OVENTUS MEDICAL LIMITED
Appendix 4D
Half-Year Report
31 December 2018

1. Company details

Name of entity:	Oventus Medical Limited
ACN:	608 393 282
Reporting period:	For the half year ended 31 December 2018
Previous period:	For the half year ended 31 December 2017

2. Results for announcement to the market

Revenues from ordinary activities	up	12%	to	$151,757
Loss from ordinary activities after tax attributable to the owners of Oventus Medical Limited (the Company)	up	32%	to	(3,662,999)
Loss for the year attributable to the owners of Oventus Medical Limited	up	32%	to	(3,662,999)

	31-Dec-18 Cents	31-Dec-17 Cents
Basic loss per share	(3.46)	(3.00)
Diluted loss per share	(3.46)	(3.00)

3. Commentary on results for the year

The loss for the consolidated entity after providing for income tax amounted to $3,662,999 (2017: loss of $2,769,815).

Further commentary on the Consolidated Entity's results for the year can be found in the section headed 'Review of operations' on page 3 of the Directors Report included in the attached half-year financial report for the half-year ended 31 December 2018.

4. Net tangible assets

	31-Dec-18 Cents	31-Dec-17 Cents
Net tangible assets per ordinary security	7.45	14.57

5. Control gained over entities

Not applicable.

6. Loss of control over entities

Name of entities (or consolidated entity of entities)

Not applicable.

7. Dividends

Current period
There were no dividends paid, recommended or declared during the current year.

Previous period
There were no dividends paid, recommended or declared during the previous year.

8. Dividend reinvestment plans

Not applicable.

9. Details of associates and joint venture entities

Not applicable

10. Foreign entities

Not applicable.

11. Attachments

The Half-Year Financial Report of Oventus Medical Limited for the half-year ended 31 December 2018 is attached.

12. Audit qualification or review

This Half-Year Financial Report for the half-year ended 31 December 2018 have been reviewed by the company's independent auditor, PKF Brisbane Audit.

13. Signed

Mel Bridges
Director

Brisbane

15th February 2019

OVENTUS MEDICAL LIMITED

ACN 608 393 282

Interim Financial Report

For the Half-Year Ended 31 December 2018

Oventus Medical Limited
ACN 608 393 282

Interim Financial Report
For the half-year ended 31 December 2018

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Oventus Medical Limited
ACN 608 393 282

Directors' Report

For the half year ended 31 December 2018

The Directors present their report, together with the financial statements, on the consolidated entity consisting of Oventus Medical Limited (''Oventus or 'the Company') and the entities it controlled ('the Consolidated Entity'; "the Group") at the end of, or during, the half year ended 31 December 2018.

Directors and company secretary

The names of the Directors of the Company during the year and up to the date of this report are noted below. Directors were in office for the entire period unless otherwise stated:

Dr Mel Bridges - Chairman
Dr Christopher Hart - Executive Director
Mr Neil Anderson - Executive Director
Ms Sue MacLeman - Non-Executive Director
Mr Sharad Joshi - Non-Executive Director (appointed 17 December 2018)
Mr Stephen Denaro - Company Secretary

Principal activities

Oventus (ASX: OVN) is a Brisbane-Australia headquartered medical device company focused on the North American market that has commercialised and brought to market a new platform for the treatment of obstructive sleep apnoea ("OSA") and snoring. The Oventus Sleep Treatment Platform enhances treatment outcomes delivered by conventional appliance therapy and Continuous Positive Airway Pressure (CPAP) therapy, through increased efficacy and greater adherence by patients when compared with these older treatment methods.

During the half year, the Company was principally focused on the commercialisation and distribution (go-to-market) in key geographies (Australia, Canada and the US) of its unique and patented Sleep Treatment Platform, including its 'Airway Technology', which has been shown in clinical trials to deliver significant clinical benefit to patients.

Oventus has historically been viewed by dentists, the sleep profession and the market as another sleep apnoea mouthguard company selling, into a very competitive oral appliance market. However, with the product development undertaken, supporting clinical trial data, in combination with access to existing dental reimbursement codes, Oventus has emerged as an airway management company, and one which can directly target the sleep channel.

Review of operations

The focus for the company for the half year has been two-fold. To simplify, focus and execute on a strategy to deliver the shortest possible pathway to reach cash flow break even. To this end, there has been considerable effort put into a restructure of operations to reduce fixed costs, eliminate inefficiencies and focus on the most likely market segment in which sales volumes will ramp. A key to successful execution of this strategy is the bringing to market O_2 Vent Optima and then ExVent while entering the sleep channel via national sleep hybrids in the US. Additionally, ongoing partnering discussions have been running in tandem, which in the medium term may deliver significant shareholder value via a potential multiplier effect of our lean go-to-market strategy.

Distribution, Sales and Marketing

During the half year, work continued to build Oventus' two main sales channels; with dentists through the 'dental channel' (predominantly via our agreement with leading dental prosthetics group, Modern Dental) and more recently with sleep physicians through 'the sleep channel'. To help drive referrals through both channels,

Oventus is focussed on stakeholder education, generating clinical data and product marketing.

The investment in the sleep channel is being spear-headed by a newly formed, but very experienced and well credentialed US sales team headed by Robin Randolph. Robin is an executive with over 30 years' experience in the sleep industry with in-depth North America medical device commercialisation experience and senior management positions at ResMed and Fisher & Paykel.

The US team is building relationships with national sleep groups and physician networks who know exactly those patients currently outside of care for obstructive sleep apnoea, due to their refusal of, or inability to tolerate continuous positive airway pressure (CPAP). In the US, two major national sleep hybrids have agreed to introduce the new Oventus Optima and ExVent into their treatment protocols once they become available. A significant earned media and social media campaign will soon commence that will funnel the struggling and CPAP-failed patients into a network finder, where patients can receive education, direction and locate local providers that are trained and aligned with the Oventus product line.

As well as driving referrals from the sleep channel, now that the distribution agreement with Modern Dental in the US has moved to non-exclusive, Oventus has the ability to distribute to national sleep groups and sleep hybrids directly. Central to the success of this approach has been the development and implementation of several business models that enable these national sleep hybrids to deliver Oventus Airway Technology within their own facilities. These models make the patient journey far less complex, reducing the risk of patients falling out of care. Of equal importance, these models are designed to return revenue and gross profit back to the sleep groups, which have been experiencing ongoing erosion of margins in both the diagnostic and therapeutic arms of their operations for some time.

In order to facilitate early sales with US sleep groups and to streamline communication leading to improved customer experience and reduced delivery times, the Company has set up online order entry, along with direct distribution, customer care and outsourced manufacturing in the US. This will enable Oventus to provide customers with US manufactured O_2 Vent T and W oral devices until 510(k) US Food and Drug Administration (FDA) regulatory clearance for Optima™ is granted. O_2 Vent Optima™ will spearhead Oventus' entry into the sleep market and is expected to be our lead sales generator as we roll-out.

The Oventus Sleep Treatment Platform and the clinical trial data to support its adoption has undergone a rapid evolution over the last two years. This rapid evolution of educating clinicians as to the benefits of Oventus Airway Technology for their patients is critical to drive adoption. Throughout 2018, there has been increased focus on training sleep physicians and dentists in the clinical application of Oventus Airway technology. This has occurred using a mix of online learning platforms, presentation of data at clinical meetings as well as face to face training in clinics and at structured courses. This training has been targeted at four groups of clinicians:

1. Dentists that don't currently incorporate dental sleep medicine into their practice – raising awareness of how screening for sleep disorders can expand their practice offering and profitability;
2. Dentists already delivering mandibular advancement devices (MADs) – explaining how 'Oventus Airway Technology' can be tailored to patients to improve treatment outcomes
3. Advanced sleep dentists that have the ability to incorporate combination therapy into clinical practice; and
4. Sleep physicians (which includes physicians practicing within sleep groups and sleep hybrids) that prescribe oral appliance therapy, but were not previously aware of the benefits of the inclusion of Oventus' proprietary Airway Technology and PEEP valve technology

As with all new treatment modalities, there is a significant lead time and investment in training required to modify clinical habits, however, following the recent release of significant bodies of clinical evidence, sleep groups have indicated a willingness to adopt and recommend 'Oventus Airway Technology' as a treatment for obstructive sleep apnoea (OSA) when continuous positive airway pressure (CPAP) treatment fails. The development of the new "ExVent" PEEP valve and "ONEPAP" valve, both of which add on to the O_2 Vent range of devices and the clinical trial data being generated at Neuroscience Research Australia (NeuRA) by Prof Danny Eckert and his team, is showing that this extension of 'Oventus Airway Technology' may be able to treat over half of patients that have previously failed both CPAP therapy and oral appliance therapy. This important data increases the reach of 'Oventus Airway Technology' and shows that we can successfully treat more than three quarters of patients without the need for CPAP.

The Australasian Sleep Association's Sleep DownUnder conference in Brisbane in October of 2018 saw four new clinical data sets presented to the profession with very positive responses from stakeholders. The Oventus Airway Technology and ExVent in particular firmly claim the middle ground between traditional oral appliance therapy and CPAP therapy with this clinical data showing once again that the inclusion of Oventus Airway Technology into oral appliance therapy leads to significant improvements in efficacy to CPAP like levels and as a CPAP interface the need for a mask is eliminated and CPAP pressure requirements are dramatically reduced.

Now that this data is in the public domain, the presentation of it to stakeholders in the sleep channel in the US and Australia is ongoing. The O_2 Vent Optima is on track to be approved in the second quarter of calendar 2019 and ExVent in the second half of calendar 2019 (applications have already been submitted for 510 (k) regulatory approval with the US FDA). In the meantime, the education and training of sales representatives and clinical staff is underway to ensure a successful launch of these ground-breaking new products.

Early feedback from the sleep community has been exceptional so now with strong interest from dentists and sleep physicians in its 'Sleep Treatment Platform' and continued adoption across dental and sleep channels, the Company expects to see increasing revenues in future quarters.

Product development

The majority of product development is now complete following a successful controlled market release of the O_2 Vent Optima in Australia in the December quarter. Early feedback from both clinicians and patients on these devices has been extremely positive. Optima was formally launched in Australia in early January and Canada in early February. Remaining product development is substantially Australian federal government grant funded (CRC-P).

Alongside the O_2 Vent Optima nylon appliance range, Oventus will soon launch the ExVent positive end expiratory pressure (PEEP) valve. The ExVent integrates into the 'duckbill' in the airway of the O_2 Vent™ oral appliances, further enhancing efficacy in the majority of patients – a key step in Oventus' personalised treatment platform. This device accessory controls exhalation for patients utilising the Oventus O_2Vent™ airway, generating positive air pressure on exhalation, creating a micro CPAP-type effect, without the need for the air pump, motors or electricity.

ExVent is targeted for release in Canada and Australia the first quarter of calendar 2019 and in the US later in calendar 2019.

The O_2Vent™ ONEPAP appliance (incorporating a titratable PEEP valve and nasal pillows) is currently in late stage development and clinical trials as part of the NeuRA study (CRC-P funded). ONEPAP is a very exciting extension of Oventus Airway Technology and addition to our Sleep Treatment Platform and in fact has the potential to elevate the efficacy of oral appliance therapy to that of CPAP for many patients.

The previously announced O_2Vent™ Connect CPAP connection remains in late stage development and is currently the focus of partnering discussions with manufacturers of CPAP and mask equipment. The O2Vent Connect™ CPAP connection will connect the Oventus O2Vent™ device to CPAP, enabling CPAP to be delivered at lower pressures, without the need for a full-face mask.

As a result of the launch of these new devices throughout calendar 2019 that all incorporate Oventus Airway Technology, Oventus will be able to treat an increasing number of patients suffering from obstructive sleep apnoea with minimal intervention, offering a viable CPAP alternative. The Oventus 'Sleep Treatment Platform' offering enables a personalised patient-centric approach to sleep medicine.

Clinical trial results

A number of clinical trial results were announced during the half year and presented at sleep industry

conferences, highlighting the improved efficacy and growing body of evidence surrounding Oventus' 'Airway Technology'.

Data has been now been collected and analysed across more than 170 patients suffering from OSA over four clinical studies, all consistently showing strong clinical efficacy of the O_2Vent™ oral appliance, validating 'Oventus Airway Technology' for use in both oral appliances and as a CPAP interface.

Clinical work across multiple trials shows Oventus' devices successfully treat more than 75% of patients without the need for Continuous Positive Airway Pressure (CPAP), the current standard of care treatment for sleep apnoea.

In keeping with earlier studies, key highlights included:

- Patients with nasal obstruction who would normally struggle with treatment were found to benefit owing to the Oventus O_2Vent™'s airway technology, which acts as a second nose, enabling the patient to breathe freely overnight
- Patients that had failed prior lines of therapy were shown to have benefit from Oventus Airway Technology
- Addition of the Oventus PEEP (positive end expiratory pressure) valve technology (which will be called ExVent™ once on market) to the O_2Vent™ airway duck bill delivered a further 30% ($p<0.01$) increase in efficacy over the already improved therapeutic results delivered by O_2Vent™ airway technology
- Addition of the Oventus oro-nasal PEEP Valve (which will be called ONEPAP™ once on market) increased O_2Vent efficacy by 50% ($p<0.01$)
- Oventus Airway Technology improved treatment outcomes for CPAP users by reducing pressure requirements by 40-50% ($p<0.001$) and eliminating the need for full face masks
- A new finding from a physiologic study predicting response to Oventus Airway Technology showed improved treatment outcomes for female patients ($p<0.02$).

Operational focus and cost reduction

During the half-year, Oventus implemented a program of reducing R&D spend and fixed costs and diverting resources into sales and marketing channels while containing costs as part of a transition - moving from being a predominantly R&D-focussed company to a sales-oriented company.

The Company has further reduced operating overhead by reducing activities at its Melbourne manufacturing facility and by fully outsourcing manufacturing of its titanium O_2Vent™ appliance in a strategic move to become a virtual device manufacturer. Indeed, the O_2 Vent Optima nylon range which has been launched in Australia and Canada has been fully outsourced to external manufacturers. This move will enable Oventus to focus on its core value proposition of driving innovation in airway management and the incorporation of its technology into existing workflows and channels.

Research and Development (R&D) and product innovation

As planned during the period, Oventus continued to conduct research and development (R&D) activities to support product and clinical development activities, primarily through the Cooperative Research Centre Program (CRC-P). The CRP-P, announced in February 2017, will receive $2.95 million in funding over a three-year period from the Australian Federal Government's Department of Industry, Innovation and Science. Oventus is the lead participant and collaborates with CSIRO, Medical Monitoring Solutions Pty Ltd, Neuroscience Research Australia (NeuRA), and Western Sydney University (WSU). The focus of the CRC-P is to develop a personalised approach to the treatment of obstructive sleep apnoea. The O_2Vent Optima nylon appliance and ExVent PEEP valve are key R&D outcomes and these products are anticipated to be on the market in the fiscal year ending 30 June 2019.

In addition, several product and process improvements were implemented during the reporting period. These included introductions of, and enhancements to 3D modelling software for increased device customisation; processing efficiencies and improved patient comfort; redesign of the shape of the currently marketed O_2Vent

T and O_2Vent W (Australia, Canada and US) for increased strength and resilience; and upgrades to the device adjuster assembly for improved patient usability. Outsourcing of 3D printing and polishing of the titanium parts was also finalised in the December quarter of 2018.

Outsourced manufacturing of the new nylon devices, the O_2 Vent Optima has been set up in Australia initially with further outsourced manufacturing being planned in the markets where Oventus sells devices in the next phase of evolution of the outsource manufacturing model. This will deliver lower fixed costs and faster turnaround times.

Operational staff appointments

Oventus invested heavily in building out its operational, sales and marketing capability in North America to support the implementation of dental distribution arrangements and the introduction of products into the Sleep channel.

During the financial year, a number of key staff were recruited in the US to drive marketing and sales who bring with them long standing relationships through prior roles in industry, as part of our go-to-market strategy. The team is headed by Robin Randolph, Vice President, Marketing and Operations supported by Greg Eaton, Vice President Sales, Peggy Powers, Clinical Educator, North America, Robyn Woidtke, Senior Manager Dental-Sleep Initiatives North America, Brian Ueda, Marketing manager North America, Phillip Miller, Technology Infrastructure Manager and Linda Appiah-Dimanche, Customer Service Manager.

Financial position and results

The Company's cash position stood at $7.0 million as at 31 December 2018.

The loss for the Consolidated Entity for the six months ended 31 December 2018 amounted to $3,662,999 (2017: loss of $2,769,815). The Consolidated Entity earned $151,737 in revenue for the six months ended 31 December 2018 (2017: revenue of $135,736) and incurred operating expenses of $4,000,661 for the six months ended 31 December 2018 (2017: $2,972,727). The increase in operating expenditures related primarily to building out the operational, sales and marketing capability in North America to support the implementation of the Modern Dental distribution arrangement and the introduction of products into the Sleep channel. The Company also incurred restructure charges in the half year in connection with the reduction of fixed operating costs and outsourcing of certain operating activities. Development expenditures of $756,721 incurred during the half year ended 31 December 2018 (2017: $529,946) were capitalised in the consolidated statement of financial position. During the half year the Consolidated Entity received $1,039,988 from the Australian Federal Government as a cash rebate for the Company's 2018 financial year R&D spend and a total of $85,373 in Export Market Development Grants (EMDG).

Dividends

There were no dividends to shareholders paid, recommended or declared during the current or previous financial period.

Significant Changes in State of Affairs

Other than as stated above and in the accompanying financial report, there were no significant changes in the state of affairs of the Consolidated Entity during the reporting period.

Significant Matters Subsequent to the Period

On 16 January 2019, the Consolidated Entity granted 225,000 share options to employees under the Oventus Employee Option Plan. The options have an exercise price $0.4228 and expiry date of 15 January 2024. The estimated total fair value of share options granted was $38,245 or $0.17 per share option, calculated using The Black-Scholes pricing model. The total value of the options will be brought to account over five years.

Expected future developments

Looking ahead, Oventus expects to make significant progress in generating sales of the O_2Vent range in future quarters. Key developments expected across the coming two quarters include:

1. Uptake and acceptance of the O_2Vent range of products by patients and clinicians through Oventus' distribution in the sleep clinician channel and through agreements in the dental channel in various geographical locations, supported by successful marketing and training activities to drive adoption;
2. Additional partnerships for clinical delivery and distribution in various geographies;
3. Clinical evidence peer reviewed and published in the first half of calendar 2019 to drive adoption of the technology
4. Further enhancement and outsourcing of the manufacturing process to scale manufacturing to meet demand and minimise costs; and
5. Successful launch of new products including the O_2Vent nylon appliance range and extensions of 'Oventus Airway Technology' with the ExVent positive end expiratory pressure (PEEP) valve

Auditor's independence declaration

The auditor's independence declaration is set out on the following page and forms part of the Directors' Report for the half year ended 31 December 2018.

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

Mel Bridges
Director

Brisbane

15th February 2019

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF OVENTUS MEDICAL LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF BRISBANE AUDIT

CAMERON BRADLEY
PARTNER

15TH FEBRUARY 2019
BRISBANE

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Oventus Medical Limited
ACN 608 393 282

Condensed Consolidated Statement of Comprehensive Income
For the Half-Year Ended 31 December 2018

	Note	31-December 2018 $	31-December 2017 $
Revenue		151,757	135,736
Less: Expenses			
Staff costs		1,801,485	1,208,438
Manufacturing costs - Pilot phase		42,266	112,283
Sales & marketing		348,127	151,294
Depreciation and amortisation		333,451	193,990
Administration		315,244	330,711
Travel		274,988	132,306
Audit legal & consulting		263,509	257,821
Information technology costs		188,282	206,367
Insurance		167,412	105,457
Office & lab		163,541	232,923
Share based payments		90,320	30,607
Clinical Studies Research & Regulatory		12,036	10,530
Total expenses		4,000,661	2,972,727
		(3,848,904)	(2,836,991)
Other income (expenses)			
Interest income		100,532	67,176
Other income		85,373	-
		185,905	67,176
Loss before income tax expense		(3,662,999)	(2,769,815)
Income tax expense		-	-
Loss for the year attributable to members of the company		(3,662,999)	(2,769,815)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		(38,711)	-
Total comprehensive loss attributable to members of the company		(3,701,710)	(2,769,815)
Earnings per share for profit/(loss) from continuing operations:			
Basic earnings per share		(3.46)	(3.00)
Diluted earnings per share		(3.46)	(3.00)

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Oventus Medical Limited
ACN 608 393 282

Condensed Consolidated Statement of Financial Position
As at 31 December 2018

	Note	31-December 2018 $	30-June 2018 $
Current assets			
Cash and cash equivalents	**2**	7,000,148	9,894,959
Trade and other receivables	**3**	147,869	562,207
Other current assets	**4**	642,454	1,372,217
Total current assets		7,790,471	11,829,383
Non-current assets			
Property, plant and equipment	**5**	748,198	702,089
Intangible assets	**6**	3,631,458	3,211,947
Deposits		74,732	69,094
Total non-current assets		4,454,388	3,983,130
Total assets		12,244,859	15,812,513
Current liabilities			
Trade and other payables	**7**	624,597	561,475
Other current liabilities	**8**	101,383	120,768
Total current liabilities		725,980	682,243
Non-current liabilities			
Other liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		725,980	682,243
Net assets		11,518,879	15,130,270
Equity			
Share capital	**9**	29,640,394	29,640,394
Share based payment reserve		399,796	309,476
Translation reserve		(34,817)	3,895
Accumulated losses		(18,486,494)	(14,823,495)
Total equity		11,518,879	15,130,270

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Oventus Medical Limited
ACN 608 393 282

Condensed Consolidated Statement of Changes in Equity
For the Half-Year ended 31 December 2018

	Contributed Equity	Share Based Payments Reserve	Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2017	21,729,732	201,311	-	(9,042,011)	12,889,032
Loss for the year	-	-	-	(2,769,815)	(2,769,815)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year	-	-	-	(2,769,815)	(2,769,815)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	7,910,662	-	-	-	7,910,662
Share based payments	-	104,620	-	-	104,620
Write-off of forfeited options		(74,013)			(74,013)
Total transactions with owners in their capacity as owners:	7,910,662	30,607	-	-	7,941,269
Balance at 31 December 2017	29,640,394	231,918	-	(11,811,826)	18,060,486
Balance at 1 July 2018	29,640,394	309,476	3,895	(14,823,495)	15,130,270
Loss for the year				(3,662,999)	(3,662,999)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(3,662,999)	(3,662,999)
Transactions with owners in their capacity as owners:					
Share based payments	-	90,320	-	-	90,320
Exchange differences on translating foreign operations			(38,712)		(38,712)
Total transactions with owners in their capacity as owners:	-	90,320	(38,712)	-	51,608
Balance at 31 December 2018	29,640,394	399,796	(34,817)	(18,486,494)	11,518,879

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Oventus Medical Limited
ACN 608 393 282

Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2018

	Note	31-December 2018 $	31-December 2017 $
Cash flows from operating activities			
Receipts from customers		170,464	150,125
Interest received		105,428	58,547
Interest paid		-	(6,486)
Payments to suppliers and employees		(3,543,084)	(3,150,713)
R&D grants and concessions received		1,125,362	-
Net cash outflow from operating activities		(2,141,830)	(2,948,527)
Cash flows from investing activities			
Payments for property, plant and equipment		(121,472)	(49,732)
Payments for intangible assets		(1,006,773)	(675,078)
Proceeds from (payments for) term-deposits		(5,638)	-
Net cash outflow from investing activities		(733,883)	(724,810)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		-	7,910,662
Net cash inflow from financing activities		-	7,910,662
Net increase (decrease) in cash held		(2,875,713)	4,237,325
Cash and cash equivalents at the beginning of the financial period		9,894,959	8,648,099
Effects of exchange rate changes on cash and cash equivalents		(19,098)	(20,883)
Cash and cash equivalents at the end of the period	**2**	7,000,148	12,864,541

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2018

1. Significant accounting policies

These half year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Oventus Medical Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*. The accounting policies have been consistently applied by the Company and are consistent with those in the June 2018 financial report. The half-year report does not include full disclosures of the type normally included in an annual financial report.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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.

(i) Impact of Standards Issued But Not Yet Applied by the Group

AASB 16: *Leases*

AASB 16: Leases (issued February 2016) will supersede the existing lease accounting requirements in AASB 117: Leases and the related Interpretations. It introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components, instead accounting for all components as a lease;
- inclusion of additional disclosure requirements; and
- accounting for lessors will not significantly change.

AASB 16 will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $468,300. The Group is currently assessing to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit, financial position and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. The Standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the Standard before its effective date.

(ii) Changes in Accounting Policies Applied by the Group

AASB 9: *Financial Instruments*

This standard addresses the classification, measurement and recognition of financial assets (cash, trade receivables, other receivables) and financial liabilities, the impairment of financial assets and hedge accounting. In summary:

(a) Classification and measurement – financial assets are required to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities the standard retains most of the previous standard requirements. There has been no change to the classification and measurement of financial assets and liabilities in the group.

(b) Impairment – the expected credit loss model for impairment of financial assets replaces the incurred loss model. The Group has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and requires recognition from initial recognition of the trade receivables. Application of this standard has not had a material impact on the carrying value of expected credit losses. No material impact was noted with respect to the opening provision therefore no adjustments have been made to opening balances.

(c) Hedge accounting – the rules on hedge accounting have been amended to align accounting treatment with risk management practices of the reporting entity. There is no impact on the Group of the new standard.

AASB 15: *Revenue from Contracts with Customers*

The Group has determined that AASB 15 has not resulted in a change to either recognition or measurement of revenue and therefore there is no requirement to restate revenue reported in prior periods.

Going concern

The financial statements have been prepared on a going concern basis that presumes the realisation of assets and the discharge of liabilities in the normal course of operations for the foreseeable future.

The ability of the Group to continue on a going concern basis is dependent upon the following:

- The successful development and launch of the Group's product
- Success in achieving budgeted sales and positive cash flow from operations, and
- The ability to raise further capital as required.

During the half-year, the Group made a loss before tax of $3,662,999 (2017: loss of $2,769,815) and has accumulated losses of $18,486,494. However, as at 31 December 2018, the current assets exceed its current liabilities by $7,064,491. Thus, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future. However, additional capital raising may be required in the future to meet expansionary and long-term goals.

Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2018

	31-December 2018 $	30-June 2018 $
2. Cash and cash equivalents		
Cash on hand	578	62
Cash at bank	799,570	794,897
Short-term deposits	6,200,000	9,100,000
	7,000,148	9,894,959

	31-December 2018 $	30-June 2018 $
3. Trade and other receivables		
Trade receivables	67,706	86,413
Receivable from CSIRO	-	440,000
GST receivable	54,012	4,747
Other receivables	38,154	43,050
	159,872	574,210
Less allowance for doubtful debts	12,003	12,003
	147,869	562,207

	31-December 2018 $	30-June 2018 $
4. Other current assets		
Prepayments	109,110	128,819
Accrued research & development tax credit	377,611	1,094,275
Inventory	73,561	93,233
Other assets	82,172	55,890
	642,454	1,372,217

	Computer and office furniture and equipment	Sleep and production equipment	Leasehold improvement	Assets Under Joint Arrangement	Total
	$	$	$	$	$
5. Property, plant and equipment					
At 30 June 2018					
Cost	80,906	658,274	230,883	311,369	1,281,432
Accumulated depreciation	(32,651)	(402,046)	(144,646)	-	(579,343)
Net book amount	48,255	256,228	86,237	311,369	702,089
Half-year ended 31 December 2018					
Opening net book amount	48,255	256,228	86,237	311,369	702,089
Additions	18,244	103,228	-	-	121,472
Depreciation charge	(9,984)	(31,270)	(14,483)	(19,626)	(75,363)
Closing net book amount	56,515	328,186	71,754	291,743	748,198
At 31 December 2018					
Cost	99,150	761,502	230,883	311,369	1,402,904
Accumulated depreciation	(42,635)	(433,316)	(159,129)	(19,626)	(654,706)
Net book amount	56,515	328,186	71,754	291,743	748,198

Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2018

	Patents, trademarks and licences	Software	Development costs	Total
	$	$	$	$
6. Intangible assets				
At 30 June 2018				
Cost	703,992	301,358	3,050,024	4,055,374
Accumulated amortisation	(59,683)	(198,065)	(585,679)	(843,427)
Net book amount	644,309	103,293	2,464,345	3,211,947
Half-year ended 31 December 2018				
Opening net book amount	644,309	103,293	2,464,345	3,211,947
Additions	242,490	7,562	756,721	1,006,773
Tax concession received or receivable	-	-	(329,174)	(329,174)
Amortisation expense	(23,539)	(17,574)	(216,975)	(258,088)
Closing net book amount	863,260	93,281	2,674,917	3,631,458
At 31 December 2018				
Cost	946,482	308,920	3,477,571	4,732,973
Accumulated amortisation	(83,222)	(215,639)	(802,654)	(1,101,515)
Net book amount	863,260	93,281	2,674,917	3,631,458

Development costs are shown net of amounts received or receivable subject to the research and development tax concession.

	31-December 2018	30-June 2018
	$	$
7. Trade and other payables		
Trade creditors	442,412	232,630
PAYG Withholding payable	81,694	64,419
Employee benefits payable	18,007	18,091
Other creditors	82,484	246,335
	624,597	561,475

	31-December 2018	30-June 2018
	$	$
8. Other liabilities		
Current		
Employee benefits - annual leave	101,383	106,486
Deferred lease incentive	-	14,282
	101,383	120,768

Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2018

	31-December 2018 Number of Shares #	31-December 2018 Value of Shares $	30-June 2018 Number of Shares #	30-June 2018 Value of Shares $
9. Equity - Share capital				
Opening Balance	105,939,212	29,640,394	90,000,000	21,729,732
9 August 2017	-	-	2,139,265	770,135
21 December 2017	-	-	13,799,947	7,589,971
Share issue costs	-	-	-	(449,444)
At reporting date	105,939,212	29,640,394	105,939,212	29,640,394

10. Loss per share

	31-December 2018 $	31-December 2017 $
Loss per share from continuing operations		
Loss after income tax	(3,662,999)	(2,769,815)
Loss after income tax attributable to the owners of Oventus Medical Limited	(3,662,999)	(2,769,815)
	Numbers	**Numbers**
Weighted average number of ordinary shares used in calculating basic loss per share	105,939,212	92,424,205
Adjustments for calculation of diluted loss per share: Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted loss per share	105,939,212	92,424,205
	Cents	**Cents**
Basic loss per share	(3.46)	(3.00)
Diluted loss per share	(3.46)	(3.00)

11. Significant Matters Subsequent to the Period

On 16 January 2019, the Consolidated Entity granted 225,000 share options to employees under the Oventus Employee Option Plan. The options have an exercise price $0.4228 and expiry date of 15 January 2024. The estimated total fair value of share options granted was $38,245 or $0.17 per share option, calculated using The Black-Scholes pricing model. The total value of the options will be brought to account over the period of five years.

Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2018

12. Segment Reporting

	31-Dec-18			31-Dec-17		
	Australia	**United States**	**Total**	**Australia**	**United States**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Segment revenue	**99,365**	**52,392**	**151,757**	**110,830**	**24,906**	**135,736**
Staff costs	(1,322,578)	(478,907)	(1,801,485)	(1,122,133)	(86,305)	(1,208,438)
Manufacturing costs - Pilot phase	(27,674)	(14,592)	(42,266)	(91,680)	(20,603)	(112,283)
Sales and marketing	(116,139)	(231,988)	(348,127)	(107,487)	(43,807)	(151,294)
Other expenses	(1,425,036)	(197,842)	(1,622,878)	(1,433,536)	-	(1,433,536)
Segment operating loss	**(2,792,062)**	**(870,937)**	**(3,662,999)**	**(2,644,006)**	**(125,809)**	**(2,769,815)**
Segment assets	**12,123,440**	**121,419**	**12,244,859**	**15,812,513**	**-**	**15,812,513**
Segment liabilities	**553,323**	**172,657**	**725,980**	**592,262**	**89,981**	**682,243**

Oventus Medical Limited
ACN 608 393 282

Directors' Declaration

For the half-year ended 31 December 2018

In the directors' opinion

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134, *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Mel Bridges
Director

Brisbane

15th February 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To THE MEMBERS OF OVENTUS MEDICAL LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Oventus Medical Limited ("the company") and its controlled entities ("the consolidated entity"), which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half year's end or from time to time during the financial half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Oventus Medical Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of consolidated entity's financial position as at 31 December 2018, and of its financial performance for the half-year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Oventus Medical Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF BRISBANE AUDIT

C Bradley

CAMERON BRADLEY
PARTNER

15TH FEBRUARY 2019
BRISBANE

Oventus Medical Limited
ACN 608 393 282

Corporate directory
31 December 2018

Directors	• Dr Mel Bridges - Chairman • Dr Christopher Hart - (Executive Director) (Founder) (Managing Director and Chief Executive Officer from 30 August 2018) (Clinical Director up to 29 August 2018) • Mr Neil Anderson - (Executive Director) (Chief Technical Officer from 30 August 2018) (Managing Director and Chief Executive Officer up to 29 August 2018) • Ms Sue MacLeman - Non-Executive Director • Mr Sharad Joshi – Non-Executive Director (Appointed 17 December 2018)
Company secretary	Mr Stephen Denaro
Registered office	Suite 1, 1 Swann Road, Indooroopilly QLD 4068 Telephone: (07) 3831 8866
Principal place of business	Suite 1, 1 Swann Road, Indooroopilly QLD 4068
Share register	Computershare Investor Services Pty Limited 117 Victoria Street West End QLD 4101 Telephone: 1300 787 272
Auditor	PKF Brisbane Audit Level 6, 10 Eagle Street Brisbane QLD 4000
Stock exchange listing	Oventus Medical Limited shares are listed on the Australian Securities Exchange (ASX code: OVN)
Website	www.oventus.com.au
Corporate Governance Statement	The Corporate Governance Statement of Oventus Medical Limited is available from our website www.oventus.com.au via the tab headed "Investor Centre".