RESPIRI LIMITED

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 2016
Previous Reporting Period:	Financial year ended 30 June 2015

The results of Respiri Limited for the year ended 30 June 2016 are as follows:

Revenues	Up	%	to	$683,876
Loss after tax attributable to members	Down	%	to	($4,010,944)
Net loss for the period attributable to members	Down	%	to	($4,010,944)

Brief explanation of figures reported above

The loss for the Group after income tax for the reporting period was $4,010,944 (2015: $5,464,443).

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 2016	30 June 2015
Net Tangible Assets	$3,667,019	$3,351,908
Shares (No.)	432,383,224	281,558,816
Net Tangible Assets (cents)	$0.008	$0.012

Loss per Share

	30 June 2016 $	30 June 2015 $
Basic/Diluted loss per share (cents)	1.34	1.94

Status of Audit of Accounts

This Appendix 4E is based on accounts which have been audited. The audit report is included within the financial report which accompanies this Appendix 4E.

RESPIRI LIMITED

ABN 98 009 234 173

Annual Financial Report

For the Year ended 30 June 2016

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Review of Operations

Our core business remains the continued development of world leading software that will detect and objectively measure wheeze and other acoustic signatures in asthma patients. This focus enables Respiri to join with partners in the manufacture of leading edge, best in class components for the capture and transmission of breath sounds.

The software and firmware modifications made in 2016, together with our successful independent research study at the University of Chicago, provide Respiri with an excellent working prototype for partnership negotiations. The successful, fully-subscribed $4.3M Rights Issue considerably strengthens our balance sheet and provides cash resources to deliver monetisation of the business.

Continued Leadership in Asthma Monitoring Products

Respiri operates in the connected medical device segment of the large mHealth market and this segment continues to exhibit strong growth. In a recent global mHealth Solutions report, the global market is projected to reach USD 25.3 Billion by 2020 with a CAGR of 24%. Strong advocacy by governments, cardiology and diabetes leaders and the rapid introduction of connected blood pressure and blood glucose meters has driven early market growth.

The distinguishing characteristic of this connected device segment is the use of objective measures linked to mobile computing for use by patients and their doctors. Whilst there are numerous mHealth solutions for cardiac and diabetes patients, there is nothing like AirSonea for consumers with asthma. Respiri's objective measure of wheeze, the primary symptom of asthma, remains our core technology.

Two Clear Market Segments in Digital Respiratory Health

The digital health market for respiratory products is now undergoing considerable change with the entry of new diagnostic and prescription products. This is positive for our industry. As prevalence grows and new diagnostic products emerge, the awareness and acceptance of new technology by physicians, other health professionals and consumers increases exponentially.

Industry bodies such as Asthma Associations are also embracing the importance of technology. Asthma UK Chief Executive, Kay Boycott, recently commented "Digital health tech is likely to be the game changer that transforms current asthma management and the patient-doctor relationship".

Two clear segments have emerged in our market:

1. **Monitoring Products for Consumers to Improve Self-Management of Asthma**

   Respiri's focus is on the development of home monitoring products. It has leading edge technology in this segment as we address the unmet need of objective measurement of lung function for asthma sufferers, replacing outdated, difficult to use and unreliable peak flow meters. Respiri's smartphone enabled product is an over the counter consumer product for seamless monitoring.

   AirSonea is simple, requires no effort and provides a number the user can understand, just as a thermometer provides a number. AirSonea is for asthma what a thermometer is for temperature.

2. **Diagnostic and Prescription Products**

   Products in this group aim to help medical and healthcare professionals in the diagnosis, treatment and management of respiratory disease. These products include drug delivery smart inhalers, spirometry and algorithm technology.

Traditionally, this segment has slow adoption rates, requires broad physician acceptance and involves a complex regulatory pathway as there is no single reliable test ('gold standard') or standardised diagnostic criteria for asthma. The diagnosis of asthma in adults needs to be based on a patient's history, a physical examination, consideration of other diagnoses and documentation of variable airflow limitation.

New Software and Improved Firmware Developed

Our wheeze detection algorithm was updated to include a new breath screening module. The app now warns consumers when breath is not accurately detected and allows the user to reposition the sensor correctly without the need to stop the recording and start again.

Extensive testing of the firmware in the handheld device identified several significant bugs that affected reliability and performance. The firmware was modified to enable the handset to be used in the Chicago Research Study and produce accurate results.

Research Study Confirms AirSonea's Ability to Reliably Detect Asthma Wheezing

Respiri achieved a major milestone with an independently run research study, conducted by the University of Chicago, confirming that the AirSonea day device can reliably detect wheezing in subjects. The research was completed in June and results released in July.

The overall percentage agreement between a panel of certified pulmonary physicians and our AirSonea technology for the presence or absence of wheeze was an impressive 85%.

The research study was conducted by a team led by the study principal investigator, Edward Naureckas MD, Professor of Medicine at the University of Chicago. In the study, breathing sound files recorded by AirSonea were collected from diagnosed asthmatics and diagnosed COPD (Chronic Obstructive Pulmonary Disease) wheezing subjects. Breath sounds were also collected from non-wheezing subjects. One hundred and fifty breath-sound recordings were subsequently assessed by Naureckas and four of his fellow certified pulmonary physicians.

The following summarises the key findings:

Accuracy	Overall agreement related to physician consensus	85.3%
Sensitivity	AirSonea detection of CABS* (wheeze) related to physician consensus	79.2%
Specificity	AirSonea detection of no CABS (normal breath sounds) related to physician consensus	91.0%

* CABS Continuous Adventitious Breath Sounds include Wheeze, Whistles, Rhonchi and mixed CABS

Further, the results indicated that the device can not only detect wheezing in long periods of recording, but also in short periods of recording, as reflected by a single breath cycle of inspiration and expiration.

A Successful, Fully-Subscribed $4.3M Rights Issue

Respiri's 1 for 2 pro-rata renounceable rights issue to raise $4.3M, announced to ASX on 19 May 2016, was successful following strong support from its shareholders. The Rights Issue offered 144,127,741 new shares at $0.03 per share to eligible shareholders, being shareholders with a registered address in Australia or New Zealand.

The Rights Issue was fully underwritten by Patersons Securities Limited in conjunction with Respiri's Directors and a major shareholder. The offer was 92.4% subscribed to by existing shareholders and rights buyers. In accordance with the terms of the underwriting agreement, the underwritten shortfall of 11,010,530 new shares was arranged to be placed with a number of institutional and sophisticated investors.

The total funds raised under the Rights Issue was $4.3M before costs.

The success of this issue reflects the confidence shareholders have in the turnaround of the Company and its progress in delivering commercialisation of the technology.

We are now well positioned to pursue the partnership opportunities currently before us and the expressions of interest received from overseas parties.

Events Subsequent to Capital Raising

The Financial Statements in this report reflect a decision by the Board to write off the value of the finished goods inventory of the original AirSonea handset device. The AirSonea handset device that was designed in 2012 and manufactured in 2013 is obsolete and will not be marketed as a consumer product. Communication technology including miniaturisation and wearables has advanced considerably since then and product enhancements have been foreshadowed in our previous shareholder communications.

Accordingly, the company no longer requires FDA clearance to market a product that will not be sold. Following a detailed review of the positive current status of our FDA application, we have decided to withdraw this application at this stage of the review to prevent an inefficient use of FDA time and our resources.

Importantly, the FDA review team advised it had no concerns on our core software and wireless technology that encompasses the proprietary wheeze detection algorithm, the world class app and HIPPA compliant cloud storage. This information is significant for our future development.

Following the successful University of Chicago Research Study that confirmed AirSonea's ability to reliably detect asthma wheezing, Respiri is using the AirSonea device as a prototype to demonstrate our capability in discussions with potential partners in the global medical device and telecommunications sectors.

For and on behalf of the Company;

Mr Leon L'Huillier
Executive Chairman

Dated this the 31st Day of August 2016.

Directors' Report

The Directors' of Respiri ("RSH", "Respiri" or "the Group") formerly Isonea ("ISN") submit herewith the annual report for the Group for the financial year ended 30 June 2016. 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 Leon L'Huillier	**Executive Chairman**
Appointed to the Board	4th February 2014
Last elected by Shareholders	28th November 2014
Experience	Mr Leon L'Huillier is an experienced Chairman, Company Director and Chief Executive with a strong background in the health sector. He has substantial experience across a range of industries, government, the not for profit sector and sport. He is Deputy Chair Australian Prostate Cancer Research, a former Director and Audit Chairman of Woolworths Limited, and other listed public companies. Mr L'Huillier was foundation Chair of the Vision CRC at The University of NSW, a former Chairman of the Royal Children's Hospital Brisbane, former Chairman of the Australian Health Ministers Advisory Council, a former Director of the National Health and Medical Research Council, St. Vincent's Hospital Melbourne and the Microsurgery Foundation. Mr L'Huillier was Chief Executive of the Health Department, Victoria and Chairman and Chief Executive of the Transport Accident Commission (TAC) when the TAC established Victoria's first major Trauma Centre at the Alfred Hospital and introduced the innovative road safety campaigns that contributed to a 50% reduction in the Victorian road toll in the early 90s.
Qualifications	MBA, MPhil, BCom (Hons)
Interest in shares and options	5,106,267 Ordinary Shares and 4,000,000 Unlisted Options
Committees	Member of the Audit, Risk and Compliance Committee until 1 Jan 2016.
Directorships held in other listed entities	No other Public Company Directorships in the past three years

Mr John Ribot-de-Bresac	**Independent Non-Executive Director**
Appointed to the Board	4th February 2014
Last elected by Shareholders	28th November 2014
Experience	Mr John Ribot-de-Bresac has extensive experience and a strong record of achievement as a senior executive across the sport, leisure and hospitality industries including in strategy development and implementation. Following a distinguished sports career where he received the Australian Sports Medal, he was instrumental in the establishment of the Brisbane Broncos and Melbourne Storm, in executive Director roles, and as chairman of the Brisbane Roar. Mr Ribot-de-Bresac serves as Director of Trustee of Melbourne Olympic Park Trust, Executive Chairman of Queensland Clubs Management (QCM), and owns hospitality venues throughout Queensland. Mr Ribot-de-Bresac previously served as Director of Victorian Major Events Committee.
Interest in shares and options	7,983,614 Ordinary Shares and 2,000,000 Unlisted Options
Committees	Member of the Remuneration & Nomination Committee Member of the Audit, Risk and Compliance Committee until 1 Jan 2016.
Directorships held in other listed entities	No other Public Company Directorships in the past three years

Dr Timothy Oldham	**Independent Non-Executive Director**
Appointed to the Board	6th January 2014
Last elected by Shareholders	28th November 2015
Experience	Dr Timothy Oldham has more than a decade of direct life sciences business development, alliance management, market entry, and sales & marketing experience in Europe, Asia and Australia. He is CEO of Cell Therapies Pty Ltd, a leading Asia Pacific provider of collection, manufacturing, delivery and distribution capabilities for stem cell therapies and regenerative medicine and was President of Asia Pacific for Hospira, Inc. (2007 to 2012), having held a variety of senior management roles with Mayne Pharma (2002 to 2007) prior to its acquisition by Hospira. These roles encompass the development and commercialisation of pharmaceuticals, devices, biologics and cellular therapies. Prior to this, Dr Oldham was an engagement manager with McKinsey & Co (1997 to 2001). He has been chairman of the European Generic Medicines Association Biosimilars and Biotechnology Committee, a Director of the Generic Medicines Industry Association and a member of the Pharmaceutical Industry Strategy Group. He is also a Director of Acrux Ltd (ASX:ACR).
Qualifications	BSc (Hons), LLB (Hons), PhD, GAICD
Interest in shares and options	126,392 Ordinary Shares and 2,000,000 Unlisted Options
Committees	Member of the Audit, Risk and Compliance Committee; and Chairman and Member of the Remuneration & Nomination Committee
Directorships held in other listed entities	*Listed Directorships held now or in the past 3 years:* Acrux Limited (ASX Listed: ACR) Non-Executive Director (Since Oct 2013)

Mr David Ashmore	**Independent Non-Executive Director**
Appointed to the Board	19th June 2014
Last elected by Shareholders	28th November 2014
Experience	Mr David Ashmore is a Fellow of the Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australasia and a Graduate of the Institute of Company Directors. He has over 40 years of professional assurance services experience and is a former senior partner at Grant Thornton Australia and one of its predecessor firms and was a leader in the audit services division for many years. Mr Ashmore is an Independent Director and Chairman of Saferoads Holdings Ltd and holds a number of other private company directorships and appointments as an independent member of Audit and Risk Management Committees.
Qualifications	FCA, GAICD and F.FIN
Interest in shares and options	770,341 Ordinary Shares and 2,000,000 Unlisted Options.
Committees	Chairman and Member of the Audit, Risk and Compliance Committee
Directorships held in other listed entities	*Listed Directorships held now or in the past 3 years:* Saferoads Holdings Limited (ASX Listed: SRH) Non-Executive Chairman (since Nov 2012)

Mr Ross Blair-Holt	**Non-Executive Director**
Appointed to the Board	28th November 2014
Last elected by Shareholders	28th November 2015
Experience	After graduating from Melbourne University in 1974 with a Bachelor of Commerce, Mr Ross Blair-Holt was employed for 6 years (until 1980) with General Credits Ltd, a major Finance Company, originally as a Graduate Trainee, through Manager Planning to Executive Assistant to the CEO and Board of Directors. From 1980-1986, Mr Blair-Holt was employed by Citibank, as a Lending / Relationship Manager to middle market corporates, and major individuals, principally in the real estate and manufacturing areas. In 1986, Mr Blair-Holt joined the Bruce Mathieson Group, as his CEO and support staff. Subsequently he became a Director of all Bruce Mathieson Companies and has worked with Bruce for 30 years now. During that time, Bruce has been involved with many businesses, principally Hotels, Real Estate and various SME's. From 2004 until 2015, as well as being a Director of ALH Group, Mr Blair-Holt was employed by Woolworths Ltd as Chief Operating Officer of ALH Group. He remains as a Director of ALH Group, as well as being a Member of the ALH Audit & Risk Management Sub-Committee. During that period, he also looked after Bruce Mathieson private interests. Mr Ross Blair-Holt's key skills are strategic and structured decision making at all levels, finance expertise, business processes, risk management, and governance.
Qualifications	BCom, FCPA
Interest in shares and options	74,763,396 Ordinary Shares and 2,000,000 Options.
Committees	Member of the Audit, Risk and Compliance Committee
Directorships held in other listed entities	*Listed Directorships held now or in the past 3 years:* Omni Market Tide Limited (ASX Listed OMT) Non-Executive Director from 22 Jul 2015 – resigned 1st August 2016 Western Desert Resources Limited (ASX Listed WDR) – resigned 5th Sep 2015

Company Secretaries

Mr Phillip Hains	**Joint Company Secretary**

Mr Hains has served as the Company Secretary since 21st November 2006.

Mr Hains is a Chartered Accountant and specialist in the public company environment. He has served the needs of a number of public company Boards of directors and related committees. He has over 20 years' experience in providing accounting, administration, compliance and general management services. He holds a Masters of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants.

Mr Peter Vaughan	**Joint Company Secretary**

Mr Vaughan was appointed as Company Secretary on 5th October 2011.

Mr Vaughan is a Chartered Accountant who has worked in the listed company environment for over 12 years across a number of industries. He has served on, and provided accounting, administration, compliance and general management services to, a number of private, not-for-profit and public company Boards of directors and related committees.

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 $4,010,944 (2015: $5,464,443). This result has been achieved after fully expensing all research and development costs.

The 'Review of Operations' Report provides further details regarding the progress made by the Company since the prior financial period, which have contributed to its result for the year.

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 2016 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

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the economic entity, the result of those operations or the state of affairs of the economic entity in subsequent financial years.

Likely Developments and Expected Results

For further information in relation to Company's future Developments and Events please refer to the 'Review of Operations Report'.

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:

- efficacy, safety and regulatory risk of pre-clinical and clinical medical device development;
- financial position of the Company and the financial outlook;
- economic outlook and share market activity;
- changing government policy (Australian and overseas);
- competitors' products/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.

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.

Biomedical 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 biomedical device research and development projects 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 medical device projects 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 and in the Company's 'Review of Operations' Report as contained in this Financial Report for the year ended 30 June 2016.

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		Due Diligence		Remuneration & Nomination	
Director	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Mr Leon L'Huillier	18	16	-	-	-	-	-	-
Mr John Ribot-de-Bresac	18	16	-	-	-	-	1	1
Dr Timothy Oldham	18	14	7	5	-	-	1	1
Mr David Ashmore	18	18	7	7	9	9	-	-
Mr Ross Blair-Holt	18	18	7	7	9	9	-	-

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 established a number of special purpose 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	Due Diligence Committee	Remuneration & Nominations Committee
Chairman	Mr David Ashmore	Mr David Ashmore	Dr Timothy Oldham
Members	Dr Timothy Oldham Mr Ross Blair-Holt	Mr Ross Blair-Holt	Mr John Ribot-de-Bresac

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 2016 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 2016 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	2 April 2017	$0.28	143,060
RSH	2 April 2017	$0.40	1,000,000
RSH	3 February 2017	$0.28	14,000,000

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 practises. The Company's Corporate Governance Statement is available on the Company's website and includes the Boards Skills Matrix 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. The Key Management Personnel disclosed below are, or were, also the Company's highest paid executives.

For the purposes of this report, the term 'executive' encompasses the Managing Director (MD), and senior executives of the Company.

Directors:

Name	Position	Appointment / Resignation
Mr Leon L'Huillier	Executive Chairman	Appointed Chairman on 4th Feb 2014
Mr John Ribot-de-Bresac	Non-Executive Director	Appointed Non-Executive Director on 4th Feb 2014
Dr Timothy Oldham	Non-Executive Director	Appointed Non-Executive Director on 6th Jan 2014
Mr David Ashmore	Non-Executive Director	Appointed Non-Executive Director on 19th Jun 2014
Mr Ross Blair-Holt	Non-Executive Director	Appointed Non-Executive Director on 28th Nov 2014

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 Remuneration Report for the 2015 financial year received positive shareholder support at the 2015 AGM with a vote of more than 98% in favour. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

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, as opposed to company performance which has been difficult to assess given the nature of the activities undertaken.

The Company envisages its performance in terms of earnings will remain negative whilst the Company continues in the development and commercialisation of its medical devices 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 2016 financial year.

Financial Year	Net (Loss)/Profit	Share Price at Balance Date $ AUD	Loss per Share cents per share
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 Directors do not receive performance-based remuneration and there are currently no other staff or contractors who do.

Details of Remuneration for Year Ended 30 June 2016

The remuneration for each Director and each of the 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 2016	$AUD	$AUD	$AUD	$AUD	$AUD	$AUD
Directors						
Mr Leon L'Huillier	100,000	-	300,000[2]	-	-	400,000
Mr John Ribot-de-Bresac	52,500	-	-	-	-	52,500
Dr Timothy Oldham	57,500	-	-	-	-	57,500
Mr David Ashmore	55,000	-	-	-	-	55,000
Mr Ross Blair-Holt	52,500	-	-	-	180[1]	52,680
	317,500	**-**	**300,000**	**-**	**180**	**617,680**

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

1. Issue of 2,000,000 unlisted RSHAW Options to Directors as approved by shareholders in accordance with resolution 3 of Company's 2015 Annual General Meeting.
2. Mr Leon L'Huillier received additional fees for consulting services performed as Executive Director for the period from February 2015.

Details of Remuneration for Year Ended 30 June 2015

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

	Short-term Employment Benefits			Post-Employment Benefits	Share-based Payments	Total
30 June 2015	Cash salary and fees $ AUD	Cash bonus $ AUD	Consulting Fees $ AUD	Superannuation Contribution $ AUD	Shares/Options $ AUD	$ AUD
Directors						
Mr Leon L'Huillier	93,912	-	245,000[2]	7,338	48,560[1]	394,810
Mr John Ribot-de-Bresac	49,656	-	-	3,886	24,280[1]	77,822
Dr Timothy Oldham	57,500	-	-	-	24,280[1]	81,780
Mr David Ashmore	55,000	-	-	-	24,280[1]	79,280
Mr Ross Blair-Holt	30,625	-	-	-	-	30,625
	286,693	**-**	**245,000**	**11,224**	**121,400**	**664,317**
Mr Bruce Mathieson	19,026	-	-	1,807	-	20,833
Mr Stephen Tunnell	83,765	-	-	-	-	83,765
	102,791	**-**	**-**	**1,807**	**-**	**104,598**
Other Key Management Personnel						
Mr Greg Tunny	118,500	-	-	-	-	118,500
	118,500	**-**	**-**	**-**	**-**	**118,500**
	507,984	**-**	**245,000**	**13,031**	**121,400**	**887,415**

Note: For the date of appointment and resignation of each Director and Executive please refer to page 10 of the Directors Report.

1. Issue of 10,000,000 unlisted RSHAW Options to Directors as approved by shareholders in accordance with resolution 3 of Company's 2014 Annual General Meeting.
2. Mr Leon L'Huillier received additional fees for consulting services performed as Executive Director for the year.

At Risk Income as a Proportion of Total Remuneration

All Executive Directors and 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	
	2016	2015	2016	2015	2016	2015
Directors						
Mr Leon L'Huillier	100%	68%	-	-	-	32%
Mr John Ribot-de-Bresac	100%	69%	-	-	-	31%
Dr Timothy Oldham	100%	70%	-	-	-	30%
Mr David Ashmore	100%	69%	-	-	-	31%
Mr Ross Blair-Holt	99.70%	100%	-	-	0.30%	-
Mr Bruce Mathieson	-	100%	-	-	-	-
Mr Stephen Tunnell	-	100%	-	-	-	-
Executives						
Mr Greg Tunny	-	100%	-	-	-	-

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 a discretionary bonus approved by the board in respect of performance during the current 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 2016 equity had been issued to 8 employees in USA and 2 employees in Israel under ESOP.

The terms and conditions of each grant of options affecting Director and 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
21 Nov 2008	20 Nov 2011	15 Dec 2015	$1.00	N/A	Yes	$0.180
5 May 2014	5 May 2014	2 Apr 2017	$0.40	N/A	Yes	$0.063
5 May 2014	5 May 2014	2 Apr 2017	$0.28	N/A	Yes	$0.077
28 Nov 2014	28 Nov 2014	3 Feb 2017	$0.28	N/A	Yes	$0.012
8 Dec 2015	8 Dec 2015	3 Feb 2017	$0.28	N/A	Yes	$0.00009

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 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	
	2016	2015	2016	2015	2016	2015
Directors						
Mr Leon L'Huillier	-	4,000,000	-	-	-	4,000,000
Mr John Ribot-de-Bresac	-	2,000,000	-	-	-	2,000,000
Dr Tim Oldham	-	2,000,000	-	-	-	2,000,000
Mr David Ashmore	-	2,000,000	-	-	-	2,000,000
Mr Ross Blair-Holt	2,000,000	-	-	-	2,000,000	-
Mr Bruce Mathieson	-	-	-	-	-	-
Mr Stephen Tunnell	-	-	-	-	-	-
	2,000,000	**10,000,000**		**-**	**2,000,000**	**10,000,000**

No shares have been issued to the Directors in the current or proceeding financial year.

(a) Shareholdings

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

30 June 2016	Balance at Start of the Year	Granted as Compensation	Shares from Options Exercised	Net Change Other	Balance at End of the Year
Directors					
Mr Leon L'Huillier	3,296,282	-	-	1,809,985	5,106,267
Mr John Ribot-de-Bresac	5,300,000	-	-	2,683,614	7,983,614
Dr Timothy Oldham	65,000	-	-	61,392	126,392
Mr David Ashmore	486,449	-	-	283,892	770,341
Mr Ross Blair-Holt	49,800,000	-	-	24,963,396	74,763,396
	58,947,731	**-**	**-**	**29,802,279**	**88,750,010**

30 June 2015	Balance at Start of the Year	Granted as Compensation	Shares from Options Exercised	Net Change Other	Balance at End of the Year
Directors					
Mr Leon L'Huillier	2,816,282	-	-	480,000	3,296,282
Mr John Ribot-de-Bresac	3,828,571	-	-	1,471,429	5,300,000
Dr Timothy Oldham	-	-	-	65,000	65,000
Mr David Ashmore	-	-	-	486,449	486,449
Mr Ross Blair-Holt[2]	-	-	-	49,800,000	49,800,000
	6,644,853	**-**	**-**	**52,302,878**	**58,947,731**
Mr Bruce Mathieson[1]	48,000,000	-	-	(48,000,000)	-
Mr Stephen Tunnell[1]	489,827	-		(489,827)	-
Executives					
Mr Greg Tunny	-	-	-	-	-
	55,134,680	**-**	**-**	**3,813,051**	**58,947,731**

1. Directors resigned during Financial Year 2015.
2. Director was appointed during Financial Year 2015.

b) Options and Rights

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

30 June 2016	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	-
Mr John Ribot-de-Bresac	2,000,000	-	-	-	2,000,000	2,000,000	-
Dr Timothy Oldham	2,000,000	-	-	-	2,000,000	2,000,000	-
Mr David Ashmore	2,000,000	-	-	-	2,000,000	2,000,000	-
Mr Ross Blair-Holt[1]	-	2,000,000	-	-	2,000,000	2,000,000	-
	10,000,000	**2,000,000**	**-**	**-**	**12,000,000**	**12,000,000**	**-**

1. Issue of 2,000,000 unlisted RSHAW Options to Directors as approved by shareholders in accordance with resolution 3 of Company's 2015 Annual General Meeting.

30 June 2015	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[1]	-	-	4,000,000	4,000,000	-
Mr John Ribot-de-Bresac	-	2,000,000[1]	-	-	2,000,000	2,000,000	-
Dr Timothy Oldham	-	2,000,000[1]	-	-	2,000,000	2,000,000	-
Mr David Ashmore	-	2,000,000[1]	-	-	2,000,000	2,000,000	-
Mr Ross Blair-Holt	-	-	-	-	-	-	-
	-	**10,000,000**	**-**	**-**	**10,000,000**	**10,000,000**	**-**

1. Issue of 10,000,000 unlisted RSHAW Options to Directors as approved by shareholders in accordance with resolution 3 of Company's 2014 Annual General Meeting.

The Directors and Key Management Personnel are subject to service agreements with normal commercial terms and conditions and are rolling with no fixed term. The terms of them agreement state that 30 days' notice of termination must be given by either party.

This is the end of the Audited Remuneration Report.

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

Mr Leon L'Huillier
Executive Chairman

Dated this the 31st August 2016
Melbourne, Australia

Auditor's Independence Declaration

Deloitte.

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The Board of Directors
Respiri Limited
Level 29, South Tower
525 Collins Street
Melbourne VIC 3000

31 August 2016

Dear Board Members

Respiri Limited (formerly Isonea Limited)

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Respiri Limited.

As lead audit partner for the audit of the financial statements of Respiri Limited for the financial year ended 30 June 2016, 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.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants

Annual Financial Statements
For the year ended 30 June 2016

For the Year Ended 30 June 2016

	Note	Consolidated 30 June 2016 $ AUD	Consolidated 30 June 2015 $ AUD
Revenue			
Operating Revenue	3	4,966	93,988
Non-operating Revenue	3	6,121	32,521
Other Income	3	672,789	-
Total Revenue		**683,876**	**126,509**
Expenses	4		
Amortisation expenses		(187,214)	(183,653)
Consulting, employee and director expenses		(1,067,464)	(1,399,296)
Equity-based payment expenses	24	(360)	(121,400)
Corporate administration expenses		(579,338)	(550,458)
Depreciation expenses		(44,999)	(32,550)
Marketing and promotion expenses		(32,218)	(27,400)
Research and development expenses		(1,310,723)	(3,054,345)
Travel expenses		(108,571)	(221,850)
Impairment of Inventory and other current assets	4	(1,363,933)	-
Loss before income tax expense from continuing operations		**(4,010,944)**	**(5,464,443)**
Income tax expense	5	-	-
Loss after income tax for the year		**(4,010,944)**	**(5,464,443)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(16,149)	167,035
Total comprehensive loss for the year		**(4,027,093)**	**(5,297,408)**
Loss attributable to members of the parent entity		(4,010,944)	(5,464,443)
Total comprehensive loss attributable to members of the parent entity		(4,027,093)	(5,297,408)
Basic loss per share (cents per share)	8	(1.34)	(1.94)
Diluted loss per share (cents per share)	8	(1.34)	(1.94)

The accompanying notes form part of these financial statements.

As at 30 June 2016

	Note	Consolidated 30 June 2016 $ AUD	Consolidated 30 June 2015 $ AUD
ASSETS			
Current Assets			
Cash and cash equivalents	9	4,502,078	3,008,627
Trade and other receivables	10	80,399	69,861
Inventories	11	-	777,500
Other assets	15	73,820	702,824
Total Current Assets		**4,656,297**	**4,558,812**
Non-Current Assets			
Property, plant and equipment	13	50,097	74,811
Intangible assets	14	368,922	548,489
Other assets	15	2,885	2,848
Total Non-Current Assets		**421,904**	**626,148**
TOTAL ASSETS		**5,078,201**	**5,184,960**
LIABILITIES			
Current Liabilities			
Trade and other payables	16	1,029,348	1,265,366
Other financial liabilities	17	12,912	19,197
Total Current Liabilities		**1,042,260**	**1,284,563**
TOTAL LIABILITIES		**1,042,260**	**1,284,563**
NET ASSETS		**4,035,941**	**3,900,397**
EQUITY			
Issued capital	18	99,312,258	95,149,981
Reserves	19	44,356	177,821
Accumulated Losses		(95,320,673)	(91,427,405)
TOTAL EQUITY		**4,035,941**	**3,900,397**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

	Issued Capital $ AUD	Option Reserve $ AUD	Foreign Currency Translation Reserve $ AUD	Accumulated Losses $ AUD	Total $ AUD
Balance as at 30 June 2014	**95,149,981**	**861,257**	**(434,520)**	**(86,500,313)**	**9,076,405**
Loss after income tax expense for the year	-	-	-	(5,464,443)	(5,464,443)
Other comprehensive income for the year, net of tax	-	-	167,035	-	167,035
Total Comprehensive Income for the year	**-**	**-**	**167,035**	**(5,464,443)**	**(5,297,408)**
Transactions with Equity holders in their capacity as equity holders:					
Options Issued	-	121,400	-	-	121,400
Options Lapsed	-	-	-	-	-
Transfers to/from reserves[1]	-	(537,351)	-	537,351	-
Balance at 30 June 2015	**95,149,981**	**445,306**	**(267,485)**	**(91,427,405)**	**3,900,397**
Loss after income tax expense for the year	-	-	-	(4,010,944)	(4,010,944)
Other comprehensive income for the year, net of tax	-	-	(16,149)	-	(16,149)
Total Comprehensive Income for the year	**-**	**-**	**(16,149)**	**(4,010,944)**	**(4,027,093)**
Transactions with Equity holders in their capacity as equity holders:					
Shares Issued	4,523,833	-	-	-	4,523,833
Capital Raising Costs	(361,556)	-	-	-	(361,556)
Options Issued	-	360	-	-	360
Transfers to/from reserves[1]	-	(117,676)	-	117,676	-
Balance at 30 June 2016	**99,312,258**	**327,990**	**(283,634)**	**(95,320,673)**	**4,035,941**

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

The accompanying notes form part of these financial statements.

For the Year Ended 30 June 2016

	Note	Consolidated 30 June 2016 $ AUD	Consolidated 30 June 2015 $ AUD
Cash flows from operating activities			
Receipts from customers		5,238	-
Payments to suppliers and employees (inclusive of GST)		(3,073,447)	(6,017,949)
Interest received		6,121	32,521
Receipt of grants		-	93,488
R&D tax refund		672,789	-
Net cash flows used in operating activities	**23a**	**(2,389,299)**	**(5,891,940)**
Cash flows related to investing activities			
Proceeds from sales of plant and equipment		-	2,390
Payments for purchases of plant and equipment		(18,387)	(17,349)
Net cash flows used in investing activities		**(18,387)**	**(14,959)**
Cash flows related to financing activities			
Proceeds from issues of securities		4,323,833	29,703
Capital raising costs		(361,556)	-
Other		(407)	(568)
Net cash flows from financing activities		**3,961,870**	**29,135**
Net (decrease)/increase in cash and cash equivalents		1,554,184	(5,877,764)
Cash and cash equivalents at the beginning of the year		3,008,627	8,212,003
Effects of exchange rate changes on cash and cash equivalents		(60,733)	674,388
Cash and cash equivalents at the end of the year	**9**	**4,502,078**	**3,008,627**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

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 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 2016 was authorised for issue in accordance with a resolution of the Directors on the 31st Day of August 2016.

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 Black-Scholes 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.

<u>Provision for impairment of receivables</u>
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.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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.

Going Concern Basis

The consolidated financial statements have been prepared on a going concern basis.

For the year ended 30 June 2016, the group incurred a loss after tax of $4,010,944 (2015: $5,464,443). In the same period the Company experienced a net cash outflow of $1,554,184 (2015: $5,877,764). The Company had net assets of $4,035,941 (2015: $3,900,397).

The Company successfully raised $4.3m through a renounceable rights issue during the period. As at 30 June 2016, the group had $4.5m of cash and cash equivalents on hand. A cash flow forecast for the next 12 months prepared by management has indicated the group will have sufficient cash assets to be able to meet its debts as and when they fall due throughout the coming 12 months as they continue to develop the technologies of the Company.

New, revised or amending accounting standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New accounting standards and interpretations not yet mandatory or early adopted

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and therefore have not been adopted by the Company for the annual reporting period ended 30 June 2016:

Ref	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 9	*Financial Instruments and its consequential amendments*	Completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. Accounting for financial liabilities continues to be measured in accordance with AASB 139, with one exception, the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks.	1 Jan 18	The company is still determining if there will be any potential impact	1 Jul 18
AASB 15	*Revenue from Contracts with Customers*	This amends AASB 18 'Revenue', AASB 111 'Construction Contracts' and revenue-related interpretations. The amendment establishes a new control-based revenue recognition model, which changes the basis for deciding whether revenue is to be recognised over time or at point in time.	1 Jan 17	Not yet assessed in detail	1 Jul 17
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 is still determining if there will be any potential impact	1 Jan 19

Ref	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 2014-3	*Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*	The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in AASB 3 Business Combinations, should: 1 - Apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e. the existing interest is not re-measured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and 2 - Provide disclosures for business combinations as required by AASB 3 and other Australian Accounting Standards.	1 January 2016	The company is still determining if there will be any potential impact	1 July 2016
AASB 2014-4	*Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*	The amendments to AASB 116 prohibit the use of a revenue based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment. The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances: 1 - The intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or 2 - When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.	1 January 2016	The company is still determining if there will be any potential impact	1 July 2016

Ref	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 2014-9	*Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements*	The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.	1 January 2016	The company is still determining if there will be any potential impact	1 July 2016
AASB 2015-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments: • clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information • clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated • add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position • clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order • remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy	1 January 2016	The company is still determining if there will be any potential impact	1 July 2016
AASB 2016-1	*Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*	AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.	1 January 2017	The company is still determining if there will be any potential impact	1 July 2017
AASB 2016-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*	AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	The company is still determining if there will be any potential impact	1 July 2017

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 12 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) which 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 accrued and disclosed as revenue within profit or loss for the year that the 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 comprise cost of purchase and costs incurred in bringing inventories to their present location and condition. Cost of purchased inventory are 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.

<u>Depreciation</u>

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 & software	15 - 33%
Medical equipment	15%
Tooling and Devices for Test	25%

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 transfers form 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 value 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 liabilities are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and are no longer controlled by the entity. A financial liability is removed from the Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expired.

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.

Financial Liabilities

Financial liabilities are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist.

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

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to Profit or Loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(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 assets 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.

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 is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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, the risks and rewards are 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 recognised where there is reasonable assurance that the tax refunds will be received and all attached conditions will be complied with.

(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 2016 $ AUD	30 June 2015 $ AUD
Statement of Financial Position		
Assets		
Current Assets	4,438,747	2,601,784
Non-Current Assets	14,063	9,713
Total Assets	**4,452,810**	**2,611,497**
Liabilities		
Current Liabilities	330,366	503,920
Total Liabilities	**330,366**	**503,920**
Net Assets	**4,122,444**	**2,107,577**
Equity		
Issued Capital	99,312,258	95,149,981
Reserves	327,990	445,306
Accumulated Losses[1]	(95,517,804)	(93,487,710)
Total Equity	**4,122,444**	**2,107,577**
Statement of Profit or Loss and Other Comprehensive Income		
Loss after income tax	(2,147,770)	(6,287,540)
Total Comprehensive Income	**(2,147,770)**	**(6,287,540)**

1. Includes transfer of lapsed/expired options from reserve of $117,676 (2015: $537,351).

Parent Entity Contingencies and Commitments

Parent Entity does not have any contingent liabilities and commitments.

Expenditure Commitments

Parent Entity does not have any expenditure commitments.

Parent Entity Guarantees in Respect of the Debts of its Subsidiaries

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

Note 3 - Revenue

	30 June 2016 $ AUD	30 June 2015 $ AUD
Revenue		
Operating Revenue		
Sales - Medical Devices	4,966	500
Grant Received	-	93,488
Total Operating Revenue	**4,966**	**93,988**
Non-operating Revenue		
Interest	6,121	32,521
Total Non-Operating Revenue	**6,121**	**32,521**
Total Revenue	**11,087**	**126,509**
Other Income		
R&D Tax Concession Received [1]	672,789	-
Total Other Income	**672,789**	**-**
	683,876	**126,509**

1. The R&D tax concession refund for the 2015 financial year was unable to be reasonably determined for inclusion in the 2015 financial statements. Subsequently, the Company received an R&D tax concession refund for eligible expenditure incurred during the financial year 2015 of $672,789 which has now been included in the financial year 2016.

   The value of any allocable R&D tax concession refund with respect to eligible R&D expenditures incurred during the financial year 2016 has not yet been determined and have therefore has not been included within the financial statements for financial year 2016.

Note 4 - Expenses

		30 June 2016 $ AUD	30 June 2015 $ AUD
Expenses			
a)	**Amortisation expenses**	**187,214**	**183,653**
b)	**Consulting, employee and director expenses**		
	Consulting expenses	549,553	321,296
	Employee expenses	200,411	555,485
	Director expenses	304,469	509,484
	Director superannuation expenses - defined contribution fund	13,031	13,031
		1,067,464	**1,399,296**
c)	**Equity-based payment expenses**	**360**	**121,400**
d)	**Corporate administration expenses**		
	Audit and accounting fees	61,600	65,503
	Foreign exchange (gain)/loss	(105,273)	(826,279)
	Corporate administration expenses	571,837	1,186,147
	Office rentals under operating leases	34,652	89,275
	Other	16,522	35,812
		579,338	**550,458**
e)	**Depreciation expenses**	**44,999**	**32,550**
f)	**Marketing and promotion expenses**	**32,218**	**27,400**
g)	**Research and development expenses**	**1,310,723**	**3,054,345**
h)	**Travel expenses**	**108,571**	**221,850**
i)	**Impairment expenses**	**1,363,933**	**-**
Total Expenses		**4,694,820**	**5,590,952**

The cost of inventories recognised as an expense includes $777,500 (2015: $ Nil) in respect to write-downs of inventory and $564,868 (2015: $Nil) in respect to write-downs of inventory prepayments to net realisable value determined by management.

During the year, management determined that the inventory currently held was not commercially viable and therefore Company carried out a review of the net realisable value on all inventory on hand. The review led to the complete write down of inventory and recognition of an impairment loss, which has been recognised in profit or loss.

Note 5 - Income Tax Expenses

		30 June 2016 $ AUD	30 June 2015 $ 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	(4,010,944)	(5,464,443)
	Income tax benefit calculated at 30% (2015:30%)	(1,203,283)	(1,639,333)
	Tax effect of amounts which are not deductable in calculating income tax:		
	- impairment and amortisation expenses	56,164	55,096
	- share-based payments expenses	36,420	36,420
	- other expenses not deductable	-	739
	Other deductible items	(100,740)	(112,091)
	(Over)/Under provision of income tax in previous year relating to correction of estimate	-	-
	Deferred tax assets relating to tax losses and temporary differences not recognised	1,211,439	1,659,169
	Income tax expense	**-**	**-**
b)	**Unrecognised Deferred Tax Assets and Liabilities**		
	Deferred tax assets and liabilities are attributable to the following:		
	- Tax losses	16,873,220	15,661,781
	- Prepayments	(22,146)	(210,847)
	- Inventory	-	37,569
	- Provision	11,022	16,263
	- Accruals	64,414	255,703
	Net deferred tax assets not recognised	**16,926,510**	**15,760,469**
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 Australia of $16,873,220 relate to losses generated from 22 November 2006 to 30 June 2016. 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 2016 $ AUD	30 June 2015 $ AUD
Short-term employee benefits	617,500	752,984
Post-employment benefits	-	13,031
Share-based payments[1]	180	121,400
	617,680	**887,415**

1. Refer to Note 24 for reconciliation.

Note 7 - Auditor's Remuneration

	30 June 2016 $ AUD	30 June 2015 $ AUD
Remuneration of Company's Auditor, Deloitte Touche Tohmatsu for:		
- auditing or reviewing the financial report of the Group	61,000	-
Remuneration of Company's Auditor, BDO for:		
- auditing or reviewing the financial report of the Group	-	60,920
	61,000	**60,920**
Remuneration of Subsidiary Company's Auditor, Ernst & Young Israel for:		
- auditing or reviewing the financial report of the subsidiary[1]	9,979	8,863
	70,979	**69,783**

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 2016	30 June 2015
Basic loss per share (cents)	(1.34)	(1.94)
Diluted loss per share (cents)	(1.34)	(1.94)
a) Net loss used in the calculation of basic and diluted loss per share	(4,010,944)	(5,464,443)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	298,893,092	281,526,626

c) Potential ordinary shares, including options, are excluded from the weighted average number of shares used in the calculations of basic loss per share. Potential ordinary shares are not considered to be dilutive because the conversion of potential ordinary shares into ordinary shares would increase the basic loss per share.

Note 9 - Cash and Cash Equivalents

	30 June 2016 $ AUD	30 June 2015 $ AUD
Cash at Bank	4,502,078	3,008,627

The interest rates on cash at bank on 30th June 2016 was 0.1% (2015: 1.50%). The Group's exposure to interest rate risk is discussed in Note 27. 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 2016 $ AUD	30 June 2015 $ AUD
Current		
Other Receivables[1]	80,399	69,861

1. Other receivables include GST/V.A.T receivable and funds receivable from option exercise.

Refer to Note 27 for more information on the Groups foreign currency risk management policy.

Note 11 - Inventories

	30 June 2016 $ AUD	30 June 2015 $ AUD
At cost		
Raw Materials and Stores	-	-
Work in Progress	-	20,661
Finished Goods	-	756,839
	-	**777,500**

Refer to note 4 for more information on the impairment of inventories carried out in the financial year.

Note 12 - Controlled Entities

	Country of Incorporation	Percentage of Ownership* 30 June 2016	Percentage of Ownership* 30 June 2015
Parent Entity			
iSonea Limited	Australia	-	-
Subsidiaries of iSonea Limited			
KarmelSonix Australia Pty Ltd [1]	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.

1. KarmelSonix Australia Pty Ltd changed its trading name on 27 March 2015.

Note 13 - Property, Plant and Equipment

	30 June 2016 $ AUD	30 June 2015 $ AUD
Furniture & Fittings		
At cost	11,692	10,418
Accumulated depreciation	(5,451)	(4,588)
	6,241	**5,830**
Computer Equipment & Software		
At cost	217,138	198,385
Accumulated depreciation	(181,181)	(157,753)
	35,957	**40,632**
Medical Equipment		
At cost	59,564	58,338
Accumulated depreciation	(55,518)	(49,119)
	4,046	**9,219**
Tooling and Devices for Test		
At cost	34,712	33,997
Accumulated depreciation	(30,859)	(14,867)
	3,853	**19,130**
Total Plant and Equipment	**50,097**	**74,811**

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 Equip & Software $ AUD	Medical Equipment $ AUD	Tooling & Devices for Test $ AUD	Total $ AUD
Balance as at 1 July 2014	7,276	32,678	37,821	18,996	96,771
Additions	-	16,634	-	6,800	23,434
Depreciation expense	(863)	(14,699)	(8,161)	(8,827)	(32,550)
Disposals of assets	(1,681)	-	(31,664)	-	(33,345)
Exchange adjustments	1,098	6,019	11,223	2,161	20,501
Carrying amount as at 30 June 2015	**5,830**	**40,632**	**9,219**	**19,130**	**74,811**
Additions	1,160	16,672	555	-	18,387
Depreciation expense	(820)	(22,538)	(5,940)	(15,701)	(44,999)
Disposals of assets	-	-	-	-	-
Exchange adjustments	71	1,191	212	424	1,898
Carrying amount as at 30 June 2016	**6,241**	**35,957**	**4,046**	**3,853**	**50,097**

Note 14 - Intangible Assets

	30 June 2016 $ AUD	30 June 2015 $ AUD
Intellectual Property		
At cost	1,993,686	1,986,039
Accumulated Amortisation	(1,624,764)	(1,437,550)
	368,922	**548,489**

	Acquired Intellectual Property $AUD
Balance as at 1 July 2014	649,958
Additions	-
Amortisation	(183,653)
Exchange adjustments	82,184
Carrying amount as at 30 June 2015	**548,489**
Additions	-
Amortisation	(187,214)
Exchange adjustments	7,647
Carrying amount as at 30 June 2016	**368,922**

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. Remaining useful life of intangible asset is 1.5 years.

Note 15 - Other Assets

	30 June 2016 $ AUD	30 June 2015 $ AUD
Current		
Prepayments	61,488	57,002
Inventory Prepayment [1]	-	564,868
Deposits	12,332	80,954
	73,820	**702,824**
Non-Current		
Car Leases	2,885	2,848
	2,885	**2,848**
	76,705	**705,672**

1. During the 2016 financial year, the inventory prepayment was written-off following an impairment review conducted during the year. (Refer to note 4).

Note 16 - Trade and Other Payables

	30 June 2016 $ AUD	30 June 2015 $ AUD
Current		
Trade payables	435,827	386,398
Accrued expenses	593,521	878,968
	1,029,348	**1,265,366**

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 27 for more information on the Groups foreign currency risk management policy.

Note 17 - Other Financial Liabilities

	30 June 2016 $ AUD	30 June 2015 $ AUD
Current		
Chief Scientist [1]	12,912	19,197
	12,912	**19,197**

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

Note 18 - Issued Capital

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

	30 June 2016		30 June 2015	
	No.	$ AUD	No.	$ AUD
Fully Paid Ordinary Shares				
Balance at beginning of year	281,588,816	95,149,981	275,913,955	95,149,981
Shares issued during the year	150,794,408	4,523,833	-	-
Share issued from the exercise of options	-	-	5,674,861	-
Transactions costs relating to share issues	-	(361,556)	-	-
Total Issued Capital	**432,383,224**	**99,312,258**	**281,588,816**	**95,149,981**

During the Year ended 30 June 2016, the Company issued the following securities:

Date	Details	No.	Issue Price $ AUD	Total Value $ AUD
19 May 16	Issue of shares in lieu of cash payment for services rendered [1]	6,666,667	0.030	200,000
23 June 16	Issue of shares to rights issue participants as announced to the market on 23rd June 2016	144,127,741	0.030	4,323,833
		150,794,408		**4,523,833**

1. $200,000 of this amount pertains to shares issued to a supplier 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 2016		30 June 2015	
	No.	$ AUD	No.	$ AUD
Options				
Balance at beginning of year	11,793,060	445,306	8,725,964	861,257
Unlisted Options issued during the year	4,000,000	360	10,000,000	121,400
Share issued from the exercise of options	-	-	(5,674,861)	-
Lapse of options due to nil exercise	(650,000)	(117,676)	(1,258,043)	(537,351)
Total Option Reserve	**15,143,060**	**327,990**	**11,793,060**	**445,306**
FX Reserve				
Balance at beginning of year	-	(267,485)	-	(434,520)
Other comprehensive income for the year, net of tax	-	(16,149)	-	167,035
Total FX Reserve	**-**	**(283,634)**	**-**	**(267,485)**
Total Reserves	**15,143,060**	**44,356**	**11,793,060**	**177,821**

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

Note 20 - Capital and Leasing Commitments

a) Operating Lease Commitments

	30 June 2016 $ AUD	30 June 2015 $ AUD
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Minimum lease payments payable:		
- not later than 12 months	47,487	46,867
- between 12 months and 5 years	19,786	66,395
	67,273	**113,262**

Haifa, Israel

The lease is a non-cancellable lease with a five-year term, expiring in 2018, with rent payable monthly in advance. There are contingent rental provisions within the lease agreement which link the lease payments to CPI. The option to renew the lease at the end of the initial five-year term for two additional terms of one year has been accepted.

In order to secure the company's obligations, the Company gave a bank guarantee in the amount of ILS $50,000 to the lessor.

San Diego, USA

Respiri Ltd no longer has an office in San Diego. The lease was cancelled and settled mid-June 2015.

b) Other commitments

Respiri Limited have 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 ceased during the year.

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 2016	**Australia $ AUD**	**Israel $ AUD**	**USA $ AUD**	**Total $ AUD**	**$ AUD**	**$ AUD**
Segment Revenue						
External sales	-	4,966	-	4,966	-	4,966
Interest revenue	122	-	-	122	5,999	6,121
Other Income	672,789	-	-	672,789	-	672,789
Total Segment Revenue	**672,911**	**4,966**	**-**	**677,877**	**5,999**	**683,876**
Segment Expenses						
Segment Depreciation Expenses	(11,042)	(14,055)	(16,928)	(42,025)	(2,974)	(44,999)
Segment Expenses	(3,154,486)	(168,654)	(36,496)	(3,359,636)	(1,290,185)	(4,649,821)
Total Segment Expense	**(3,165,528)**	**(182,709)**	**(53,424)**	**(3,401,661)**	**(1,293,159)**	**(4,694,820)**
Income Tax Expense	-	-	-	-	-	-
Net Result	**(2,492,617)**	**(177,743)**	**(53,424)**	**(2,723,784)**	**(1,287,160)**	**(4,010,944)**
Assets						
Segment assets	111,696	483,169	(7,225)	587,640	4,490,561	5,078,201
Total Assets	**111,696**	**483,169**	**(7,225)**	**587,640**	**4,490,561**	**5,078,201**
Liabilities						
Segment liabilities	560,654	115,432	(32,153)	643,933	398,327	1,042,260
Total Liabilities	**560,654**	**115,432**	**(32,153)**	**643,933**	**398,327**	**1,042,260**

30 June 2015	----- Medical Devices -----			Segment Total	Corporate	Total
	Australia	Israel	USA			
	$ AUD	$ AUD	$ AUD	$ AUD	$ AUD	$ AUD
Segment Revenue						
External sales/grant income	340	93,648	-	93,988	-	93,988
Interest revenue	110	-	-	110	32,411	32,521
Total Segment Revenue	**450**	**93,648**	**-**	**94,098**	**32,411**	**126,509**
Segment Expenses						
Segment Depreciation Expenses	(3,271)	(9,851)	(18,305)	(31,427)	(1,123)	(32,550)
Segment Expenses	(1,653,660)	(749,263)	(1,299,923)	(3,702,846)	(1,855,556)	(5,558,402)
Total Segment Expense	**(1,656,931)**	**(759,114)**	**(1,318,228)**	**(3,734,273)**	**(1,856,679)**	**(5,590,952)**
Income Tax Expense	-	-	-	-	-	-
Net Result	**(1,656,481)**	**(665,466)**	**(1,318,228)**	**(3,640,175)**	**(1,824,268)**	**(5,464,443)**
Assets						
Segment assets	1,852,908	690,545	32,765	2,576,218	2,608,742	5,184,960
Total Assets	**1,852,908**	**690,545**	**32,765**	**2,576,218**	**2,608,742**	**5,184,960**
Liabilities						
Segment liabilities	465,866	138,780	175,997	780,643	503,920	1,284,563
Total Liabilities	**465,866**	**138,780**	**175,997**	**780,643**	**503,920**	**1,284,563**

Note 23 - Cash Flow Information

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

	30 June 2016 $AUD	30 June 2015 $AUD
Net Loss for the year	**(4,010,944)**	**(5,464,443)**
Add back depreciation expense	44,999	32,550
Add back amortisation expense	187,214	183,653
Add back options issued for nil consideration	360	121,400
Add back impairment of inventory	756,839	125,029
Add back profit or loss on sale of asset	-	30,955
Add back foreign exchange adjustments	39,159	(610,038)
(Increases)/Decreases in Accounts Receivable	(9,990)	(96,274)
Increases in Other Current Assets	629,896	(127,692)
(Decreases)/Increases in Accounts Payable	(47,493)	(248,758)
Decreases/(Increases) in Inventory	20,661	161,678
Net cash flows used in operating activities	**(2,389,299)**	**(5,891,940)**

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. Shares issued to employees and consultants were valued at 35% of their base Salary and are equal to the value of services provided under an agreement / invoice.

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Ref	Issue Date	Quantity	Expiry Date	Exercise Price $ AUD	Value Attributed at Grant Date $ AUD	Expensed to date $ AUD	Balance to be Expensed over Life $ AUD
1	15 May 14	1,000,000	02 Apr 17	0.40	62,700	62,700	-
2	15 May 14	143,060	02 Apr 17	0.28	11,101	11,101	-

All option vest immediately and are exercisable as at 30 June 2016. No options were exercised during the current or previous year under ESOP. No options have been granted during the financial year 2016.

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:

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
8 Dec 15	03 Feb 17	$ 0.05	$ 0.28	60.01%	-	2.07%	$ 0.00009

Expected volatility was calculated using the Hoadley Historic Volatility 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 2016		30 June 2015	
	No. of Options	Weighted Average Exercise Price $ AUD	No. of Options	Weighted Average Exercise Price $ AUD
Outstanding at the beginning of the year	11,793,060	0.32	8,725,964	0.40
Granted	4,000,000	0.28	10,000,000	0.28
Exercised	-	-	(5,674,861)	-
Expired/lapsed	(650,000)	-	(1,258,043)	-
Outstanding at year-end	**15,143,060**	**0.32**	**11,793,060**	**0.32**
Exercisable at year-end	15,143,060	0.32	11,793,060	0.32

All outstanding options are exercisable at the end of the respective period.

d) Share options exercised during the year

No options were exercised during the financial year 2016.

e) Share options outstanding at the end of the year

The options outstanding at 30 June 2016 had a weighted average exercise price of $0.32 and a weighted average remaining contractual life of less than 1 year. Exercise prices range from $0.28 to $0.38 in respect of options outstanding at 30 June 2016.

f) Share-based payments expense

	30 June 2016 $ AUD	30 June 2015 $ AUD
Share-based payments	360	121,400
	360	**121,400**

Note 25 - Matters subsequent to Reporting Date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the consolidated entity, the result of those operations or the state of affairs of the economic entity in subsequent financial years.

Note 26 - 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 5.95% (2015: 6.2%) per annum. As at 30 June 2016, the balance outstanding from subsidiaries was $48,719,901 (2015: $44,383,728) and the interest charged for the financial year was $2,749,504 (2015: $2,575,164). An accumulated provision for impairment of $48,719,901 (2015: $44,383,728) has been recognised by Respiri Limited against these loans. In the current period the parent recognised an impairment expense of $6,599,621 (2015: $6,599,620) on the loans to subsidiaries. All loans and interest are eliminated on consolidation.

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 2016 $ AUD	30 June 2015 $ AUD
Financial Assets		
Cash and cash equivalents	4,502,078	3,008,627
Trade and other receivables	80,399	69,861
	4,582,477	**3,078,488**
Financial liabilities		
Trade and other payables	1,029,348	1,265,366
	1,029,348	**1,265,366**

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 2016 $ AUD	30 June 2015 $ AUD
Cash and trade and other receivables		
- ILS	31,032	32,074
- USD	135,746	2,165,915
- EUR	28,153	3,494
	194,931	**2,201,485**
Trade and other payables		
- ILS	(102,520)	(119,583)
- USD	(35,808)	(582,087)
	(138,328)	**(701,670)**

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
2016	5%	4,997
	(5%)	(4,997)
2015	5%	79,191
	(5%)	(79,191)

	Change in ILS Rate	Effect on profit before tax
2016	5%	(3,574)
	(5%)	3,574
2015	5%	(4,375)
	(5%)	4,375

b) Interest Rate Risk

The Group's exposure to interest rate risk is the risk that a financial instruments 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 2016			
	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	4,502,078	0.10	(45,021)	45,021
Total (decrease)/increase	4,502,078	-	(45,021)	45,021

	30 June 2015			
	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	3,008,627	1.45	(30,086)	30,086
Total (decrease)/increase	3,008,627	-	(30,086)	30,086

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
2016 Trade and other payables	1,029,348	-	-	-	1,029,348
2015 Trade and other payables	1,144,396	62,700	4,648	53,622	1,265,366

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

The Company's Registered Office and Principal Place of Business is:

Respiri Limited
The Rialto, Level 29,
525 Collins Street
Melbourne, Victoria
AUSTRALIA 3000

Ph: +61 (0)3 9824 5254
Fx: +61 (0)3 9822 7735

www.respiri.co
www.airsonea.com.au

Directors' Declaration

The Directors of the Company declare that:

In the opinion of the Directors:

1. the financial statements and the notes, as set out on pages 22 to 55, and the remuneration disclosures that are contained within the Remuneration report within the Directors' report, set out on pages 13 to 20, are in accordance with the Corporations Act 2001 and:
    a. comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
    b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Consolidated entity;
    c. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

For and on behalf of the Company;

Mr Leon L'Huillier
Executive Chairman

Dated this the 31st Day of August 2016
Melbourne, Australia

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Respiri Limited

Report on the Financial Report

We have audited the accompanying financial report of Respiri Limited (formerly Isonea Limited), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 23 to 56.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Respiri Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte.

Opinion

In our opinion

(a) the financial report of Respiri Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 20 of the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion the Remuneration Report of Respiri Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 31 August 2016

NUMBER OF HOLDERS OF EQUITY SECURITIES

Ordinary Shares

432,383,224 (ASX: RSH) fully paid ordinary shares are held by 4,315 individual shareholders.

All ordinary shares carry one vote per share.

Options

Unlisted Options

1,143,060 (ASX: RSHAW) unlisted options exercisable at various prices on or before 2 April 2017, are held by 2 individual unlisted option holders.

14,000,000 (ASX: RSHAW) unlisted options exercisable at $0.28 on or before 3 February 2017, are held by 6 individual unlisted option holders.

Options do not carry a right to vote. Voting rights will be attached to the unissued shares when the options have been exercised.

DISTRIBUTION OF HOLDERS IN EQUITY SECURITIES

	NO. OF HOLDERS
	ORDINARY SHARES
1 - 1,000	1,959
1,001 - 5,000	591
5,001 - 10,000	360
10,001 - 100,000	949
100,001 +	456
Total number of shareholders	**4,315**
Unmarketable parcels	2,747

TWENTY LARGEST HOLDERS OF QUOTED SECURITIES

	SHAREHOLDERS	NO. OF SHARES	%
1	INV HLDGS PL	71,999,999	16.65%
2	HOLDREY PL	9,834,390	2.27%
3	BRAUN PETER KARL	7,616,000	1.76%
4	LUHOPI PL	7,533,614	1.74%
5	ONE DOG ONE BONE PL	6,670,250	1.54%
6	DUVNJAK EMMANUEL JOSEPH	6,062,062	1.40%
7	CFO SOLUTION TEAM PL	6,000,000	1.39%
8	INVIA CUST PL	5,833,333	1.35%
9	CLEMWELL PL	5,735,678	1.33%
10	LAVAL ENTPS PL	5,106,267	1.18%
11	EQUITAS NOM PL	5,010,000	1.16%
12	PRINCIPAL ASSET MGNT PL	4,315,733	1.00%
13	RETZOS EXECUTIVE PL	4,169,130	0.96%
14	HSBC CUSTODY NOM AUST LTD	4,125,996	0.95%
15	WELLBY BARRY JOHN	4,000,000	0.93%
16	ONE MANAGED INV FUNDS LTD	3,750,000	0.87%
17	BAYNES ROSS SPENCE	3,739,500	0.86%
18	ATLANTIS INVESTIGATIONS P	3,509,826	0.81%
19	WINCONLON PL	3,261,080	0.75%
20	DL MARSHALL SUPER PL	3,030,000	0.70%
	TOTAL	**171,302,858**	**39.61%**
	TOTAL BALANCE OF REMAINING HOLDERS	261,080,690	60.39%
	TOTAL ON ISSUE	**432,383,224**	**100.00%**

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act.

SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES
Investment Holdings Pty Ltd	71,999,999
Total No. of shares held by Substantial Shareholders	**71,999,999**

SHAREHOLDER ENQUIRIES

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

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia, 6153

Telephone: +61 (0)8 9315 2333
Facsimilie: +61 (0)8 9315 2233
Email: registrar@securitytransfer.com.au

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 Leon L'Huillier	Executive Chairman
Mr John Ribot-de-Bresac	Non-Executive Director
Dr Timothy Oldham	Non-Executive Director
Mr David Ashmore	Non-Executive Director
Mr Ross Blair-Holt	Non-Executive Director

COMPANY SECRETARIES
Mr Phillip Hains
Mr Peter Vaughan

PRINCIPAL PLACE OF BUSINESS
The Rialto, Level 29,
525 Collins Street
Melbourne, Victoria
AUSTRALIA 3000
Telephone: + 61 (0)3 9824 5254
Fax: + 61 (0)3 9822 7735

REGISTERED OFFICE
The Rialto, Level 29,
525 Collins Street
Melbourne, Victoria
AUSTRALIA 3000
Telephone: + 61 (0)3 9824 5254
Fax: + 61 (0)3 9822 7735

SHARE REGISTRY
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia, 6153
Australia
Telephone: +61 (0)8 9315 2333
Facsimile: +61 (0) 8 9315 2233

SOLICITORS
Francis Abourizk Lightowlers (FAL)
Level 14, 14 Williams Street
Melbourne, Victoria, 3000
Australia
Telephone: +61 (0) 3 9642 2252
Facsimile: +61 (0) 3 9642 2272

AUDITORS
Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne, Victoria, 3000
Australia
Telephone: +61 (0) 3 9671 7000

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

WEBSITE
www.respiri.co
www.airsonea.com.au

SECURITIES QUOTED

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