and diluted loss per share	(7,469,903)	(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 6 - Cash and Cash Equivalents

	30 June 2019	30 June 2018
	\$ AUD	\$ 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 24 (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 7 - Trade and Other Receivables

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

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

Refer to Note 24 (a) for more information on the Groups foreign currency risk management policy.

Note 8 - Controlled Entities

	Country of Incorporation	Percentage of Ownership*	
		30 June 2019	30 June 2018
<i>Parent Entity</i>			
Respiri Limited	Australia	-	-
<i>Subsidiaries of Respiri Limited</i>			
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.

Notes to the Financial Statements *Continued.....*

Note 9 - Property, Plant and Equipment

	30 June 2019	30 June 2018
	\$ AUD	\$ AUD
<u>Furniture & Fittings</u>		
At cost	-	-
Accumulated depreciation	-	-
	-	-
<u>Computer Equipment & Software</u>		
At cost	192,713	188,981
Accumulated depreciation	(183,211)	(178,030)
	9,502	10,951
<u>Medical Equipment</u>		
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	Computer Equipment	Medical Equipment	Total
	\$ AUD	\$ AUD	\$ AUD	\$ 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 10 - Intangible Assets

	30 June 2019	30 June 2018
	\$ AUD	\$ 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 11 - Other Assets

	30 June 2019	30 June 2018
	\$ AUD	\$ 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

Notes to the Financial Statements *Continued.....*

Note 12 - Trade and Other Payables

	30 June 2019	30 June 2018
	\$ AUD	\$ 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 expense are non-interest bearing

Refer to Note 24 (a) for more information on the Groups foreign currency risk management policy.

Note 13 - Other Financial Liabilities

	30 June 2019	30 June 2018
	\$ AUD	\$ 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 18.

Note 14 - Other Borrowings

	30 June 2019	30 June 2018
	\$ AUD	\$ AUD
Balance as at 1 July 2018	-	-
Add: Loan drawdown ¹	800,000	-
Add: Capitalised Interest	6,442	-
Less: Repayments	-	-
Carrying amount as at 30 June 2019	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 15 - 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

Notes to the Financial Statements *Continued.....*

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 21 st 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 11 th 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 16 - 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
Expense recorded over vesting period	-	277,108	-	-
Cancellation of options	-	-	(10,000,000) ²	-
Total Option Reserve	45,000,000	901,317	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	45,000,000	585,793	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 that 14,000,000 options to former Directors were not issued and have not vested. The matter remains in dispute. Refer to contingent liability note (see Note 18) 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	Number 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 Key Management Personnel under Employee Share Option Plan (ESOP)	6,000,000	0.0484	5,826
7 Jun 19	Issue to 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 17 - 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 18 - 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.

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. These financial statements have been prepared reflecting the Company's current position. The former directors have communicated to the Company that they disagree with the Company's determination that the options were not issued and have not vested. A legal dispute concerning this matter remains outstanding as at the date of this report.

Note 19 - 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.

30 June 2019	---- Medical Devices ---- Segment		Segment	Corporate	Total
	Australia	Israel	Total		
	\$ AUD	\$ AUD	\$ 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)	(4,314,389)	(8,496,663)
Total Segment Expense	(4,059,200)	(123,074)	(4,182,274)	(4,319,017)	(8,501,291)
Income Tax Expense					
Net Result	(3,032,948)	(123,074)	(3,156,022)	(4,313,881)	(7,469,903)
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 20 - 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	(7,469,903)	(3,207,220)
Add back depreciation expense	4,628	6,838
Add back amortisation expense	-	118,610
Add back share based payments	734,016	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 15 and 16 for further details regarding equity issued for nil cash consideration.

Note 21 - 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	32 Dec 24	\$0.135	\$0.125	126.10%	-	0.98%	\$0.0736

- Options will vest after 31 December 2020, subject to the Company's share price being \$0.20 or greater on 10 trading days in the three months commencing July 2019 and in the fifteen months subsequent to that date.
- Options will vest after 31 December 2020, subject to the Company's share price being \$0.20 or greater on 10 trading days in the three months commencing July 2020 and in the fifteen months subsequent to that date.

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	31 Dec 20	\$0.093	\$0.12	126.10%	-	0.98%	\$0.0542

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

Expected volatility was calculated using the Black Scholes Model calculator.

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
Exercised	-	-	-	-
Expired/lapsed	-	-	-	-
Cancelled	-	-	(10,000,000)	-
Outstanding at year-end	45,000,000	0.12	30,000,000	0.12
Exercisable at year-end	16,000,000	0.12	10,000,000	0.12

- 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 remains in dispute. Refer to contingent liability note (see Note 18) 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 \$0.12 (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

The amount expensed in relation to equity settled share based payments to the statement of profit or loss and other comprehensive income was \$284,016 (2018: \$129,312).

	30 June 2019 \$ AUD	30 June 2018 \$ AUD
Share-based payments		
- Options issued to directors	277,108	129,312 ¹
- Options issued to suppliers	270,887	-
- Options issued to key management personnel	6,908	-
	554,903	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 that 14,000,000 options to former Directors were not issued and have not vested. This matter remains in dispute. Refer to contingent liability note (see Note 18) for more information.

Note 22 - Subsequent Events

Share Placement

On 30 July 2019, the Company 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 be subject to shareholder approval at the Company's AGM.

Other Matters

Please see Note 18 for details of contingent liabilities.

Note 23 - Related Party Transactions

Respiri Limited loans funds to subsidiaries on an at-call basis and charges interest on the balance of the funds outstanding based on the Australian Taxation Office (ATO) benchmark interest rate of the prior year 5.40% (2018: 5.45%) per annum. As at 30 June 2019, the balance outstanding from subsidiaries was \$61,737,252 (2018: \$55,461,191) and the interest charged for the financial year was \$1,681,023 (2018: \$1,610,064). An accumulated provision for impairment of \$61,737,252 (2018: \$55,461,191) has been recognised by Respiri Limited against these loans. In the current period the parent recognised an impairment expense of \$6,276,060 (2018: \$3,645,700) on the loans to subsidiaries. All loans and interest are eliminated on consolidation.

Note 24 - 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
	1,769,867	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	Weighted average interest rate	(1%) effect on profit before tax	1% effect on profit before tax
	\$ AUD	%	\$ AUD	\$ 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	Weighted average interest rate	(1%) effect on profit before tax	1% effect on profit before tax
	\$ AUD	%	\$ AUD	\$ 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.

	0-30 days \$ AUD	31-60 days \$ AUD	61-90 days \$ AUD	90+ days \$ AUD	Total \$ AUD
2019 Trade and other payables	(1,116,267)	(330,291)	(87,879)	(222,518)	(1,756,955)
2018 Trade and other payables	(875,753)	(20,506)	(64,789)	(36,186)	(997,234)
2019 Trade and other receivables	161,566	-	-	-	161,566
2018 Trade and other receivables	118,763	-	-	-	118,763

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 14 and 15. 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 accounting policies.

Corporate Directory

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
Mr Brendan Mason
Mr Mark Ziirsen
Mr Ross Blair-Holt
Prof Bruce Thompson
Dr Thomas Duthy

CEO and Executive Director (Appointed on 14th Dec 2017)
Non-Executive Director (Resigned 27th Nov 2018)
Non-Executive Chairman (Resigned 27th Nov 2018)
Non-Executive Chairman (Appointed on 18th Dec 2018)
Non-Executive Director (Appointed on 27th Nov 2018)
Non-Executive Director (Resigned on 27th Nov 2018)

COMPANY SECRETARY

Mr Alastair Beard

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SECURITIES QUOTED

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