
1. Company details

Name of entity:	Oventus Medical Limited
ACN:	608 393 282
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

2. Results for announcement to the market

Revenues from ordinary activities	down	47%	to	\$ 135,736	
Loss from ordinary activities after tax attributable to the owners of Oventus Medical Limited (the Company)	down	8%	to	(2,769,815)	
Loss for the year attributable to the owners of Oventus Medical Limited	down	8%	to	(2,769,815)	
				31 Dec 2017 Cents	31 Dec 2016 Cents
Basic earnings per share				(3.00)	(4.31)
Diluted earnings per share				(3.00)	(4.31)

3. Commentary on results for the year

The loss for the Consolidated Entity after providing for income tax amounted to \$2,769,815 (31 December 2016: loss of \$2,997,170).

4. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>14.57</u>	<u>11.27</u>

5. Control gained over entities

Name of entities

Not applicable

6. Loss of control over entities

Name 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

Details of origin of accounting standards used in compiling the report

Not applicable.

11. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-Year Report.

12. Attachments

The Half-Year Report of Oventus Medical Limited for the half-year ended 31 December 2017 is attached.

13. Signed

Signed



Date: 27 February 2018

Dr Mel Bridges
Director
Brisbane

OVENTUS MEDICAL LIMITED
ACN 608 393 282

Half Year Financial Report
31 December 2017

OVENTUS MEDICAL LIMITED
Half-year Financial Report
31 December 2017

Contents

Directors' report	5
Auditor's independence declaration	9
Condensed consolidated statement of profit or loss and other comprehensive income	10
Condensed consolidated statement of financial position	11
Condensed consolidated statement of changes in equity	12
Condensed consolidated statement of cash flows	13
Notes to the consolidated financial statements	14
Directors' declaration	18
Independent auditors review report to the members of Oventus Medical Limited	19
Corporate directory	21

General information

The financial statements cover Oventus Medical Limited as a consolidated entity, consisting of Oventus Medical Limited (**the Company**) and the entities it controlled at the end of, or during, year. The financial statements are presented in Australian dollars, which is Oventus Medical Limited's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2018.

OVENTUS MEDICAL LIMITED
Directors' report
For the half-year ended 31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity consisting of Oventus Medical Limited ('the Company') and the entities it controlled ('the Consolidated Entity') at the end of, or during, the half-year ended 31 December 2017.

Directors and company secretary

The names of the Directors of the Company during or since the end of the half-year are noted below. Directors were in office for the entire period unless otherwise stated:

Dr Mel Bridges - Chairman
Mr Neil Anderson - Executive Director
Dr Christopher Hart - Executive Director
Ms Sue MacLeman - Non-Executive Director
Mr Stephen Denaro - Company secretary

Principal activities

Oventus (ASX: OVN) is a Brisbane, Australia-based medical device company that has commercialised and brought to market a new platform for the treatment of sleep apnoea and snoring. The Oventus 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 period, the Company was principally focused on the commercialisation and distribution 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.

Financial position

The loss for the Consolidated Entity after providing for income tax amounted to \$2,769,815 (31 December 2016: loss of \$2,997,170).

In early December 2017, the Company completed a heavily oversubscribed capital raising, where \$7.6 million was raised with support from new and existing institutional and sophisticated investors. The funds raised will ensure Oventus is well capitalised to enable its fast-tracked entry into the global sleep market with the support of partnerships like the one signed in mid 2017 with Modern Dental Group ('Modern').

The Company's cash position stood at \$12.86 million as at 31 December 2017.

Dividends

No dividends were paid during the financial period. The Directors do not recommend that a dividend be paid in respect of the interim financial period (2016: \$nil.)

Review of operations

Dental channel: Oventus and Modern test logistics, manufacturing, marketing and training, enabling a successful soft launch

During the half-year, Oventus made significant progress towards the roll-out of its sleep treatment platform into the North American and Australian markets.

Oventus has a global distribution agreement with Modern Dental Group ("Modern"), whereby Modern has exclusive rights to distribute the Company's proprietary O₂Vent product range in United States and non-exclusive distribution rights in the rest of the world. Modern is the world's largest dental prosthetic device provider with over 70 sales and customer services centres covering North America, Europe, Australia and the Greater China regions. Through this distribution agreement, Modern will distribute Oventus' oral appliances into its dental channel.

Phase 1 of the Modern implementation was completed during the reporting period. Activities included; updating marketing collateral, sales rep training and setting up for uninterrupted continuation of service with our existing dental customers.

OVENTUS MEDICAL LIMITED
Directors' report
For the half-year ended 31 December 2017

Review of operations (continued)

Initial sales through the Modern agreement in Australia and the US were made late in the half-year. The Consolidated Entity earned \$135,736 in revenue for the six months ended 31 December 2017 (\$255,236 in revenue in the 6 months to December 2016). Sales from the Modern implementation are expected to make an impact from calendar Q2 2018, in line with the formal commencement of active marketing of Oventus' O₂Vent™ range.

The manufacturing and logistics partnership with Modern, entered into in May 2017, has completed testing and is now operational. This saw the production of polymer inserts used in the manufacturing process transferred to Modern during the period. This agreement will allow finished devices to be shipped by Modern directly to customers, taking advantage of their proven in-house logistics, at a significantly lower cost than Oventus has been shipping products to customers to date.

Training of Modern sales and customer support teams has been launched in both Australia and North America, with Oventus working with Modern to finalise a phased training programme in calendar 2018.

A European launch is planned by the second half of 2018 calendar year.

Product roll out into sleep clinician channel

Oventus is in the late stages of bringing its O₂Vent™ trial device and 'O₂Vent™ Connect' Positive Airway Pressure (PAP) Connection devices to market – each of which will be sold through the sleep physician channel, which is under development.

The O₂Vent™ Trial Device design has been completed and will be trialled at Neuroscience Research Australia (NeuRA) in Q3 of FY18. It is a lower cost entry device, and is now being transferred to production, which will lead to final testing and regulatory submission. The O₂Vent™ trial device is classified as a class I device in Australia, which means it does not require a TGA review. The local launch is planned for the first half of this calendar year with a US launch planned in the 2nd half of the calendar year.

The 'O₂Vent™ Connect' device which is designed to be worn together with the O₂Vent™ oral device is currently being trialled in a clinical study by Associate Professor Danny Eckert of NeuRA. Results are expected to be released in the first half of calendar 2018.

Initial discussions about these two appliances with sleep clinicians in both the Australian and US markets have proven positive.

There is clear interest in the upcoming trial device used as a standalone product and also when used in combination with 'O₂Vent™ Connect', designed for severe sleep apnoea sufferers who have traditionally used a CPAP machine and full face-mask.

Preparations are now underway with the goal of forming distribution partnerships in the sleep clinician channel by the end of calendar year 2018.

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 development, in tandem with preparing for the launch into overseas jurisdictions which represent large market opportunities for our innovative product range. One new product was available for marketing during the half-year, with FDA 510k clearance received for the O₂Vent W device in July 2017. Development expenditure for the half-year totalled \$738,204.

A number of product and process improvements were implemented during the reporting period. These included introduction of new 3D modelling software for increased device customisation and improved patient comfort; redesign of the shape of the O₂Vent T and O₂Vent W for increased strength and resilience; and upgrades to the device adjuster assembly for improved patient usability. Discussions with contract manufacturers are underway to outsource 3D printing, polishing and other elements of the manufacturing process.

R&D focus has switched to the Cooperative Research Centre Program (CRC-P) announced in February 2017, which 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 is pleased to work with four other participants, CSIRO, Medical Monitoring Solutions Pty Ltd, Neuroscience Research Australia (NeuRA), and Western Sydney University (WSU).

OVENTUS MEDICAL LIMITED
Directors' report
For the half-year ended 31 December 2017

Review of operations (continued)

Clinical trials and presentation of data in scientific forums

During the reporting period, significant headway was made in building clinical validation of the proprietary 'Oventus Airway Technology' found in the O₂VentTM product range with the release of positive trial results which were presented at two international conferences in October 2017.

Interim results of the OVEN-005 'Sydney' study showed an 80% reduction in the median number of sleep events by patients with Obstructive Sleep Apnoea (OSA). An abstract of these results was presented at the World Sleep Congress in Prague by Associate Professor Danny Eckert of NeuRA. As well as significantly reducing OSA severity, comparable reductions were also found in people with high nasal resistance. This study is funded by a \$2.95 million CRC-P Australian Federal Government grant that will run over three years and will generate clinical trial data on 180 patients across three cohorts.

Interim results from the OVEN-004 'Perth Study' showed a 73% average reduction in sleep events by OSA patients. Dr Jennifer Walsh of the University of Western Australia presented the interim results at Sleep DownUnder in Auckland.

To date, data has been collected and analysed across 50 patients over four clinical studies, all consistently showing strong clinical efficacy of the O₂VentTM.

These study results are significant when also comparing to the method of solely using mandibular advancement - the technique used by most of the other mouthguard therapeutics on the market, which brings the lower jaw forward.

The results showed that 'Oventus Airway Technology' improves results over mandibular advancement by an additional 30-50%. Further new data will become available shortly with final results expected in the following timeframes:

Trial name	Expected date of final trial data
OVEN-003 'Brisbane' study	Calendar Q1 2018
OVEN-004 'Perth' study	Calendar Q1 2018
OVEN-005 'Sydney' study	Calendar H1 2018

The final results from the trials will cover an additional 51 patients. By the close of the Sydney study, clinical trial data will have been collected from over 100 OSA sufferers across all Oventus trials to date.

Once the expanded product range has been brought to market and with additional clinical evidence valuing our novel airway, the emphasis will switch to wider market penetration.

Quality systems and process improvement

Oventus is driving product and process improvement through its ISO13485 and MDSAP (Medical Device Single Audit Program) accredited Quality Management System. These ISO13485 and MDSAP certifications are a key requirement for major markets including Europe, the United States of America, Canada, Japan and Australia.

During the period, the Company also continued the deployment and optimisation of its state of the art cloud-based Enterprise Resource Planning (ERP) system which links Oventus' current and future operational subsidiaries along with sales, logistics and supply chain partners. The ERP system includes manufacturing, patient and customer management modules.

Investor and public relations

In November 2017, cornerstone investor Thorney Investments presented at the annual Sohn 'Hearts & Minds' Investment Leaders Conference in Sydney. Thorney Investments' Founder and Chairman, Alex Waislitz presented Oventus as his top stock pick of the conference. Dr Chris Hart, Oventus Clinical Director also presented at the Thorney Technologies AGM in late November. That presentation can be found on the Oventus website under the 'Investors' tab.

Also toward the end of the half-year, CEO Neil Anderson and Dr Chris Hart provided progress updates to investors. A capital raise was later undertaken, which raised \$7.6m via institutional and wholesale investors and strengthened Oventus' balance sheet, enabling the Company to fast track the commercialisation of its sleep treatment platform.

Immediately following the half-year, in January Dr Chris Hart attended San Francisco for JP Morgan Healthcare week. He presented at the Biotech Showcase and met with potential investors and partners. During the conference, an interview was filmed with Health Invest TV, where Dr Hart discussed the key points of 2017 and outlook for Oventus 2018.

OVENTUS MEDICAL LIMITED
Directors' report
For the half-year ended 31 December 2017

Investor and public relations (continued)

Also post the half-year, an update was provided to Queensland investors in early February at a group briefing event. Presentations from all the investor briefings are available via the Investors section at www.oventus.com.au.

Significant matters subsequent to the period

Subsequent to the half-year end, the Company received \$966,233 from the Australian Federal Government in January 2018 as a cash rebate for the Company's 2017 financial year R&D spend.

Expected future developments

Looking ahead, Oventus expects to make significant progress in generating sales of the O₂Vent range. Key developments expected across the coming two quarters include:

1. Uptake and acceptance of the O₂Vent range of products by patients and clinicians through Oventus' distribution agreement with Modern in various geographical locations including successful marketing and training activities
2. Additional partnerships for clinical delivery and distribution in various geographies
3. Additional clinical evidence/clinical trial results which highlight the benefit of the Oventus 'Airway Technology' for a range of patients
4. Further enhancement of the manufacturing process to scale manufacturing to meet demand and minimise costs; and
5. Successful launch of new products that can treat a wider range of patients including those that are intolerant of CPAP masks or in the future, as a first line of treatment for specific severe sleep apnoea patients.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Dr Mel Bridges
Director

27 February 2018
Brisbane

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 2017, 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 Hacketts

PKF HACKETTS AUDIT

C Bradley

CAMERON BRADLEY
PARTNER

27 FEBRUARY 2018
BRISBANE

OVENTUS MEDICAL LIMITED**Condensed consolidated statement of profit or loss and other comprehensive income****For the half-year ended 31 December 2017**

		Consolidated	
	Note	31 December 2017	31 December 2016
		\$	\$
Sales revenue		135,736	255,236
Other income		-	4,728
Total income		135,736	259,964
Less: Expenses			
Manufacturing costs - Pilot phase		170,543	419,743
Marketing, website and logo expenses		121,334	223,587
Accounting and legal fees		147,647	213,868
Employee and contractors expense		1,239,045	962,100
Premises rental expense		104,280	74,374
Information technology costs		206,367	282,849
Insurance expense		105,457	60,903
Depreciation and amortisation		193,990	321,594
General and administrative expense		185,386	160,740
Travel expenses		132,306	238,110
Other expenses		366,372	346,764
Total expenses		2,972,727	3,304,632
Operating loss before interest and tax		(2,836,991)	(3,044,668)
Interest revenue		67,176	47,498
Loss before income tax expense		(2,769,815)	(2,997,170)
Income tax expense		-	-
Loss for the half-year attributable to owners of the Company		(2,769,815)	(2,997,170)
Other comprehensive income for the half-year		-	-
Total comprehensive loss for the half-year attributable to owners of the Company		(2,769,815)	(2,997,170)
		Consolidated	
		31 December 2017	31 December 2016
		\$	\$
		Cents	Cents
Earnings per share for profit/(loss) attributable to the owners of Oventus Medical Limited			
Basic earnings per share	11	(3.00)	(4.31)
Diluted earnings per share	11	(3.00)	(4.31)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

OVENTUS MEDICAL LIMITED
Condensed consolidated statement of financial position
As at 31 December 2017

		Consolidated	
	Note	31 December 2017	30 June 2017
		\$	\$
Current assets			
Cash and cash equivalents	2	12,864,541	8,648,099
Trade and other receivables	3	276,581	420,092
Other current assets	4	1,626,295	1,225,385
Total current assets		14,767,417	10,293,576
Non-current assets			
Property, plant and equipment	5	1,225,518	1,314,290
Intangible assets	6	2,622,635	2,420,447
Deposits		91,518	91,518
Total non-current assets		3,939,671	3,826,255
Total assets		18,707,088	14,119,831
Current liabilities			
Trade and other payables	7	516,946	1,089,043
Other liabilities	8	129,656	127,473
Total current liabilities		646,602	1,216,516
Non-current liabilities			
Other liabilities	8	-	14,283
Total non-current liabilities		-	14,283
Total liabilities		646,602	1,230,799
Net assets		18,060,486	12,889,032
Equity			
Share capital	9	29,640,394	21,729,732
Reserves		231,918	201,311
Accumulated losses		(11,811,826)	(9,042,011)
Total equity		18,060,486	12,889,032

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

OVENTUS MEDICAL LIMITED
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2017

	Contributed equity \$	Share based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2016	4,426,703	41,533	(2,531,897)	1,936,339
Loss for the half-year	-	-	(2,997,170)	(2,997,170)
Total comprehensive income for the half-year	-	-	(2,997,170)	(2,997,170)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	11,174,174	-	-	11,174,174
Share based payments	-	43,524	-	43,524
Total transactions with owners in their capacity as owners	11,174,174	43,524	-	11,217,698
Balance at 31 December 2016	15,600,877	85,057	(5,529,067)	10,156,867
Balance at 1 July 2017	21,729,732	201,311	(9,042,011)	12,889,032
Loss for the half-year	-	-	(2,769,815)	(2,769,815)
Other comprehensive income	-	-	-	-
Total comprehensive income for the half-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-back 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

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

OVENTUS MEDICAL LIMITED
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2017

		Consolidated	
	Note	31 Dec 2017	31 Dec 2016
		\$	\$
Cash flows from operating activities			
Receipts from customers		150,125	262,909
Payments to suppliers and employees		(3,150,713)	(3,334,719)
Interest received		58,547	21,820
Interest paid		(6,486)	(3,476)
Net cash outflow from operating activities		(2,948,527)	(3,053,466)
Cash flows from investing activities			
Payments for property, plant and equipment		(49,732)	(204,771)
Payments for intangible assets		(675,078)	(1,173,616)
Net cash outflow from investing activities		(724,810)	(1,378,387)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		7,910,662	11,174,175
Repayment of loans to related parties		-	(767,999)
Net cash inflow from financing activities		7,910,662	10,406,176
Net increase in cash held		4,237,325	5,974,323
Cash and cash equivalents			
at the beginning of the financial half-year		8,648,099	161,114
Effects of exchange rate changes on cash and cash equivalents		(20,883)	-
Cash and cash equivalents at the end of the financial half-year	2	12,864,541	6,135,437

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

OVENTUS MEDICAL LIMITED
Notes to the consolidated financial statements
31 December 2017

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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.

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 Consolidated Entity to continue on a going concern basis is dependent upon the following:

- The successful development of the Consolidated Entity'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 Consolidated Entity made a loss before tax of \$2,769,815 (31 December 2016: \$2,997,170) however, at 31 December 2017, the current assets exceed its current liabilities by \$14,120,815. Thus the directors have a reasonable expectation that the Consolidated Entity has adequate resources to continue in operational existence in the foreseeable future. However, additional capital raising will be required in the future to meet expansionary and long term goals.

Note 2. Cash and cash equivalents

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
Cash on hand	46	324
Cash at bank	864,495	8,647,775
Cash on deposit	12,000,000	-
	<u>12,864,541</u>	<u>8,648,099</u>

OVENTUS MEDICAL LIMITED
Notes to the consolidated financial statements
31 December 2017

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
Note 3. Trade and other receivables		
Trade debtors	93,178	107,567
GST receivable	163,711	250,029
Other debtors	19,692	62,496
	<u>276,581</u>	<u>420,092</u>
Note 4. Other current assets		
Prepayments	201,992	220,523
Rental bond paid	3,052	3,051
Accrued research and development tax credit	1,262,884	848,567
Inventory	90,620	85,498
Other assets	67,747	67,746
	<u>1,626,295</u>	<u>1,225,385</u>
Note 5. Property, plant and equipment		
Furniture - at cost	9,552	8,329
Less: Accumulated depreciation	(4,187)	(3,351)
	<u>5,365</u>	<u>4,978</u>
Computer and office equipment - at cost	56,604	42,691
Less: Accumulated depreciation	(19,553)	(15,083)
	<u>37,051</u>	<u>27,608</u>
Sleep and production equipment - at cost	1,524,765	1,493,256
Less: Accumulated depreciation	(470,324)	(365,493)
	<u>1,054,441</u>	<u>1,127,763</u>
Property improvements	271,523	271,523
Less: Accumulated depreciation	(142,862)	(117,582)
	<u>128,661</u>	<u>153,941</u>
	<u>1,225,518</u>	<u>1,314,290</u>
Note 6. Intangibles		
Patents, trademarks and licences	488,291	401,251
Less: Accumulated amortisation	(42,021)	(31,261)
	<u>446,270</u>	<u>369,990</u>
Software	301,358	301,358
Less: Accumulated amortisation	(148,631)	(98,379)
	<u>152,727</u>	<u>202,979</u>
Development costs	2,392,345	2,068,457
Less: Accumulated amortisation	(368,707)	(220,979)
	<u>2,023,638</u>	<u>1,847,478</u>
	<u>2,622,635</u>	<u>2,420,447</u>

OVENTUS MEDICAL LIMITED
Notes to the consolidated financial statements
31 December 2017

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
Note 7. Trade and other payables		
Trade creditors	251,293	367,800
Other creditors	121,759	453,198
GST payable	944	1,122
PAYG withholding payable	120,948	237,048
Employee benefits payable	22,002	29,875
	<u>516,946</u>	<u>1,089,043</u>

Note 8. Other liabilities

Current

Employee benefits - annual leave	93,951	84,489
Deferred lease incentive	35,705	42,984
	<u>129,656</u>	<u>127,473</u>

Non-current

Deferred lease incentive	-	14,283
	<u>-</u>	<u>14,283</u>

Note 9. Share capital

	31 December 2017	31 December 2017	30 June 2017	30 June 2017
	Number of Shares #	Value of Shares \$	Number of Shares #	Value of Shares \$
Opening Balance	90,000,000	21,729,732	48,000,000	4,426,703
Ordinary shares issued:				
19 July 2016	-	-	24,000,000	12,000,000
29 June 2017	-	-	17,916,660	6,449,998
30 June 2017	-	-	83,340	30,002
9 August 2017	2,139,265	770,135	-	-
21 December 2017	13,799,947	7,589,971	-	-
Share issue costs	-	(449,444)	-	(1,176,971)
At reporting date	<u>105,939,212</u>	<u>29,640,394</u>	<u>90,000,000</u>	<u>21,729,732</u>

The Consolidated Entity has 3,558,418 (2016: 3,362,258) options on issue at reporting date. These were issued in accordance with terms of the Employee Share Option Plan. The total value of the options was calculated to be \$559,104, as determined by an independent valuation. The value of the options will be brought to account over the vesting periods of two or three years.

OVENTUS MEDICAL LIMITED
Notes to the consolidated financial statements
31 December 2017

Note 10. Events after the reporting period

Receipt of Government R&D Cash Rebate

On 17 January 2018, the Company received a cash refund of \$966,233 from the Australian Taxation Office under the Federal Government's Research and Development (R&D) Tax Incentive scheme. The refund relates to the Company's research activities undertaken in the year ended 30 June 2017 and reflects a significant period of investment into the Company's O₂Vent range of oral appliances for the treatment of obstructive sleep apnoea.

	Consolidated	
	31 December 2017	31 December 2016
Note 11. Earnings per share		
Earnings per share for profit/(loss) from continuing operations	\$	\$
Loss after income tax	(2,769,815)	(2,997,170)
Loss after income tax attributable to the owners of Oventus Medical Limited	(2,769,815)	(2,997,170)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	92,424,205	69,521,739
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares which are dilutive	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	92,424,205	69,521,739
	Cents	Cents
Basic earnings per share	(3.00)	(4.31)
Diluted earnings per share	(3.00)	(4.31)

OVENTUS MEDICAL LIMITED
Directors' declaration
31 December 2017

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 Consolidated Entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on the 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



Dr Mel Bridges
Director

27 February 2018
Brisbane

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OVENTUS MEDICAL LIMITED

Report on the Half-Year Financial Report 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 2017, 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, notes comprising a summary of significant accounting policies and 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 the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with 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 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

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 2017 and its performance for the half-year ended on that date; and complying with 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 HACKETTS AUDIT



CAMERON BRADLEY
PARTNER

27 FEBRUARY 2018
BRISBANE

OVENTUS MEDICAL LIMITED
Corporate directory
31 December 2017

Directors	Dr Mel Bridges - Chairman Mr Neil Anderson - Managing Director and CEO Dr Christopher Hart - Clinical Director and Founder Ms Sue MacLeman - Non-Executive Director
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 Level 1, 200 Mary Street Brisbane QLD 4000 Telephone: 1300 552 270
Auditor	PKF Hacketts 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.ventus.com.au
Corporate Governance Statement	The Corporate Governance Statement of Oventus Medical Limited is available from our website www.ventus.com.au via the tab headed "Investor Centre".