OVENTUS™

2018 ANNUAL REPORT

OVENTUS.COM.AU

CONTENTS

Chairman's and Chief Executive Officer's address

Dear Shareholders,

We are pleased to present Oventus Medical's (ASX: OVN) Annual Report for the 2018 financial year. In this document, we outline our Go Forward Business Strategy, focused on building sales from our 'Sleep Treatment Platform', which has been clinically proven and offers an important new treatment option to patients suffering obstructive sleep apnoea (OSA) and snoring.

Left: Dr Mel Bridges, Chairman
Right: Dr Chris Hart, Managing Director, CEO

The OSA space is currently dominated by major brands. The question is often asked as to why to enter this space. Our response and firm belief is that the market offers a significant opportunity, due to the innovation of 'Oventus Airway Technology'.

CPAP – or continuous positive airway pressure therapy – the treatment that many snorers or sleep apnoea sufferers are prescribed, is intolerable for a high percentage of patients due to the discomfort in air pressure and aesthetics. Some patients get relief from standard mandibular advancement (or mouth guard) therapy which stabilises the throat, where the patient's jaw (mandible) is moved forward to allow more air into the back of the throat when nose breathing. However, for those patients who breathe with their mouths open, this treatment rarely works. A large treatment void exists in the sleep medicine market for new, efficacious sleep medicine. We are focused on filling that gap with the Oventus 'Sleep Treatment Platform' – bringing new treatments to the sleep deprived patients who need them.

We entered FY2018 with one product on the market, our titanium O_2Vent™, which incorporated 'Oventus Airway Technology' and was backed by clinical trial data from two of our clinical studies: 'Brisbane' study and 'NeuRA' pilot study, across 34 patients. A year on and we have significantly further validated our technology - we now have published data on over 150 patients across four clinical studies. We've expanded upon, optimized, and further innovated our patented 'Oventus Airway Technology' off the back of deeper clinical insights and findings. New products under development include a substantial improvement in efficacy of the O_2Vent™, via an add-on PEEP valve which manages expiratory pressure, called the ExVent™, and a device that connects to a patient's existing continuous positive airway pressure (CPAP) treatment appliance, the O_2Vent Connect™ appliance, avoiding the need for a mask.

We are introducing an option for a nylon O_2Vent™ design alongside the titanium devices we have been selling to date, and we've also introduced a digital workflow. These two innovations are expected to significantly reduce manufacturing costs once fully implemented. As a result, we expect to see higher gross margins and an earlier breakeven than what would have been achievable through purely selling the titanium O_2Vent™ devices.

This year we have seen signs that international sleep medicine is recognising the criticality of personalised approaches for patients. With the product and strategic channel development we've undertaken during the period, Oventus is positioned to work alongside sleep physicians to achieve this goal for their patients, with our range of more comfortable yet very efficacious treatments.

Looking back over the year, we've built a 'Sleep Treatment Platform' that offers a personalised care approach to prescribing our devices, and provides real solutions to patients seeking alternatives or adjuncts to existing treatment options, such as mouth guard devices and CPAP appliances.

Oventus Chairman Dr Mel Bridges commented *"Clinical evidence across an expanding group of patients shows that our O_2Vent™ devices can treat 78% of patients without the need for CPAP. Further, 100% of patients were able to successfully be treated using the O_2Vent Connect™ device, which is at product development stage for launch in calendar year 2019. The device can connect our oral appliances to CPAP technology, avoiding the need for the mask that many patients find intrusive and uncomfortable.*

We are very well positioned for the year ahead with our Go Forward Business Strategy, which is being driven by a highly credentialed team."

Above: ExVent™ incorporating oral expiratory positive airway pressure (EPAP) or positive end-expiratory pressure (PEEP) valve technology

Middle: O_2Vent ONEPAP™ is a wire-free, micro oro-nasal EPAP that attaches to our our O_2Vent™ devices

Bottom: the O_2Vent Connect™ product provides the bridge between the O_2Vent™ devices and wired CPAP if needed, to treat higher levels of OSA severity, removing the requirement for a mask

GO FORWARD BUSINESS STRATEGY

Our Go Forward Business Strategy is marked by the phasing out of R&D activities in FY2018 and investment into sales and marketing, particularly in the US and Australian markets.

We are pleased to have built an exceptionally well credentialed US sales and marketing team which we started to assemble in early 2018, headed by industry veteran Robin Randolph, and following a capital raising in late 2017.

We see two broad sales and marketing distribution channels: sleep centres and sleep physicians, and the dental industry.

A great deal of product-to-channel work has resulted in a marketing plan focused on engaging key stakeholders within sleep centres, which are a primary point of diagnosis for best treatment options. Our marketing and sales strategy is focused on an efficient rollout across sleep centres, focused particularly on the larger, well-established groups who service several thousand patients.

Oventus CEO, Dr Chris Hart commented, *"Sleep centres are a key gateway in the patient-practitioner ecosystem. We are focusing our efforts on building relationships with sleep physicians and this includes running education programs on the merits of prescribing our technology.*

Our recently appointed US-focused Medical Technology Advisory Board of sleep experts was set up to give us strong inroads into the sleep industry and help us drive forward the clear potential of our 'Sleep Treatment Platform' to deliver new technologies to obstructive sleep apnoea sufferers. We are very pleased with progress to date."

The dental channel, supported by our agreement with Modern Dental, will continue to play an important role in the patient journey through the provisioning of referrals to sleep centres, and in the fitting of oral devices.

SLEEP TREATMENT PLATFORM

As mentioned earlier, a small number of key new devices or accessories built around our innovative 'Oventus Airway Technology' will be launched soon and round-out our 'Sleep Treatment Platform'. This range will see us provide an increased level of personalised care to patients that is unique in our industry, and enable improved patient outcomes across the full spectrum of OSA and snoring sufferers.

A lighter and more aesthetically pleasing nylon O_2Vent™ device will be launched before calendar year end, joining our family of titanium O_2Vent™ devices. These have been used by patients in market and generating sales for some time.

A further innovation nearing launch, the ExVent™ oral EPAP valve can be fitted to our nylon and titanium O_2Vent™ W devices. This addition regulates the way a patient breathes out. This seemingly minor innovation which builds up air pressure in the throat has brought a remarkable level of additional efficacy to the O_2Vent™ devices.

OVENTUS SLEEP TREATMENT PLATFORM

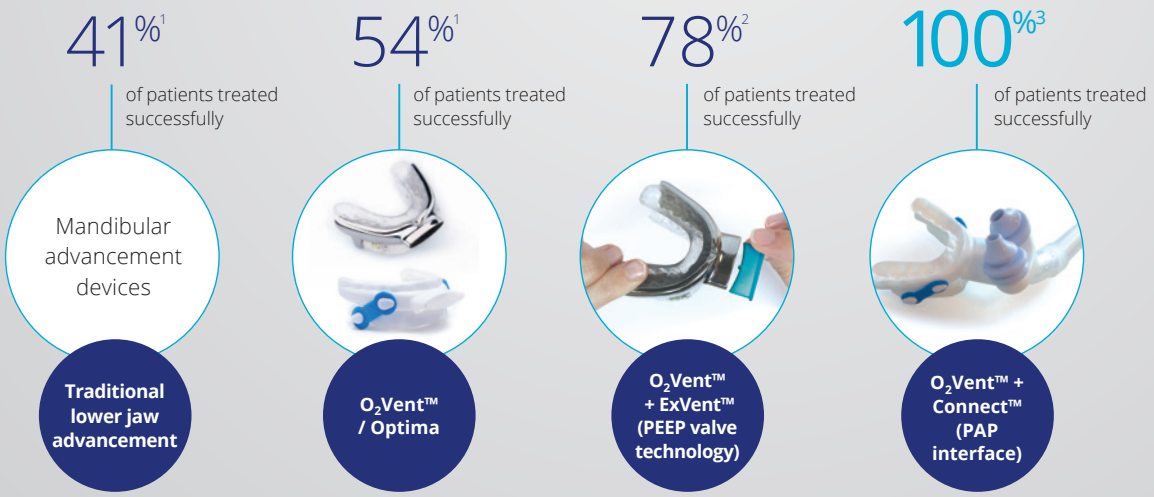
A DATA-SUPPORTED STRATEGY

New clinical trial results clearly demonstrate Oventus' ability to further improve treatment outcomes compared to existing therapies and deliver a more personalised treatment outcome to patients, depending on the severity of their disease. These benefits are seen most in clinical trial settings where patients have nasal obstruction.

Clinical trial results show:

- 'Oventus Airway Technology' increases the efficacy of existing mandibular advancement therapies (traditional mouth guards which don't include our Airway Technology) by 30-50%
- With the inclusion of our ExVent™ and O_2Vent ONEPAP™ (PEEP valve) accessories, 78% of patients with OSA can be treated without the need for CPAP. For those patients who then require further intervention, attaching Oventus' O_2Vent Connect™ device (in development), to our (in market) O_2Vent™ oral device means that patients achieve reduction in their sleep events without the need for a full face mask. Importantly, we can also deliver this treatment at lower pressures than traditional CPAP, providing those patients who require it an experience they are able to tolerate better, thus bringing them back into care.

CUMULATIVE SUCCESS RATES WITH OVENTUS AIRWAY TECHNOLOGY*



*AHI<10 & >50% Reduction

[1] Karen McCloy, Damian Lavery, Julia Moldavtsev, Airway open-airway closed: The effect of mandibular advancement therapy for obstructive sleep apnoea with and without a novel in-built airway. Abstract Submitted ASA Brisbane 2018.

[2] Victor Lai, Benjamin Tong, Carolin Tran, Andrea Ricciardiello, Michelle Donegan, Nicholas Murray, Jayne Carberry and Danny Eckert Combination therapy with mandibular advancement and expiratory positive airway pressure valves reduces OSA severity. Abstract Submitted ASA Brisbane 2018.

[3] Tong B, Tran C, Ricciardiello A, Donegan M, Murray N, Chiang A, Szollosi I, Amatoury A and Eckert D. Combination therapy with CPAP plus MAS reduces CPAP therapeutic requirements in incomplete MAS responders. Abstract submitted ASA Brisbane 2018.

At product development stage for severe OSA sufferers are the O_2Vent ONEPAP™ (oro-nasal EPAP) and O_2Vent Connect™. These devices bridge the gap between standard mandibular advancement oral devices and traditional CPAP technologies, and are currently undergoing clinical testing.

The introduction of a materials design shift to predominantly offering nylon devices will improve our gross margin and thereby achieve breakeven earlier. Benefits include reduced manufacturing input costs, a customer preferred 'white' colour design and a simplified manufacturing process leading to faster delivery of devices to customers. This will be complemented by a digital workflow, enabling greater accuracy for customised device fit and faster turnaround times. A digital workflow incorporates almost instant file transfer of digital intra-oral mouth and bite scans in place of traditional dental impressions, that need to be physically sent to the lab.

MARKET

Our global target market is estimated at A$3.8bn, growing at 15-20% CAGR, however studies show that only 20% of patients are actually in care. An estimated 80% of patients are undiagnosed or have fallen out of care due to their inability to tolerate the traditional treatment options. This presents an attractive backdrop for 'Oventus Airway Technology' to deliver enhanced outcomes to patients suffering from OSA.

OUTLOOK FOR FY2019

A strong and seasoned Board and management team are committed to bringing to market our 'Sleep Treatment Platform' and our Go Forward Business Strategy focused on sales and marketing. We look forward to regularly reporting on progress.

Yours sincerely,

Dr Mel Bridges
Chairman

Dr Chris Hart
Chief Executive Officer
and Managing Director

Business Strategy and Operations

1. Strategic shift from 'Research and Development' to a Go Forward Business Strategy focusing on the clinical adoption of the Oventus 'Sleep Treatment Platform'
2. Growing our body of clinical evidence to validate improved treatment outcomes and drive market adoption
3. Building out our USA market support team and introduction of the Oventus Medical Technology Advisory Board
4. Reduction of fixed and manufacturing costs
5. Capital Raising complete to maintain a strong balance sheet

1. Strategic shift from 'Research and Development' to a Go Forward Business Strategy focusing on the clinical adoption of the Oventus 'Sleep Treatment Platform'

This year we have seen 'Oventus Airway Technology' evolve from its original iteration as an alternative form of oral appliance therapy for sleep apnoea, to become an airway management and 'Sleep Treatment Platform', that includes oral appliance therapy; positive end expiratory pressure (PEEP) airway management; and a positive air pressure interface, reducing pressure requirements and eliminating the need for full face masks. This platform will allow dental and sleep professionals to personalise treatment to patients' individual needs – via a range of O_2Vent™ products and (future) accessories. It truly bridges the gap between traditional oral appliance therapy and CPAP therapy, with its efficacy backed by a growing body of clinical trial results.

OVENTUS SLEEP TREATMENT PLATFORM DEVICES 'IN MARKET', 'FOR LAUNCH' AND 'IN DEVELOPMENT'

The Oventus 'Sleep Treatment Platform' of oral therapeutic devices delivers patient-centred care through a number of clinically proven oral devices. These are prescribed depending on the severity of a patient's level of OSA.

O_2VENT

The O_2Vent™ oral therapeutic device for the treatment of sleep apnoea and snoring incorporates 'Oventus Airway Technology'. The O_2Vent™ devices are available in 3D printed titanium (form: Mono, T, W) and will soon be joined by a lighter nylon version, the O_2Vent Optima™, in late 2018.

EXVENT™ – ORAL PEEP VALVE

The ExVent™ is a positive end-expiratory (PEEP) valve accessory for select O_2Vent™ devices. Clinical trials have shown the ExVent™ further increases the efficacy of the O_2Vent™ in patients suffering from OSA. It acts as a splint for the airway during exhalation to create resistance and positive pressure, stabilising the airway. ExVent™ will be launched to market late 2018.

O_2VENT ONEPAP™ – ORO-NASAL PEEP VALVE

The O_2Vent ONEPAP™ is a titratable oro-nasal valve accessory for O_2Vent™ devices. Clinical trials have shown the O_2Vent ONEPAP™ to further increase the efficacy of the O_2Vent™ in patients suffering from OSA in hard to treat cases, by regulating both nasal and mouth exhalation simultaneously maintaining constant pressure. This accessory is at product development stage.

O_2VENT CONNECT™

The O_2Vent Connect™ is an add-on accessory for the O_2Vent™ and connects to a CPAP machine. Clinical trials have shown the O_2Vent Connect™ further increases the efficacy of the O_2Vent™ in patients suffering from OSA in hard to treat cases. It allows for mask and strap free connection with ultra low pressure PAP delivery. This accessory is at product development stage.

GO FORWARD BUSINESS STRATEGY

As we prepare to bring new O_2Vent™ products and accessories to market, the focus for Oventus Medical has now moved from a Research and Development focus to the implementation of our Go Forward Business Strategy, with a particular focus on the USA market.

We believe that the USA market for oral appliance adoption and long-term use is currently positioned for success and will continue for the foreseeable future. Contributing to this assessment are a number of factors, including increased provider and public awareness of OSA; improved oral appliance technology; and stagnant improvements in continuous positive airway pressure (CPAP) therapy. Despite the enhancements in CPAP mask features (smaller/lighter) and comfort features (e.g.-flex) designed into the CPAP devices, there remains a high patient abandonment rate (>50%) of CPAP therapy. Compliance rates are essentially at the same level since their introduction of CPAP as a therapeutic modality (flattened curve). It is currently estimated that 5-6 million CPAP's have been dispensed in the USA, equating to 2-3 million people abandoning CPAP therapy.

Augmenting the above, is the proliferation of information patients can access as they seek alternatives to CPAP treatment. Simultaneously, there has been a steady influx of dental practitioners entering the sleep dental space to enhance their revenue stream in a relatively new market. Once integrated into their practice, medical billing for medical diagnosis (of sleep apnoea) shows promise of better reimbursement. Finally, sleep physicians are increasingly seeking non-invasive alternatives for CPAP patients who are either unwilling or unable to use their CPAP, as a means to improve patient centred care and satisfaction.

The key elements to our success are:

1. **Enhancing the patient experience by providing exceptional and personalised oral appliance therapy as part of a 'Sleep Treatment Platform'.** This will lead to improved wear-ability, which in turn will lead to improved adherence and health outcomes.
2. **Supporting Dental-Sleep industry collaboration**, with a focus on Oventus' unique 'airway management' and positive end expiratory pressure (PEEP) valve technology.
3. **Continue our product development and innovation** to further expand the Oventus 'Sleep Treatment Platform'.

USA MARKET STRATEGY AND UPDATE

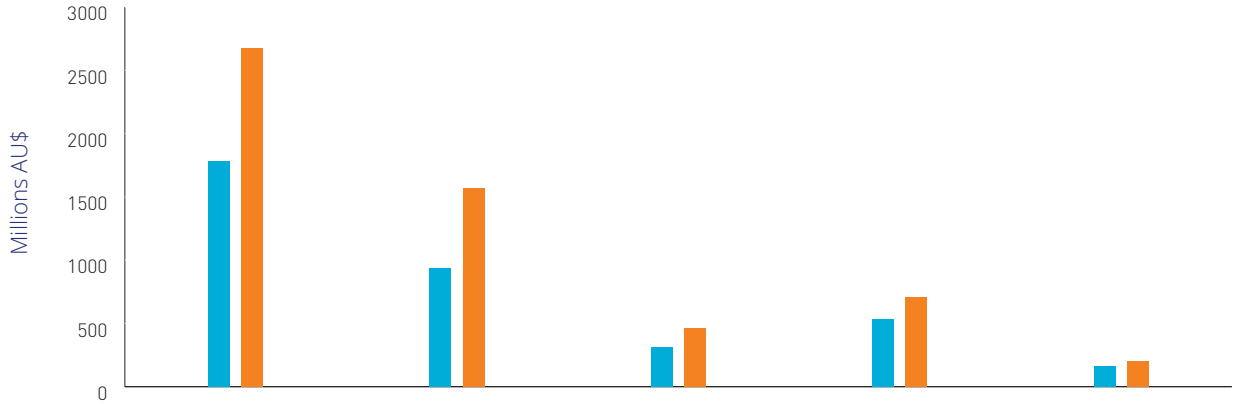
Our strategy for expanding business operations in the USA and capitalising on the growth of the oral appliance therapy (OAT) market is to become known as the **Number One Market Leader** in OAT. This strategy is driven by not only a unique product differentiator i.e. the airway channel integrated into Oventus' O_2Vent™ appliances, but also our market entry.

Sleep physicians are embracing our technology and comment that it is placing the medical management of OAT for OSA back within their medical domain, where many feel it belongs. The realisation that medical airway management and PEEP therapy are now available, paves the way for collaborative sleep relationships with the Dentist and the Sleep Physician.

The key to our success is the combination of unique and superior technology that can satisfy the unmet needs of patients suffering from OSA and snoring and the execution of market strategy, delivered by a strong, experienced US based sales and marketing team.

Market potential

MARKET SIZE: ORAL APPLIANCE AND CPAP INTERFACE[4,5]



	USA	Europe	Asia Pacific	China	ROW
2015	1,780	933	311	535	159
2020	2,675	1,568	461	705	201

[4] Sleep Apnoea Diagnostic & Therapeutic Devices Market, Markets and Markets, Table 98. China data – Anti-snoring Devices and Snoring Surgery Market: 2016-2024 p101

[5] Excludes cost of CPAP machine

2. Growing our body of clinical evidence to validate improved treatment outcomes and drive market adoption

During the financial year a number of clinical trial results were announced and presented at sleep industry conferences. These results contribute to a growing body of evidence confirming that, compared to existing therapies, the O_2Vent™ oral appliances, incorporating 'Oventus Airway Technology' can further improve OSA treatment outcomes – for both oral appliance therapy and as a CPAP interface. This technology also enables the ability to personalise treatment depending on the severity of the patient's disease. This 'value add' is receiving extremely positive feedback and is being used in communication with both the sleep and dental channels to drive market adoption.

The OVEN-003 'Brisbane' trial was concluded in late May and interim reports from the OVEN-005 'Sydney NeuRA' trial was released demonstrating further efficacy across an additional 45 patients. The OVEN-005 trial remains ongoing as part of the National Government Cooperative Research Centre Program (CRC-P), as further detailed in the Directors' Report.

At the end of the financial year, data was collected and analysed across 95 patients suffering from OSA, from four clinical studies. Further results are due to be released in Q4CY2018 from the OVEN-004 'Perth' study covering 23 patients and the OVEN-005 'Sydney NeuRA' covering a further 16 patients. At the time of printing this annual report, we have reached published data for 150 patients, as outlined in the following Clinical Trial summary table.

CLINICAL TRIAL SUMMARY OF O_2VENT™ DEVICE TRIALS TO VALIDATE OVENTUS AIRWAY TECHNOLOGY

Name	Study/ Investigation	Patients completed (per Oct 2018)	Results – reduction in AHI (sleep events per hour)[8]	Commentary	Peer review / events
Sydney study (NeuRa) OVEN-005 CRC-P funded (A$2.95m) 3 stages over 3 years 180 Patients in Total	Pilot study	4	37 reduced to 8 = 78% reduction Airway Technology increased efficacy by 50% compared to traditional oral appliance	In addition to AHI reduction, 66% reduction in CPAP pressure required when using Oventus CPAP connector	Presented at AADSM/AASM Sleep June 2017, Boston
	Nasal Resistance Study	7 39	34.4 reduced to 7.0 = 80% reduction 29 reduced to 14.5 = 50% reduction	Increased nasal resistance did not impact treatment outcomes	Interim results presented at World Sleep Congress (abstract) 9-12 October 2017, Prague Expanded results presented at European Respiratory Society (ERS), September 2018, Paris
	PEEP Valve Study	13[6]	30.5 reduced to 16.4 In previous treatment failures	Success rates increased by 58% enabling over 75% of patients to be treated successfully without CPAP	Final results being presented at the ASA Sleep DownUnder conference, October 2018, Brisbane
	MAS Combo Study	16	CPAP pressure requirements reduced by 35-40%	Patients able to breathe through the device while using nasal CPAP eliminating the need for full face masks	Interim results presented at European Respiratory Society (ERS), September 2018, Paris Expanded results being presented at ASA Sleep DownUnder Conference, October 2018, Brisbane
Perth study OVEN-004	Effect of Oventus Airway on Upper airway Physiology	10[7]	69.6 reduced to 19.4 = 72% reduction	Airway Technology increased Efficacy by 30%	Interim results: ASA Sleep DownUnder, ASA Conference (abstract) 25 October 2017, Auckland
Brisbane study OVEN-003	Effect of Oventus Airway on Efficacy and Compliance	32	24 reduced to 10 = 58% reduction	Airway Technology increased response rate by 40% and success rate by 20% Increased efficacy in nasal obstructers and previous treatment failures	Final results being presented at the ASA Sleep DownUnder, October 2018, Brisbane
Brisbane study OVEN-001	Efficacy of Oventus O_2Vent	29	42 reduced to 16 = 62.5% reduction	Same response rate and efficacy with and without self reported nasal congestion	Journal of Dental Sleep Medicine, Vol 4, No. 3
Total patients		**150**			

[6] Results from a further 9 patients to be presented at the ASA Sleep DownUnder conference in October 2018, Brisbane – results not publicly available yet

[7] Results from a further 13 patients to be presented at the ASA Sleep DownUnder conference in October 2018, Brisbane – results not publicly availabel yet

[8] Apnoea-Hypopnoea Index (AHI), known as 'sleep events' per hour occurring when the breathing airway collapses temporarily, leading to disruptions in breathing and sleep, in patients with Obstructive Sleep Apnoea (OSA)

3. Building out our USA market support team and introduction of the Oventus Medical Technology Advisory Board

The implementation of our Go Forward Business Strategy in the USA necessitated the formation of a strong, highly skilled and experienced team, covering the areas of sales, marketing, education, training and clinical support across both dental and sleep industries.

OVENTUS USA TEAM

ROBIN RANDOLPH

Vice President Marketing and Operations, North America

Accomplished Marketing and Sales executive 30+ years in the Sleep Industry. In-depth North America medical device commercialisation experience; product management, clinical education, reimbursement, and sales. Sleep Centre operations management experience.

GREG EATON

Vice President Sales, North America

Experienced medical device sales executive with 20+ years working within Sleep and Respiratory medical device markets. Possesses keen innovative insights in the areas of executing sales tactics, sales team development and forecasting. Multi-time recognised Presidents Club Achievement awardee for outstanding sales performance.

PEGGY POWERS

Clinical Educator

Experienced clinical educator and authority in the sleep and respiratory industry. Registered Respiratory Therapist 20+ years. Highly skilled in the design and delivery of comprehensive training programs for health care providers. Frequent presenter/ educator.

ROBYN WOIDTKE

Senior Manager, Dental Sleep Initiatives

Credentialed in Clinical Sleep Health, Science and Nursing with a sleep medicine career spanning 30+ years and experience in the medical device industry spanning 20+ years. Patient focused in approach. Experience spans research, education and regulation.

BRIAN UEDA

Marketing Operations Manager

Skillful marketing manager with an innate ability to take complex technical ideas and distill them into user-friendly visuals to drive marketing campaigns. Experienced in traditional advertising, marketing, graphic design and film.

OVENTUS MEDICAL TECHNOLOGY ADVISORY BOARD

To guide the launch and commercialisation of the Oventus 'Sleep Treatment Platform' to US Sleep Professionals and to further validate our product development work, shortly after the financial year end Oventus appointed a Medical Technology Advisory Board (MTAB).

Reporting to CEO, Dr Chris Hart, the MTAB comprises a US-based consultative advisory body of highly experienced leaders and international experts in sleep medicine. This advisory body will provide input and guidance into Oventus' clinical, developmental and commercial strategy, focused on introducing Oventus' products to the sleep channel in the USA. Members of the MTAB have been appointed with a three year term, renewable by mutual agreement.

The MTAB is composed of the following leading sleep physicians and advisors:

LEE A. SURKIN,
MD, FAASM

Chief Medical Officer of N3Sleep

A private practitioner in cardiology, sleep medicine and obesity medicine, Dr Surkin is one of a small group of physicians to be triple board certified in cardiology, sleep medicine and nuclear cardiology. His professional career has evolved from practicing cardiology exclusively to a unique practice model that emphasises a comprehensive wellness approach by incorporating sleep, cardiovascular and bariatric medicine.

In 2009, Dr. Surkin created Carolina Sleep – the only dedicated sleep medicine practice in eastern NC. In 2012, he founded the American Academy of Cardiovascular Sleep Medicine. In 2014, he founded the Carolina Clinic for Health and Wellness.

RICHARD K. BOGAN,
MD, FCCP, FAASM

Associate Clinical Professor, Chief Medical Officer, Director, SleepMed Inc.

Associate Clinical Professor at the University of South Carolina School of Medicine in Columbia, SC and Medical University of SC in Charleston, SC. He is the Chief Medical Officer and a Director of SleepMed Inc. He is one of the founders of SleepMed, the largest sleep diagnostic company in the U.S.

Dr. Bogan is board certified in sleep medicine, pulmonary medicine and internal medicine with previous certification in critical care. He has served as the medical director for several hospital departments and serves on various business, community, and civic boards.

JERROLD A. KRAM,
MD, FCCP, FAASM

Medical Director of the California Center for Sleep Disorders (with 8 locations)

Dr. Jerry Kram is board certified in internal medicine, pulmonary medicine and sleep medicine. He has lectured extensively on sleep and has conducted many clinical trials of treatments for various sleep disorders and published articles and chapters on this topic.

He is on the faculty of the School of Sleep Medicine at Samuel Merritt University and a member of the Board of the National Sleep Foundation.

4. Reduction of fixed and manufacturing costs

As part of our shift from a Research and Development (R&D) focus to a Go Forward sales-oriented focus, during the financial year we have been implementing a program to reduce R&D spend and divert resources into our sales and marketing channels.

We are also working towards reducing manufacturing costs. Two innovations that will assist with this goal are the upcoming introduction of the O_2Vent Optima™ nylon 3D printed devices, along with the introduction of a digital workflow for the almost instant file transfer of dental impressions and bite registration – delivering faster turnarounds and greater accuracy for device fit.

The Company will be further reducing overheads by:

> Reducing activities at the Oventus Melbourne manufacturing facility

> Fully outsourcing manufacture of the O_2Vent™ titanium appliance in a strategic move to become a virtual device manufacturer.

These cost reductions will enable Oventus to focus on its core value proposition of driving innovation in airway management and clinical adoption of 'Oventus Airway Technology'.

MARK HICKEY,
MD, FAASM

Founder, Colorado Sleep Instiute

Dr Hickey founded the Colorado Sleep Institute, which provides comprehensive care for the full spectrum of sleep disorders. Dr. Hickey is a Mayo-trained Neurologist and is both fellowship-trained and board certified in Sleep Medicine.

At the American Academy of Sleep Medicine, Dr. Hickey serves in three capacities: consultant to the AASM Health Policy Strategy Presidential Committee, Welltrinsic Board member, and AASM legislative liaison. At the Boulder Valley Individual Practice Association, he is both a Board member and Credentials Committee member. At the Boulder Valley Care Network, he serves as a Board member. He is an active member of the Colorado Medical Society and Boulder County Medical Society.

MARK A. RASMUS,
MD, FAASM

Medical Director, Idaho Sleep Health

Dr. Rasmus is board certified in paediatrics, internal medicine, pulmonary medicine, critical care and sleep medicine.

Dedicated to public education about sleep matters, Dr. Rasmus has appeared on television and frequently speaks to community groups and physicians. He has conducted clinical research and has published articles in sleep disordered breathing and CPAP humidification.

DANIEL B. BROWN,
ESQ.

Partner, Healthcare and Corporate Practice Groups, Taylor English Duma LLP Atlanta, Georgia.

Dan is an accomplished corporate and healthcare attorney who regularly advises clients on the legal and regulatory aspects associated with the operation and sale of health care businesses.

He represents a variety of sleep medicine providers, durable medical equipment suppliers, medical device manufacturers, physician groups, health care franchisors and health systems on structuring health care business operations and maintaining regulatory compliance with the Stark laws, Anti-Kickback Laws and HIPAA.

Dan served as Treasurer and a member of the Executive Committee of the National Sleep Foundation. He is on the Faculty of the Atlanta School of Sleep Medicine and Technology.

MYRA G. BROWN

President, MBrownGroup LLC

Myra has more than 30 years of experience managing, consulting, directing and developing business opportunities for health care companies, device manufacturers, health insurers, entrepreneurs, and individual health care providers. She has an MBA in Healthcare Administration from the Wharton School, University of Pennsylvania, and began her career with Hospital Corporation of America (HCA). She later served as the Chief Operating Officer of The Bill Wilkerson Center of Vanderbilt University.

In Myra's consulting practice, she develops strategic business, branding and marketing plans for companies ranging from new business start-ups to multinational entities. For the past 12 years, she has focused on the consumer sleep market.

5. Capital Raising to maintain a strong balance sheet

In December 2017, Oventus raised A$7.6 million in further funds to strengthen the balance sheet. These funds are allocated to completing product development and our Go Forward Business Strategy, focused on sales and marketing activities associated with the roll out of devices which make up Oventus' 'Sleep Treatment Platform' of therapeutic devices for the treatment of sleep apnoea and snoring.

Board and Management

Oventus Medical Limited is led by an experienced and professional Board of Directors and Management team, all of whom bring a breadth and depth of professional experience and commercial acumen to the business.

DR MEL BRIDGES

Chairman and Non-Executive Director

Mel has over 35 years' experience founding and building international lifescience, diagnostic and medical device companies and commercialising a wide range of Australian technology. He is responsible for numerous commercial and M&A transactions and liquidity events, including listings on the ASX.

Mel has received national and state business awards including the 2005 AusBiotech Chairman's Industry Medal and 2004 Queensland Entrepreneur of the Year. Mel has founded and developed medical device and diagnostic companies, including Pacific Diagnostics (acquired by Baxter), PanBio Ltd (acquired by Inverness Medical), and ImpediMed Ltd (ASX: IPD). Mel is currently a director of ASX 100 Company ALS Ltd.

DR CHRIS HART

Founder, Managing Director and Chief Executive Officer

Chris is the founder of the Company and inventor of the O_2Vent™ design concept. Chris is overseeing the launch of the O_2Vent™ to patients and through clinicians and heads the management team as they roll out the Oventus 'Sleep Treatment Platform' across Australia and the United States. Chris is also heavily involved with training and presenting to the dental and sleep sector.

Chris graduated from the University of Queensland in 1998 with a Bachelor of Dental Science with Honours and a Bachelor of Science in Biochemistry. He has studied at Cambridge University where he graduated with a Master of Philosophy in Biomedical Science in 1999.

Prior to establishing Oventus, Chris owned and managed a multi-site national dental practice, training institute and management consultancy which he sold to private equity investors.

Chris also acts as an adviser to various bodies within the dental industry as well as the health care sector more broadly on the commercial aspects of health care delivery.

MR NEIL ANDERSON

Chief Technical Officer

An experienced company executive and biomaterial scientist, Neil started working with Dr Chris Hart in 2013, to develop and commercialise the O_2Vent™ and bring it to market. Neil has been responsible for managing the collaboration process with the CSIRO to develop a remotely-managed computer aided detection (CAD) imaging and 3D printing manufacturing platform, as well as the patent portfolio, quality systems and regulatory clearances for the product to date.

Neil has 30 years' experience in commercialising medical devices and managing the process from conception to market release including applied research, developing prototypes and testing, product development, manufacturing, regulatory submissions and clinical trials.

Prior to taking on the role with Oventus, Neil founded and held the role of chief executive officer of CathRx for 10 years. In this role, Neil managed the process from the invention of the company's technology through to commercialising a range of products leading to sales in Europe.

Neil has a Bachelor of Applied Science (Hons) and a Diploma of Management and is a Graduate of the Institute of Company Directors (GAICD).

MS SUE MACLEMAN

Non-Executive Director

Sue MacLeman has more than 30 years' experience as a pharmaceutical, biotechnology and medical technology executive with senior roles in corporate, medical, commercial and business development.

Sue has also served as CEO and Board member of several ASX and NASDAQ listed companies in the sector and is currently Chair of Anatara Lifesciences Ltd, Chair of Novita Healthcare Ltd, Chair and Non-Executive Director of MTPConnect (MTPII-GC Ltd), Non-Executive Director of Oventus Medical Ltd and veski.

Sue is also appointed to a number of academic and government advisory committees. Her broad commercial experience is underpinned by graduate qualifications in pharmacy and post graduate qualifications in commercial law, corporate governance, business administration and marketing.

MR STEPHEN DENARO

Company Secretary

Steve has extensive experience in mergers and acquisitions, business valuations, accountancy and income tax compliance services, as well as board corporate governance. Steve provides company secretary services for a number of biotech and software companies. Steve is also a member of the Institute of Chartered Accountants in Australia, and the Australian Institute of Company Directors.

MR DAN PARRY

Chief Financial and Operations Officer

Dan Parry joined Oventus in December 2017 with over 20 years of experience as CFO and Company Secretary in the life science, technology and medical service sectors.

Dan has held senior finance roles with companies in the US, UK and Australia, ranging from venture-backed start-ups to NASDAQ listed companies including Astellas, Synergen, Cortech, Heska, Accera and Implicit Bioscience Ltd. His experience also includes corporate finance and internal audit roles with a Fortune 100 company and six years in public accounting where Dan qualified as a CPA in the US.

In these roles, Dan has managed finance, accounting, human resources, information technology, facilities, legal and compliance functions and mergers and acquisitions. Dan is professionally qualified as a Chartered Accountant in Australia and as a CPA in the US, with an MBA from the J.L. Kellogg Graduate School of Management in Chicago.

MS ROBIN RANDOLPH

Vice President Marketing and Operations, North America

Starting her career as a nurse, then sleep technologist and clinical researcher, Robin Randolph is an accomplished marketing and sales executive with over 30 years' experience in the sleep industry, including past ownership of US sleep centres.

Robin joined Oventus Medical in April 2018 as Vice President of Marketing and Operations, North America. Robin's vast experience spans medical device commercialisation, product management, clinical education, reimbursement and sleep centre operations management.

Robin has held senior management roles in these areas for both ResMed and Fisher & Paykel Healthcare. She is passionate about education for patient management of sleep disorders, including obstructive sleep apnoea, sharing her in-depth industry knowledge and promoting the advantages of Oventus Airway Technology.

Financial Report

For the year ended 30 June 2018

CONTENTS

Directors' Report

For the year ended 30 June 2018

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'; "the Group") at the end of, or during, the year ended 30 June 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 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 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 year, 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 Company's cash position stood at $9.90 million as at 30 June 2018. 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 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').

DIVIDENDS

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

REVIEW OF OPERATIONS

The loss for the Consolidated Entity after providing for income tax amounted to $5,870,547 (2017: loss of $6,510,114). The Consolidated Entity earned $271,322 in revenue for the year ended 30 June 2018 (2017: revenue of $447,994) and incurred operating expenses of $6,424,042 for the year ended 30 June 2018 (2017: $7,097,982). Development expenditures of $1,737,286 incurred during the year ended 30 June 2018 (2017: $1,925,893) were capitalised in the consolidated statement of financial position. The Consolidated Entity received $966,233 from the Australian Federal Government in January 2018 as a credit rebate for the Company's 2017 financial year R&D spend.

Sales Activities

During the financial year, work continued to build Oventus' two main sales channels; with dentists through 'the dental channel' (predominantly through our agreement with Modern Dental) and with sleep physicians through 'the sleep channel'. To help drive referrals through both channels, Oventus is focused on stakeholder education, generating clinical data and product marketing.

Sales volumes are yet to accelerate since launching with Modern Dental in early Calendar Year 2018 due to long lead times on treatment uptake and the additional education typically required when launching a new treatment modality. To this end, Modern has also been investing heavily in education and marketing for the dental channel.

In the sleep channel, Oventus is focused on the generation of clinical data and education of stakeholders to drive referrals for 'Oventus Airway Technology'. 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.

Early feedback from the sleep community has been exceptional and the Company remains very positive that sales will build in the second half of Calendar year 2018. The Oventus treatment platform and the clinical trial data to support its adoption has undergone a rapid evolution over the last two years.

Historically, Oventus has 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 and supporting clinical trial data being generated, in combination with access to existing reimbursement codes and a clear regulatory pathway, Oventus is now emerging as an airway management company. 'Oventus Airway Technology' now extends into a sleep treatment platform with the addition of PEEP valve technology eliminating the need for full face masks and CPAP for the majority of patients.

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.

Operational staff appointments

Oventus invested heavily in building out its 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.

During the financial year, a number of key staff were recruited in the US to drive marketing and sales and sales who bring long standing relationships through prior roles in industry. The team is headed by Robin Randolph, Vice President, Marketing and Operations supported by Greg Eaton, Vice President Sales and Peggy Powers, Clinical Educator, North America.

The Board has decided to clarify the executive roles of Dr Chris Hart and Mr Neil Anderson to better reflect their true roles and the Board agreed that Dr Hart assume the Chief Executive Officer role and Mr Anderson the Chief Technical Officer role, effective 30 August 2018.

Directors' Report (continued)

For the year ended 30 June 2018

Distribution in Australia and North America

While there are many early adopters in clinical practice, many dentists still do not view 'Oventus Airway Technology' as a new treatment modality but as another oral appliance. Educating dentists as to the benefits of 'Oventus Airway Technology' for their patients is critical to drive adoption. Following the launch with Modern Dental Group in late 2017, there has been increased focus on training dentists in the clinical application of 'Oventus Airway technology'. This has been a mix of online learning platforms, presentation of data at clinical meeting, face to face training in clinics and at structured courses. This training has been targeted at three groups of dentists:

1. Dentists that don't currently incorporate Dental Sleep Medicine into their practice – raising awareness on 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; and
3. Advanced Sleep Dentists that have the ability to incorporate combination therapy into clinical practice.

As with all new treatment modalities, there is a significant lead time and investment in training required to modify clinical habits. To this end, Oventus is not just working with dentists but also working with the gatekeepers of sleep apnoea treatment: the sleep physicians' groups.

Following the recent release 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 PEEP technology "ExVent™" and "O_2Vent ONEPAP™" 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, increasing the reach of 'Oventus Airway Technology' to successfully treating more than three quarters of patients without the need for CPAP.

In the USA, in recent months, Robin Randolph and Greg Eaton from Oventus USA have met or forged relationships with a range of prominent US Sleep networks. The recent American Academy of Dental Sleep Medicine (AADSM) and SLEEP 2018 exhibitions in Baltimore in June 2018 provided excellent opportunities to network with key executives whilst raising awareness with the wider dental and sleep community. Dr Chris Hart will be undertaking activities in the USA later in the current quarter, presenting to sleep physicians the benefits of Oventus' personalised 'Sleep Treatment Platform' and onboarding them with the technology.

Product development

As a result of the launch of a number of new appliances over the coming six months 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 will enable a personalised patient-centric approach to sleep medicine.

Product development has been guided by clinical trial results and market feedback on the existing range of devices.

The titanium O_2Vent™ appliance range currently on the market has continued to evolve to make the devices lower profile and more ergonomic as well as being compatible with the newly developed ExVent™ and O_2Vent ONEPAP™ devices.

The O_2Vent Optima™ bespoke 3D printed nylon devices are ultralight weight and much lower cost to produce than the titanium O_2Vent™ appliances. These products remain on schedule for launch in the 4th quarter of calendar 2018 and will be backed up by six clinical trial data sets being presented at the European Respiratory Society Congress in Paris this September and the Australasian Sleep Association's Sleep Down under in Brisbane in October all of which support the use of 'Oventus Airway Technology' in treating OSA.

Alongside the O_2Vent™ 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_2Vent™ oral appliances, further enhancing efficacy in a number of patients – a key step in the OVN personalised treatment program. 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 but without the air pump.

The O_2Vent ONEPAP™ appliance (incorporating a titratable PEEP valve and nasal pillows) is on track for launch in early 2019. This appliance is designed for patients with more severe sleep apnoea and is undergoing trials as part of the NeuRA study. O_2Vent ONEPAP™ is possibly the most exciting extension of 'Oventus Airway Technology' 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 for release in calendar 2019. This appliance works together with existing CPAP technology delivering pressurised airflow via Oventus' unique connector with nasal pillows in combination with Oventus' O_2Vent™ oral appliance.

Clinical trial results

A number of clinical trial results were announced during the financial year and presented at sleep industry conferences confirming the efficacy, and building on the growing body of evidence, of 'Oventus Airway Technology'.

The OVEN-003 'Brisbane' trial was concluded in late May and interim results were reported for the OVEN-005 'Sydney NeuRA' trial which both showed very positive clinical data covering an additional 45 patients in clinical trials being released.

To date, data has been collected and analysed across 95 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.

Further results are expected in calendar Q4 2018 from the OVEN-004 'Perth' study covering 23 patients and the OVEN-005 Sydney NeuRA Study with a further 16 patients.

The OVEN-005 'Sydney NeuRA' trial remains ongoing as part of a Cooperative Research Centre Program (CRC-P) announced in February 2017, which is funded through $2.95 million grant over a three-year period from the Australian Federal government's Department of Industry, Innovation and Science. The ongoing NeuRA study running a number of cohorts will also focus on building clinical evidence during the coming financial year 2019, in the newly developed PEEP technology, in the soon to be launched ExVent™ and O_2Vent ONEPAP™ extension appliances, building out 'Oventus Sleep Treatment Platform'. The study will also look to build clinical evidence in the O_2Vent™ Connect™ CPAP connection.

Operational focus and cost reduction

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

The Company aims to further reduce operating overheads by reducing activities at its Melbourne facility and by fully outsourcing manufacturing of its titanium O_2Vent™ appliance in a strategic move to become a virtual device manufacturer. 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

Research and development expenditures for the year ended 30 June 2018 totalled $2,515,574, including $1,737,286 of development costs capitalised in the consolidated statement of financial position and a provision for indirect costs.

As planned during the period, Oventus continued to conduct research and development (R&D) activities to support product and clinical development activities, in tandem with the market launch into overseas jurisdictions which represent large market opportunities for our innovative product range. 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).

The focus of the CRC-P is to develop on a personalised approach to the treatment of obstructive sleep apnoea. The O_2Vent Optima™ nylon appliance, the ExVent™ and O_2Vent ONEPAP™ PEEP valves are key R&D outcomes over the last year. All these products are anticipated to be on the market in the fiscal year ending 30 June 2019.

In addition, a number of product and process improvements were implemented during the reporting period. These included introductions of new 3D modelling software for increased device customisation and improved patient comfort; redesign of the shape of the O_2Vent™ T and O_2Vent™ W for increased strength and resilience; and upgrades to the device adjuster assembly for improved patient usability.

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. Discussions with contract manufacturers are underway to outsource 3D printing, polishing and other elements of the manufacturing process. Completion of outsourced manufacturing is expected to be completed by the fourth calendar quarter of 2018.

Patent application approvals

Patent approval was received from the US Patent and Trade Mark Office, number US-10,010,444, and European Patent Office, number EP-2,709,572 in June 2018. The approvals provide Oventus with protection for its 'Airway Technology' incorporated into its O_2Vent™ oral appliances for the treatment of sleep apnoea and snoring. This newly approved patent sits within an existing family of patents previously approved and, importantly, provides Oventus with patent protection in its key target market of the US and Europe. Oventus already has issued patents in Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company's capital raising activities for the prior two fiscal years are shown in the table below.

Equity - Share capital	30 June 2018 Number of Shares #	30 June 2018 Value of Shares $	30 June 2017 Number of Shares #	30 June 2017 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	105,939,212	29,640,394	90,000,000	21,729,732

Directors' Report (continued)

For the year ended 30 June 2018

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').

SIGNIFICANT MATTERS SUBSEQUENT TO THE PERIOD

On 3 July 2018, the Consolidated Entity granted 850,000 share options to employees under the Oventus Employee Option Plan. The options have an excise price $0.4804 and expiry date of 2 July 2023. The estimated total fair value of share options granted was $121,740 or $0.1432 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.

EXPECTED FUTURE DEVELOPMENTS

Looking ahead, Oventus expects to make significant progress in generating sales of the O_2Vent™ range. 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 the agreement with Modern 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. Additional clinical evidence/clinical trial results which highlight the benefit of the 'Oventus Airway Technology' for a range of patients;
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 and O_2Vent ONEPAP™ appliance (incorporating a titratable PEEP value and nasal pillows), treating 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.

ENVIRONMENTAL REGULATIONS

The Company's operations are not regulated by any significant environmental regulations under a law the Commonwealth or of a State or Territory.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

MEL BRIDGES

(Chairman) (Non-Executive Director)

Qualifications

Bachelor Degree of Science (Chemistry), Honorary Doctorate from Queensland University of Technology and Fellow of the Australian Institute of Company Directors.

Experience

Mel has over 35 years' experience founding and building international lifescience, diagnostic and medical device companies and commercialising a wide range of Australian technology. He is responsible for numerous commercial and M&A transactions and liquidity events, including listings on the ASX.

Mel has received national and state business awards including the 2005 AusBiotech Chairman's Industry Medal and 2004 Queensland Entrepreneur of the Year. Mel has founded and developed medical device and diagnostic companies, including Pacific Diagnostics (acquired by Baxter), PanBio Ltd (acquired by Inverness Medical), and ImpediMed Ltd (ASX: IPD).

Other current directorships

Mel is currently a director of ASX 100 Company ALS Ltd, and co-founder and chairman of Anatara Lifesciences Ltd (until May 2018).

Former directorships (last 3 years)

Mel was director of Tissue Therapies Ltd (March 2009 to December 2015), Benitec BioPharma Limited (October 2007 to June 2014).

Special responsibilities

Mel is the chair of the Remuneration Committee and serves on the Audit and Risk Management Committee.

Interest in shares

2,290,551 ordinary shares

Interest in options

200,732 options

CHRISTOPHER HART

(Executive Director) (Founder) (Managing Director and Chief Executive Officer from 30 August 2018) (Clinical Director up to 29 August 2018)

Qualifications

Bachelor of Dental Science with Honours, Bachelor of Science in Biochemistry, Master of Philosophy in Biomedical Science.

Experience

Prior to establishing Oventus, Chris owned and managed a multi-site national dental practice, training institute and management consultancy which he sold to private equity investors.

Chris also acts as an adviser to various bodies within the dental industry as well as the health care sector more broadly on the commercial aspects of health care delivery.

Other current directorships

None

Former directorships (last 3 years):

None

Interest in shares

26,542,513 ordinary shares

Interest in options

401,464 options

NEIL ANDERSON
(Executive Director) (Chief Technical Officer from 30 August 2018) (Managing Director and Chief Executive Officer up to 29 August 2018)

Qualifications

Bachelor of Applied Science (Hons), Diploma of Management, Graduate of the Institute of Company Directors (GAICD).

Experience

Neil has 30 years' experience in commercialising medical devices and managing the process from conception to market release including applied research, developing prototypes and testing, product development, manufacturing, regulatory submissions and clinical trials.

Prior to taking on the role with Oventus, Neil founded and held the role of chief executive officer of CathRx for 10 years. In this role, Neil managed the process from the invention of the company's technology through to commercialising a range of products leading to sales in Europe.

Other current directorships

None

Former directorships (last 3 years):

None

Interest in shares

5,837,365 ordinary shares

Interest in options

401,464 options

SUE MACLEMAN
(Non-Executive Director)

Qualifications

Bachelor of Pharmacy from the University of Queensland, Masters of Marketing at Melbourne University (Melbourne Business School), a Masters of Law degree (Deakin University), a Fellowship with the ACPP and is a Fellow/Graduate of AICD.

Experience

Sue MacLeman has more than 30 years' experience as a pharmaceutical, biotechnology and medical technology executive with senior roles in corporate, medical, commercial and business development. Sue has also served as CEO and Board member of several ASX and NASDAQ listed companies in the sector. Sue is also appointed to a number of academic and government advisory committees.

Other current directorships

Sue is currently Chair Elect and Non Executive Director of MTPConnect (Medical Technology and Pharmaceuticals Industry Innovation Growth Centre MTPCII-GC Ltd) and Non-Executive Director at both Oventus Medical Ltd and veski.

Former directorships (last 3 years):

RHS Ltd

Special responsibilities

Sue is the chair of the Audit and Risk Management Committee and serves on the Remuneration Committee.

Interest in shares

23,000 ordinary shares

Interest in options

200,732 options

STEPHEN DENARO
(Company Secretary)

Qualifications

Bachelor of Business, Chartered Accountant, a Member of AICD and a Graduate Diploma in Applied Corporate Governance.

Experience

Steve has extensive experience in mergers and acquisitions, business valuations, accountancy and income tax compliance services, as well as board corporate governance. Steve provides company secretary services for a number of biotech and software companies. Steve is also a member of the Institute of Chartered Accountants in Australia, and the Australian Institute of Company Directors.

MEETINGS OF DIRECTORS

During the financial year, 11 meetings of directors were held. Attendances were:

	Full Board	
	Number eligible to attend	**Number attended**
Mel Bridges (Chairman)	11	11
Christopher Hart	11	11
Neil Anderson	11	11
Sue MacLeman	11	11

Directors' Report (continued)

For the year ended 30 June 2018

MEETINGS OF REMUNERATION COMMITTEE AND AUDIT AND RISK MANAGEMENT COMMITTEE

During the financial year, 2 meetings of the Remuneration and Nomination Committee were held and 2 meetings of the Audit and Risk Management Committee was held. Attendances were:

	Remuneration and Nomination		Audit and Risk Management	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mel Bridges (Chairman)	2	2	2	2
Sue MacLeman	2	2	2	2

REMUNERATION REPORT (AUDITED)

Key management personnel (KMP) covered in this report

The following persons were directors of Oventus Medical Limited during the financial year:

- Mel Bridges (Chairman) (Non-Executive Director)
- Christopher Hart (Executive Director) (Founder) (Managing Director and Chief Executive Officer from 30 August 2018) (Clinical Director up to 29 August 2018)
- Neil Anderson (Executive Director) (Chief Technical Officer from 30 August 2018) (Managing Director and Chief Executive Officer up to 29 August 2018)
- Sue MacLeman (Non-Executive Director)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

- Daniel Parry (Chief Financial and Operations Officer from 5 December 2017)
- Robin Randolph (Vice President of U.S. Marketing and Operations from 1 April 2018)
- Stephen Denaro (Company Secretary)

Remuneration policy and link to performance

The Group's remuneration policy adopted has been designed to:

a. Align with shareholder and business objectives and expectations;

b. Attract and retain suitably qualified and experienced people;

c. Provide a level and composition of remuneration that is reasonable, fair and aligned to market;

d. Encourage directors and executives to pursue the long term growth and success of the Company, balanced against the need to also achieve critical short term business objectives;

e. Align corporate and individual performance;

f. Be internally consistent;

g. Be transparent with respect to setting performance goals and the measurement of performance against those goals; and

h. Align with regional and industry standards and regulatory requirements.

The remuneration policy links to the Group's long-term performance by providing incentives to key management personnel based upon milestones which need to be met in the short to medium term which but which are essential requirements for the Group's long term performance. The issue of options to key personnel aligns their compensation to increases in share prices and, accordingly, increases in shareholder wealth. The remuneration policy is not based on earnings as this is not seen as the appropriate indicator of performance for key management personnel at this stage of the Group's life cycle.

Elements of remuneration

Remuneration packages may consist of fixed remuneration, short-term incentives and long term equity-based benefits.

Remuneration packages can be tailored to an individual's requirements to maximize available salary packaging options.

Total fixed remuneration consist of base salary, non-cash benefits provided inclusive of FBT (Fringe Benefit Tax) costs, as well as employer contributions to superannuation.

Short-term incentives consist of cash bonuses payable under the Company's Employee Incentive Plan, and are paid on the basis of an individual's performance and contributions during the year.

The Employee Incentive Plan is managed by the Remuneration and Nomination Committee, which sets and reviews relevant performance targets against which an individual's and the Company's short-term performance are measured.

Long-term benefits are provided by way of equity based incentives under the Company's Employee Option Plan, and are granted based on an assessment made by the Remuneration and Nomination Committee taking account of an individual's position, service and market-based assessment and an individual's capacity to influence corporate value.

The Employee Option Plan is managed by the Remuneration and Nomination Committee who recommends grants to individuals and the terms and performance criteria applicable.

Responsibilities of Remuneration and Nomination Committee

1. The Remuneration and Nomination Committee is responsible for determining appropriate levels and structure of remuneration for executives.
2. The Remuneration and Nomination Committee is responsible for approving performance metrics for executives and measuring performance against those metrics.
3. The Remuneration and Nomination Committee will review the remuneration of executives annually, taking account of market movements, comparative remuneration information and individual performance.

Remuneration expenses for KMP

	Short-term benefits			Post-employment benefits		Share-based payments	
	Cash salary & fees $	Bonus $	Other Benefits $	Super $	Termination benefits $	Equity -settled $	Total $
For the year ended 30 June 2018							
Non-executive directors							
Mel Bridges	73,059	-	-	6,941	-	7,215	87,215
Sue MacLeman	50,228	-	-	4,772	-	7,215	62,215
Executive directors							
Christopher Hart	301,370	80,000	-	36,230	-	14,430	432,030
Neil Anderson	301,370	80,000	-	25,000	-	14,430	420,800
Other key management personnel							
Stephen Denaro	25,000	-	-	-	-	3,608	28,608
Daniel Parry (from 5 December 2017)	105,577	-	-	10,030	-	6,793	122,400
Robin Randolph (from 1 April 2018)	55,921	-	5,766	-	-	-	61,687
For the year ended 30 June 2017							
Non-executive directors							
Mel Bridges	74,583	-	-	7,085	-	6,933	88,601
Sue MacLeman	55,228	-	-	4,771	-	6,933	66,932
Executive directors							
Christopher Hart	300,070	-	-	28,507	-	13,867	342,444
Neil Anderson	300,070	-	-	28,507	-	13,867	342,444
Other key management personnel							
Elise Hogan (up to 28 June 2017)	301,370	-	-	35,788	108,381	28,303	473,842
Stephen Denaro	25,000	-	-	-	-	-	25,000

Contractual arrangements for executive KMP

Remuneration and employment terms for executive directors and other key management personnel are detailed in the employment agreements. The employment agreements do not have a fixed term. The Group may terminate the contracts immediately if the executive engages in serious misconduct, wilfully disobeys a lawful and reasonable direction or becomes bankrupt. Otherwise, the Group or the executive may terminate the contracts by giving three months' notice.

Non-executive director arrangements

The Board's policy is to remunerate non-executive Directors at market rates for comparable companies for the time, commitment and responsibilities undertaken by non-executive Directors.

Remuneration payable to non-executive Directors consists of fixed fees payable within the aggregate director fees approved by shareholders. In addition, statutory employer superannuation contributions are payable where relevant, as are non-cash benefits in lieu of fees.

Base fixed fees payable to non-executive Directors take account of work undertaken on Board committees. Additional fixed fees will be paid to directors who chair a Board committee.

In addition, non-executive Directors may participate under the terms of the Company's Employee Option Plan, subject to the relevant approval of shareholders.

Other than by way of payment of statutory employer superannuation contributions, retirement benefits are not granted to non-executive Directors.

The Remuneration and Nomination Committee reviews the remuneration of non-executive Directors annually. If considered necessary, the Remuneration and Nomination Committee will recommend that shareholders be asked to consider, and if considered appropriate, to approve any increase in the aggregate non-executive Director fees. The total amount of fixed fees paid to non-executive

Directors' Report (continued)

For the year ended 30 June 2018

Directors must not exceed the maximum amount authorised by shareholders from time to time. As at 30 June 2018, the Consolidated Entity was a listed entity and the requirement to have non-executive director remuneration authorised is subject to approval at the Company's annual general meeting.

Where relevant, the Remuneration and Nomination Committee will seek advice from independent third parties to bench mark non-executive Director remuneration against relevant market practice.

End of Remuneration Report

SHARES UNDER OPTION

Unissued ordinary shares

Unissued ordinary shares of Oventus Medical Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price	Number under option
24 February 2016	23 February 2021	$0.578	2,274,954
1 December 2016	1 December 2021	$1.055	300,000
23 May 2017	12 December 2022	$0.961	600,000
23 May 2017	24 February 2022	$0.940	50,000
18 December 2017	18 November 2022	$1.016	200,000

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Shares issued on the exercise of options

No options were exercised during the year ended 30 June 2018.

INSURANCE OF OFFICERS AND INDEMNITIES

The Company maintains and pays premiums in respect of directors' and officers' insurance. Premiums paid in respect of insurance amounted to $46,412.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Oventus Medical Limited support and have adhered to key principles of corporate governance.

Please refer to the Corporate Governance Statement of Oventus Medical Limited on website www.oventus.com.au via the tab headed "Investor Centre" for more information.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 17 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

There were no non-audit services provided by the auditor (or by another person or firm on the auditors behalf) during the financial year.

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 year ended 30 June 2018.

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

Mel Bridges
Director

Brisbane
30th August 2018

Auditor's independence declaration

For the year ended 30 June 2018

PKF Hacketts

PKF

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 year ended 30 June 2018, there have been:

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

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

PKF Hacketts

PKF HACKETTS AUDIT

C Bradley

Cameron Bradley
Partner

Brisbane, 30 August 2018

PKF Hacketts Audit
ABN 33 873 151 348

Level 6, 10 Eagle Street, Brisbane QLD 4000
GPO Box 1568, Brisbane QLD 4001
p +61 7 3839 9733
f +61 7 3832 1407

8 East Street, PO Box 862
Rockhampton QLD 4700
p +61 7 4927 2744
f +61 7 4927 4317

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	30 June 2018 $	30 June 2017 $
Revenue – sale of goods		271,322	447,994
Less: Expenses			
Staff costs		2,790,306	2,569,138
Manufacturing costs - pilot phase		177,700	582,431
Depreciation and amortisation		757,636	615,621
Administration		512,354	688,058
Travel		422,854	297,348
Sales and marketing		406,245	852,419
Information technology costs		387,840	473,082
Audit legal and consulting		319,996	463,335
Clinical studies research and regulatory		269,057	239,977
Insurance		204,877	142,308
Office & lab		175,177	174,265
Total expenses		6,424,042	7,097,982
		(6,152,720)	(6,649,988)
Other income (expenses)			
Interest income		191,157	88,661
Other income		91,016	51,213
		282,173	139,874
Loss before income tax expense		(5,870,547)	(6,510,114)
Income tax expense	13	-	-
Loss for the year attributable to members of the company		(5,870,547)	(6,510,114)
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translating foreign operations		3,895	-
Total comprehensive loss attributable to members of the company		(5,866,652)	(6,510,114)
Loss per share for profit/(loss) from continuing operations:		**Cents**	**Cents**
Basic loss per share	22	(5.92)	(9.18)
Diluted loss per share	22	(5.92)	(9.18)

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

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	30 June 2018 $	30 June 2017 $
Current assets			
Cash and cash equivalents	3	9,894,959	8,648,099
Trade and other receivables	4	562,207	420,092
Other current assets	5	1,372,217	1,225,385
Total current assets		11,829,383	10,293,576
Non-current assets			
Property, plant and equipment	6	702,089	1,314,290
Intangible assets	7	3,211,947	2,420,447
Deposits		69,094	91,518
Total non-current assets		3,983,130	3,826,255
Total assets		15,812,513	14,119,831
Current liabilities			
Trade and other payables	8	561,475	1,089,043
Other current liabilities	9	120,768	127,473
Total current liabilities		682,243	1,216,516
Non-current liabilities			
Other liabilities	9	-	14,283
Total non-current liabilities		-	14,283
Total liabilities		682,243	1,230,799
Net assets		15,130,270	12,889,032
Equity			
Share capital	10	29,640,394	21,729,732
Share based payment reserve	11	309,476	201,311
Translation reserve		3,895	-
Accumulated losses	12	(14,823,495)	(9,042,011)
Total equity		15,130,270	12,889,032

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Contributed Equity $	Share Based Payments Reserve $	Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2016	4,426,703	41,533	-	(2,531,897)	1,936,339
Loss for the year	-	-	-	(6,510,114)	(6,510,114)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(6,510,114)	(6,510,114)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	17,303,029	-	-	-	17,303,029
Share based payments	-	159,778	-	-	159,778
Total transactions with owners in their capacity as owners:	17,303,029	159,778	-	-	17,462,807
Balance at 30 June 2017	21,729,732	201,311	-	(9,042,011)	12,889,032
Balance at 1 July 2017	21,729,732	201,311	-	(9,042,011)	12,889,032
Loss for the year	-	-	-	(5,870,547)	(5,870,547)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(5,870,547)	(5,870,547)
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	-	197,228	-	-	197,228
Exchange differences on translating foreign operations	-	-	3,895	-	3,895
Transfer of expired options	-	(89,063)	-	89,063	-
Total transactions with owners in their capacity as owners:	7,910,662	108,165	3,895	89,063	8,111,785
Balance at 30 June 2018	29,640,394	309,476	3,895	(14,823,495)	15,130,270

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Note	30 June 2018 $	30 June 2017 $
Cash flows from operating activities			
Receipts from customers		292,476	398,056
Payments to suppliers and employees		(6,124,361)	(6,630,595)
Interest received		210,603	85,260
R&D grants and concessions received		986,233	629,899
Interest and other finance costs paid		-	(12,696)
Net cash outflow from operating activities	21	(4,635,049)	(5,530,076)
Cash flows from investing activities			
Payments for property, plant and equipment		(66,836)	(249,959)
Payments for intangible assets		(1,954,802)	(2,251,874)
Proceeds from (payments for) term-deposits		22,424	-
Net cash outflow from investing activities		(1,999,214)	(2,501,833)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	10	7,910,662	17,303,029
Proceeds from (Repayments of) borrowings from directors and related entities		-	(767,999)
Net cash inflow from financing activities		7,910,662	16,535,030
Net increase in cash held		1,276,399	8,503,121
Cash and cash equivalents at the beginning of the year		8,648,099	161,114
Effects of exchange rate changes on cash and cash equivalents		(29,539)	(16,136)
Cash and cash equivalents at the end of the year		9,894,959	8,648,099

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

Notes to the Financial Statements

For the year ended 30 June 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Group 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

These financial statements have been prepared under the historical cost convention on an accrual basis of accounting and a going concern assumption.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 18.

Principles of consolidation

The Statement of Comprehensive Income and Statement of Financial Position as at 30 June 2018 incorporates the assets, liabilities and results of the Company and its controlled entities. A subsidiary is any entity over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

All intercompany balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of controlled entities are consistent with the policies adopted by the parent unless otherwise stated below.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

A list of controlled entities is at Note 19.

Comparative information

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Segment Reporting

The Group is a medical device developer operating within a sole industry, being the development of oral appliances for sleep disorders. The Group operates predominantly in Australia and has established sales and marketing operations in the United States of America in January 2017. For management purposes, the Group has two operating segments: Australia and United States of America.

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

Revenue recognition

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

Government grants

Grants from government, including Australian Research and Development Tax Incentive (RDTI), are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Where a grant is received relating to research and development costs that have been expensed, the grant is recognised as other income when the grant becomes receivable.

When the grant relates to an asset, the cost of the asset is shown net of the grant or receivable.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Manufacturing costs - Pilot phase

Manufacturing costs incurred during the pilot phase of manufacturing have been expensed as incurred. When the Group expands its manufacturing and distribution, expected in the year ended 30 June 2019, it will commence recognising cost of sales. All costs directly associated with generating revenue, including direct materials and labour and indirect costs will be allocated to cost of goods for sale.

Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accrual basis. Amounts disclosed as expenses are net of taxes paid except where the amount of goods and services tax incurred is not recoverable from the taxation authority. In these circumstances, the tax is recognised as part of the expense.

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 the Group's 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 at 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 the Group's 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.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently shown net of provision for bad debts. Trade receivables are generally due for settlement within 30 days.

They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent year, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Class of fixed asset	Depreciation rates
Office equipment	20%
Computer equipment	33%
Sleep and production equipment	20-33%
Assets under joint arrangement	12.5%

Interests in Joint Arrangements

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Intangible assets

Patents, trademarks and licences

Patents, trademarks and licences are recognised at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Group's estimate of the useful lives of its patents, trademarks and licenses is 20 years.

Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Any research and development tax offsets or grants received relating to development costs are deducted from the total development cost. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over the estimated useful life of 5 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Financial instruments

Classification

The Company classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Impairment of financial assets

The carrying amount of financial assets is reviewed annually by directors to assess whether there is any objective evidence that a financial asset is impaired.

Where such objective evidence exists, the company recognises impairment losses.

Trade and other payables

Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial period, which are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

For an asset measured at cost, an impairment loss is recognised in profit or loss where the carrying amount of the asset exceeds its recoverable amount.

Reversal of impairment loss for an asset measured at cost other than goodwill is recognised immediately in profit or loss.

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably estimated.

Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Employee entitlements

Liabilities for salaries including annual leave expected to be settled within 12 months of the reporting date are recognised in current employee entitlements in respect of employee services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave is based on current salary levels, years of completed service and the estimated probability that the employee will remain with the Company.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as a part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Contributed equity

Ordinary shares are classified as equity; incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments

AASB 9 Financial Instruments and applicable amendments, effective from 1 January 2018, addresses the classification, measurement and derecognition of financial assets and financial liabilities. 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. It has now also introduced revised rules around hedge accounting and impairment. The Group will adopt this standard and the amendments from 1 July 2018 and it does not expect this to have a significant impact on the recognition and measurement of the Group's financial instruments. The derecognition rules have not been changed from the previous requirements and the Group does not apply hedge accounting.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for its adoption. The standard will require contracts to be identified, together with the separate performance obligations within the contract. The transaction price will be determined adjusted for the time value of money. Revenue is recognised when each performance obligation is satisfied. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

performance and the customer's payment. The Group will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the Group.

AASB 16 Leases

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16. AASB 16 will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The accounting by lessors, however, will not significantly change. The Group will adopt this standard from 1 January 2019 but the impact of its adoption is yet to be assessed by the Group.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires 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 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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees 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.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Development costs

The Group capitalises development costs for a project in accordance with the accounting policy as per note 1. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. At 30 June 2018, the carrying amount of capitalised development costs was $2,464,345 (2017: $1,847,478).

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 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 year, the Group made a loss before tax of $5,870,547 (2017: loss of $6,510,114) and has accumulated losses of $14,823,495. However, as at 30 June 2018, the current assets exceed its current liabilities by $11,147,140. 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.

3. CASH AND CASH EQUIVALENTS

	30 June 2018 $	30 June 2017 $
Cash on hand	62	324
Cash at bank	794,897	8,647,775
Short-term deposits	9,100,000	-
	9,894,959	8,648,099

4. TRADE AND OTHER RECEIVABLES

Trade receivables	86,413	107,567
Receivable from CSIRO	440,000	-
GST receivable	4,747	250,029
Other receivables	43,050	62,496
	574,210	420,092
Less allowance for doubtful debts	12,003	-
	562,207	420,092

As at 30 June 2018, trade receivables of $12,003 (2017: nil) were past due and considered impaired.

On 21 June 2018, the Company entered into an Equipment Ownership & Management Agreement with Commonwealth Scientific and Industrial Research (CSIRO) wherein both parties agreed to share in the ownership and maintenance of the Arcam Equipment (the Equipment) in the period from 1 July 2018 to 30 June 2026. As per the terms of the agreement, CSIRO is to contribute $440,000 (inclusive of GST) in exchange for its 50% share of the Equipment. Both parties will also share in the maintenance costs of the Equipment. The amount is recorded as "Receivable to CSIRO" as at 30 June 2018. The balance was collected from CSIRO on 25 July 2018.

5. OTHER CURRENT ASSETS

	30 June 2018 $	30 June 2017 $
Prepayments	128,819	220,523
Accrued research & development tax credit	1,094,275	848,567
Inventory	93,233	85,497
Rental bond paid	-	3,051
Other assets	55,890	67,747
	1,372,217	1,225,385

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

6. PROPERTY, PLANT AND EQUIPMENT

	Computer and office furniture and equipment $	Sleep and production equipment $	Leasehold improvement $	Assets Under Joint Arrangement $	Total $
At 30 June 2016					
Cost	34,182	1,261,804	271,523	-	1,567,509
Accumulated depreciation	(6,344)	(90,924)	(42,943)	-	(140,211)
Net book amount	27,838	1,170,880	228,580	-	1,427,298
Year ended 30 June 2017					
Opening net book amount	27,838	1,170,880	228,580	-	1,427,298
Additions	18,046	231,913	-	-	249,959
Disposals	(784)	(400)	-	-	(1,184)
Depreciation charge	(12,514)	(274,630)	(74,639)	-	(361,783)
Closing net book amount	32,586	1,127,763	153,941	-	1,314,290
At 30 June 2017					
Cost	51,444	1,493,317	271,523	-	1,816,284
Accumulated depreciation	(18,858)	(365,554)	(117,582)	-	(501,994)
Net book amount	32,586	1,127,763	153,941	-	1,314,290
Year ended 30 June 2018					
Opening net book amount	32,586	1,127,763	153,941	-	1,314,290
Additions	29,462	37,374	-	-	66,836
Reclassification	-	(311,369)	-	311,369	-
Disposals - cost	-	(561,048)	(40,640)	-	(601,688)
Disposals - accumulated depreciation	-	249,679	23,025	-	272,704
Depreciation charge	(13,793)	(286,171)	(50,089)	-	(350,053)
Closing net book amount	48,255	256,228	86,237	311,369	702,089
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

The Group capitalised depreciation expense amounting to $85,225 (2017: nil) as "Development costs" under Intangible assets.

As discussed in Note 4 to the financial statements, on 21 June 2018, the Group entered into an Equipment Ownership & Management Agreement with CSIRO wherein both parties agreed to share in the ownership and maintenance of the Arcam Equipment (the Equipment) in the period from 1 July 2018 to 30 June 2026. The transaction was accounted for as a joint operation in accordance with AASB 11, *Joint arrangements*. Accordingly, the Group's share in the Equipment has been disclosed separately as "Assets Under Joint Arrangement".

7. INTANGIBLE ASSETS

	Patents, trademarks and licenses $	Software $	Development costs $	Total $
At 30 June 2016				
Cost	208,595	168,033	991,131	1,367,759
Accumulated amortisation	(9,802)	(16,616)	(70,363)	(96,781)
Net book amount	198,793	151,417	920,768	1,270,978
Year ended 30 June 2017				
Opening net book amount	198,793	151,417	920,768	1,270,978
Additions	192,656	133,325	1,925,893	2,251,874
Tax concession received or receivable	-	-	(848,567)	(848,567)
Amortisation expense	(21,459)	(81,763)	(150,616)	(253,838)
Closing net book amount	369,990	202,979	1,847,478	2,420,447
At 30 June 2017				
Cost	401,251	301,358	2,068,457	2,771,066
Accumulated amortisation	(31,261)	(98,379)	(220,979)	(350,619)
Net book amount	369,990	202,979	1,847,478	2,420,447
Year ended 30 June 2018				
Opening net book amount	369,990	202,979	1,847,478	2,420,447
Additions	302,741	-	1,737,286	2,040,027
Tax concession received or receivable	-	-	(755,719)	(755,719)
Amortisation expense	(28,422)	(99,686)	(364,700)	(492,808)
Closing net book amount	644,309	103,293	2,464,345	3,211,947
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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

8. TRADE AND OTHER PAYABLES

	30 June 2018 $	30 June 2017 $
Trade creditors	232,630	367,800
PAYG withholding	64,419	237,048
Employee benefits payable	18,091	29,875
GST payable	-	1,122
Other creditors	246,335	453,198
	561,475	1,089,043

9. OTHER LIABILITIES

Current

Employee benefits - annual leave	106,486	84,489
Deferred lease incentive	14,282	42,984
	120,768	127,473

Non-current

Deferred lease incentive	-	14,283
	-	14,283

10. EQUITY - SHARE CAPITAL

	30 June 2018 Number of shares #	30 June 2018 Value of shares $	30 June 2017 Number of shares #	30 June 2017 Value of shares $
Opening Balance	90,000,000	21,729,732	48,000,000	4,426,703
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	-	-
Consolidation of shares	-	-	-	-
Share issue costs	-	(449,444)	-	(1,176,971)
At reporting date	105,939,212	29,640,394	90,000,000	21,729,732

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

11. EQUITY - SHARE BASED PAYMENT RESERVE

	30 June 2018 $	30 June 2017 $
Share based payment reserve at beginning of year	201,311	41,533
Share based payment expense	197,228	159,778
Transfer to accumulated losses	(89,063)	-
Share based payment reserve at end of year	309,476	201,311

The share based payment reserve is used to recognise the value of equity-settled share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 23 for further details.

12. ACCUMULATED LOSSES

Accumulated losses at beginning of year	(9,042,011)	(2,531,897)
Transfer from share based payments reserve	89,063	-
Loss for the year	(5,870,547)	(6,510,114)
Accumulated losses at end of year	(14,823,495)	(9,042,011)

13. INCOME TAX EXPENSE

Income tax expense

Current tax	-	-
Adjustment recognised for prior periods	-	-
Aggregate income tax expense	-	-

Numerical reconciliation of income tax expense and tax at the statutory rate

Loss before income tax expense from continuing operations	(5,870,547)	(6,510,114)
Profit before income tax expense from discontinued operations		
Tax at the statutory tax rate of 27.5%	(1,614,400)	(1,790,281)
Tax effect amounts which are not deductible in calculating taxable income: Research and development concession	(880,245)	(876,160)
Non-assessable or deductible items	56,674	57,558
	(2,437,971)	(2,608,883)
Unused tax losses for which no deferred tax asset has been recognised	2,437,971	2,608,883
Income tax expense	-	-

14. FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: market risk (which includes foreign currency risk), interest rate risk, credit risk and liquidity risk. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates and foreign exchange risk and aging analysis for credit risk. Risk management is carried out by the chief executive officer under policies approved by the directors. These policies include identification and analysis of risks and appropriate procedures to address these and report to the board of directors annually as to the effectiveness of the Group's management of its key business risks.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income.

Foreign currency risk

The Group is exposed to foreign exchange fluctuations in relation to expenditures denominated in foreign currencies.

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

14. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The Group's main interest rate risk arises from cash and cash equivalents.

The Group has reviewed its sensitivity to foreign currency and interest rate risks and determined that this is not material.

As at the reporting date, the consolidated entity had the following cash and cash equivalents:

	30 June 2018		30 June 2017	
Consolidated	**Rate* %**	**Balance $**	**Rate* %**	**Balance $**
Cash on hand	nil	62	nil	324
Short term deposits	2.40%	9,100,000		-
Cash at bank	nil	794,897	nil	8,647,775
Deposits	2.77%	69,094	2.77%	91,518
Net exposure to cash flow interest rate risk		9,964,053		8,739,617

*Weighted average interest rate

On 3 July 2017, $6,000,000 was transferred to a term deposit, earning interest at 2.16% p.a

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The management assess the credit quality of its customers taking into account their financial position and past experience. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Financial assets

Set out below is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 30 June 2018 and 2017:

	30 June 2018 $	30 June 2017 $
Financial assets at amortised cost:		
Trade and other receivables	574,210	420,092
Total	574,210	420,092

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	30 June 2018		30 June 2017	
	Rate* %	**1 year or less $**	**Rate* %**	**1 year or less $**
Non-derivatives				
Non-interest bearing				
Trade and other payables	nil	561,475	nil	1,089,043
Total non-derivatives		561,475		1,089,043

*Weighted average interest rate

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

15. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions during the year:

(a) Product sales

In 2018, the Group made sales of $17,419 (2017: $128,000) to Breathing Assist Solutions Pty Ltd (BAS), a company controlled by Christopher Hart and owned by entities associated with Christopher Hart and Neil Anderson. At 30 June 2018, amounts owed by BAS was Nil (2017: $50,587; included in trade and other receivables).

(b) Clinical trial costs recharge

The Group reimbursed BAS for clinical trial work conducted during the year amounting to $131,636. At 30 June 2018, amount owed to BAS was $639 (2017: Nil).

16. KEY MANAGEMENT PERSONNEL

Directors

The following persons were directors of Oventus Medical Limited during the financial year:

- Mel Bridges (Chairman) (Non-Executive Director)
- Christopher Hart (Executive Director) (Founder) (Managing Director and Chief Executive Officer from 30 August 2018) (Clinical Director up to 29 August 2018)
- Neil Anderson (Executive Director) (Chief Technical Officer from 30 August 2018) (Managing Director and Chief Executive Officer up to 29 August 2018)
- Sue MacLeman (Non-Executive Director)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

- Daniel Parry (Chief Financial and Operations Officer from 5 December 2017)
- Robin Randolph (Vice President of U.S. Marketing and Operations from 1 April 2018)
- Stephen Denaro (Company Secretary)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	30 June 2018 $	30 June 2017 $
Short-term employee benefits	1,025,967	1,056,321
Post-employment benefits	82,973	104,658
Share-based payments	53,691	69,903
Termination payments	-	108,381
	1,162,630	1,339,263

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

17. REMUNERATION OF AUDITORS

	30 June 2018 $	30 June 2017 $
During the financial year the following fees were paid or payable for services provided by PKF Hacketts Audit the auditor of the Group:		
Audit services - PKF Hacketts Audit		
Audit or review of the financial statements	45,000	43,500

18. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	30 June 2018 $	30 June 2017 $
Loss after income tax	(786,462)	(760,992)
Total comprehensive income	(786,462)	(760,992)
Statement of financial position		
Total current assets	9,926,259	8,554,784
Total assets	28,051,538	20,968,314
Total current liabilities	118,295	159,271
Total liabilities	118,295	159,271
Equity		
Issued capital	29,640,394	21,570,035
Accumulated losses	(1,707,151)	(760,992)
Total equity	27,933,243	20,809,043

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 2017.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2018 and 2017.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2018 and 2017.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

19. INTEREST IN SUBSIDIARIES

The consolidated financial statements include the financial statements of Oventus Medical Limited and subsidiaries listed in the following table:

		Equity Interest	
Name	Country of Incorporation	2018	2017
Oventus Manufacturing Pty Ltd	Australia	100%	100%
Oventus CRM Pty Ltd	Australia	100%	100%
Oventus Medical USA, Inc.	United States	100%	100%

Oventus Medical USA, Inc. was incorporated as a wholly owned subsidiary of the Company on 13 January 2017 in the state of Delaware. O_2Vent™ was officially launched at G'day USA event in San Francisco on 21 January 2017 and records for the first saleable product have been received. The purpose of this entity is to market and distribute the Group's devices in the USA.

The principal activities of the remaining subsidiaries are:

- Oventus Manufacturing Pty Ltd - operating entity responsible for the development and manufacture of the Group's devices.
- Oventus CRM Pty Ltd - holds patient and clinical data

20. SUBSEQUENT EVENTS

On 3 July 2018, the Consolidated Entity granted 850,000 share options to employees under the Oventus Employee Option Plan. The options have an excise price $0.4804 and expiry date of 2 July 2023. The estimated total fair value of share options granted was $121,740 or $0.1432 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.

21. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	30 June 2018 $	30 June 2017 $
Loss after income tax expense for the year	(5,870,547)	(6,510,114)
Adjustments for:		
Depreciation and amortisation	757,636	615,621
Net loss (gain) on disposal of assets	(71,016)	11,096
Share-based payments	197,228	159,778
Research and development tax concession	755,719	396,301
Foreign exchange fluctuations	33,434	16,136
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	257,885	(277,448)
(Increase) in other assets	(146,832)	(148,542)
Increase / (decrease) in trade and other payables	(527,568)	201,429
Increase in employee benefits	-	46,124
Decrease in other liabilities	(20,988)	(40,457)
Net cash outflow from operating activities	(4,635,049)	(5,530,076)

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

22. LOSS PER SHARE

	30 June 2018 $	30 June 2017 $
Loss per share from continuing operations		
Loss after income tax	(5,870,547)	(6,510,114)
Loss after income tax attributable to the owners of Oventus Medical Limited	(5,870,547)	(6,510,114)
	Numbers	**Numbers**
Weighted average number of ordinary shares used in calculating basic loss per share	99,126,167	70,914,840
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	99,126,167	70,914,840
	Cents	**Cents**
Basic loss per share	(5.92)	(9.18)
Diluted loss per share	(5.92)	(9.18)

23. SHARE-BASED PAYMENTS

Share options

Share options are issued to eligible participants under the Company's Employee Share Option Plan. The Company has options outstanding of 3,424,952 as at 30 June 2018 (2017: 4,411,346).

Set out below are summaries of options granted under the plan:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Expired/ forfeited/ other	Exercised	Balance at the end of the year
As at 30 June 2018							
24/02/2016	23/02/2021	$0.58	2,709,882	-	(434,928)	-	2,274,954
14/04/2016	14/04/2021	$0.73	401,464	-	(401,464)	-	-
1/12/2016	1/12/2021	$1.06	450,000	-	(150,000)	-	300,000
23/05/2017	12/12/2022	$0.96	700,000	-	(100,000)	-	600,000
23/05/2017	24/02/2022	$0.94	150,000	-	(100,002)	-	49,998
18/12/2017	18/11/2022	$1.02	-	200,000	-	-	200,000
			4,411,346	200,000	(1,186,394)	-	3,424,952
As at 30 June 2017							
24/02/2016	23/02/2021	$0.58	2,960,794	50,183	(301,095)	-	2,709,882
14/04/2016	14/04/2021	$0.73	401,464	-		-	401,464
1/12/2016	1/12/2021	$1.06	-	550,000	(100,000)	-	450,000
23/05/2017	12/12/2022	$0.96	-	700,000	-	-	700,000
23/05/2017	24/02/2022	$0.94	-	150,000	-	-	150,000
			3,362,258	1,450,183	(401,095)	-	4,411,346

24. SIGNIFICANT AGREEMENTS AND COMMITMENTS FOR EXPENDITURE

	30 June 2018 $	30 June 2017 $
Not later than 1 year	355,003	195,286
Later than 1 but not later than 5 years	291,808	49,252
Total	646,811	244,538

The Company is the lead participant with Medical Monitoring Solutions Pty Ltd, Neuroscience Research Australia (NeuRA), Western Sydney University (WSU) and CSIRO as the other participants, to the Cooperative Research Centres (CRC) Programme grants from the Australian Federal Government. The project will receive $2,950,000 over three years for a project titled, "Targeted therapy for sleep apnoea: A novel personalised approach". The Company has committed R&D expenditure of $918,232 over three years in relation to the CRC Programme grant. As 30 June 2018, the Company spent $334,617 on CRC projects which have been capitalised as "Development Costs" under intangible assets.

The Company has entered into two non-cancellable operating property leases and one licencing arrangement for the use of property. Minimum lease payments contracted for but not recognised in the financial information are payable as follows:

- The Taringa office property lease is a non-cancellable lease with a 3-year term. Minimum lease payments shall be increased by fixed rate of 4% per annum.
- The Sydney office property lease is a non-cancellable lease with a 2-year term. Minimum lease payments shall be increased by fixed rate of 4% per annum. The Group pre-terminated the lease effective 1 June 2018.

The licence agreement with Commonwealth Scientific and Industrial Research Organisation (CSIRO) is for the use of property and is for a licence period of 2 years, with licence and service fees payable monthly in advance.

Contingent provisions within the licence agreement require that the licence and services fees shall be increased by the consumer price index (CPI) per annum.

25. SEGMENT REPORTING

Management currently identifies the Group's two regions as its operating segments (see Note 1). These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

Segment information for the reporting period follows:

	30 June 2018			30 June 2017		
	Australia $	United States (12 months) $	Total $	Australia $	United States (6 months) $	Total $
Segment revenue	210,128	61,194	271,322	447,994	-	447,994
Staff costs	(2,411,331)	(378,975)	(2,790,306)	(2,524,183)	(44,955)	(2,569,138)
Manufacturing costs - Pilot phase	(137,622)	(40,078)	(177,700)	(582,431)	-	(582,431)
Sales and marketing	(356,190)	(50,055)	(406,245)	(842,384)	(10,035)	(852,419)
Other expenses	(2,512,753)	(537,038)	(3,049,791)	(3,055,756)	(38,238)	(3,093,994)
Segment operating loss	(5,207,768)	(944,952)	(6,152,720)	(6,556,760)	(93,228)	(6,649,988)
Segment assets	15,764,805	47,708	15,812,513	14,119,831	-	14,119,831
Segment liabilities	645,979	36,264	682,243	1,222,654	8,145	1,230,799

Unallocated items:

Interest income and other income are not allocated to operating segments as they are not considered part of the core operations of any segments.

Directors' Declaration

For the year ended 30 June 2018

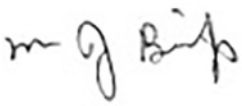
In the directors' opinion

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Mel Bridges
Director

Brisbane
30th August 2018

Independent auditor's report to the members of Oventus Medical Limited

PKF Hacketts

PKF

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OVENTUS MEDICAL LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Oventus Medical Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and 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.

In our opinion, the financial report of Oventus Medical 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 2018 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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 about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the consolidated entity in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For each matter below, our description of how our audit addressed the matter is provided in that context.

PKF Hacketts Audit
ABN 33 873 151 348

Level 6, 10 Eagle Street, Brisbane QLD 4000
GPO Box 1568, Brisbane QLD 4001
p +61 7 3839 9733
f +61 7 3832 1407

8 East Street, PO Box 862
Rockhampton QLD 4700
p +61 7 4927 2744
f +61 7 4927 4317

Independent auditor's report to the members of Oventus Medical Limited (continued)

PKF Hacketts

PKF

1. Capitalisation and Valuation of Internal Development Costs

Why significant	How our audit addressed the key audit matter

The Consolidated entity's intangible assets as at 30 June 2018 include capitalised development costs with a carrying value of $2,464,345 (2017: $1,847,478), as disclosed in Note 7.

The Consolidated entity's accounting policy in respect of development costs are outlined in Note 1 and Note 2.

Capitalised development costs are significant to the audit due to the amount of expenditure being capitalised and the specific criteria that have to be met for capitalisation.

We note significant judgement is required:

- in determining the treatment of development expenditure in accordance with AASB 138, and the Consolidated entity's accounting policy. In particular:
    - whether project costs in the design and development of a potential product meet the recognition conditions for an asset
    - whether a product development project is technically and economically feasible
    - in making assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.
- in determining that capitalised development costs have useful lives of 5 years which determines the amortisation rate
- in determining whether facts and circumstances indicate that development costs capitalised should be tested for impairment in accordance with Australian Accounting Standard AASB 136 Impairment of Assets.

Our work included, but was not limited to, the following procedures:

- testing, on a sample basis, development expenditure incurred during the year for compliance with AASB 138 and the Consolidated entity's accounting policy; and
- review the reasonableness of estimated useful life and amortisation method and check on a sample basis whether they are properly calculated and disclosed in the financial statements
- to assess whether there are indicators of impairment:
    - obtaining and assessing evidence of external changes within the Consolidated entity's market or internal changes such as the sales performance of existing products
    - holding discussions with the directors and management as to the status of project developments as well as assessing if there was evidence that a product has been discontinued
    - obtaining and assessing evidence of the Consolidated entity's future intention for the products, including reviewing future budgeted expenditure and sales forecasts
- assessing the appropriateness of the related disclosures in Notes 1, 2 and 7.

PKF Hacketts

Other Information

Other information is financial and non-financial information in the annual report of the Consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities 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 Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

Independent auditor's report to the members of Oventus Medical Limited (continued)

PKF Hacketts

PKF

The procedures selected depend on the auditor's judgement, including 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 entity'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 entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

PKF Hacketts

Opinion

In our opinion, the Remuneration Report of Oventus Medical Limited for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

PKF Hacketts

PKF HACKETTS AUDIT

C Bradley

CAMERON BRADLEY
PARTNER

30 AUGUST 2018
BRISBANE

Shareholder Information

30 June 2018

The shareholder information set out below was applicable as at 15 October 2018.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Units	% of total shares issued
1 to 1,000	72	43,472	0.04
1,001 to 5,000	201	599,786	0.57
5,001 to 10,000	181	1,505,754	1.42
10,001 to 100,000	444	16,051,166	15.15
100,001 and over	117	87,739,034	82.82
	1,015	105,939,212	100.00
Holding less than a marketable parcel	-	-	

SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

	Ordinary Shares	
	Number held	% of total shares issued
Christopher Hart	26,542,513	25.05
Tiga Trading Pty Ltd	13,929,019	13.15
Neil Anderson	5,837,365	5.51

UNQUOTED EQUITY SECURITIES

	2018 Number
Employee options	4,454,952

VOTING RIGHTS

The voting rights attached to ordinary shares and options are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

There are no voting rights attached to options. Upon exercise of the option, the issued shares will confer full voting rights.

Warrants

There are no voting rights attached to warrants. Upon conversion of the warrant, the issued shares will confer full voting rights.

There are no other classes of equity securities.

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary Shares	
	Number held	% of total shares issued
CHRISTOPHER PATRICK HART <CHD IP ACCOUNT>	26,126,513	24.66
UBS NOMINEES PTY LTD	10,872,073	10.26
NEIL ANDERSON	5,837,365	5.51
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,728,712	4.46
MOBIUS MEDICAL INVESTMENTS PTY LTD <MOBIUS MEDICAL INV UNIT A/C>	3,732,390	3.52
NEW HIGHLAND PTY LTD <KING FAMILY A/C>	2,048,984	1.93
DR RUSSELL KAY HANCOCK	2,000,000	1.89
CERALIUS PTY LTD <BRIDGE A/C>	1,866,195	1.76
PARMA CORPORATION PTY LTD	1,679,147	1.59
MR GREGORY WAYNE BROWN + MRS STEFANIE BROWN <GW BROWN FAMILY S/FUND A/C>	1,432,020	1.35
DIXSON TRUST PTY LTD	1,235,500	1.17
BOND STREET CUSTODIANS LIMITED <LAM1 - D08047 A/C>	1,200,000	1.13
BOND STREET CUSTODIANS LIMITED <LAM1 - D08059 A/C>	1,200,000	1.13
BOND STREET CUSTODIANS LIMITED <LAM1 - D08017 A/C>	1,128,000	1.06
MR ANTHONY JOHN HUNTLEY	825,000	0.78
MR JASON CONRAD SQUIRE <THE JASQUI A/C>	825,000	0.78
CHEN DENTAL HOLDINGS PTY LTD	794,410	0.75
WAISLITZ CHARITABLE CORPORATION PTY LTD <WAISLITZ FAM FOUNDATION A/C>	776,851	0.73
JASFORCE PTY LTD	617,000	0.58
JPS DISTRIBUTION PTY LTD <RAFF SUPER FUND A/C>	520,774	0.49
	69,445,934	65.53

Corporate directory

30 June 2018

DIRECTORS

- Mel Bridges - (Chairman) (Non-Executive Director)
- Christopher Hart - (Executive Director) (Founder) (Managing Director and Chief Executive Officer from 30 August 2018) (Clinical Director up to 29 August 2018)
- Neil Anderson - (Executive Director) (Chief Technical Officer from 30 August 2018) (Managing Director and Chief Executive Officer up to 29 August 2018)
- Sue MacLeman - (Non-Executive Director)

COMPANY SECRETARY

Stephen Denaro

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Oventus Medical Limited will be held at:

McCullough Robertson
Level 11
66 Eagle St Brisbane QLD 4000
Friday 16 November 2018
11:30am

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 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.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 "Investors", on the "Governance" page.


OVENTUS™