

Osteopore™

Empowering Natural Tissue Regeneration

**OSTEOPORE LIMITED
AND ITS CONTROLLED ENTITIES**

ACN 630 538 957

**CONSOLIDATED ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Osteopore Limited and its Controlled Entities
Consolidated Annual Report
For the year ended 31 December 2019**

CORPORATE INFORMATION

Directors

Brett Sandercock
Geoff Pocock
Professor Teoh Swee Hin
Stuart Carmichael

Company Secretary

Deborah Ho

Registered and Principal Office

Ground Floor, 16 Ord Street
West Perth WA 6005

Telephone: +61 8 9482 0500

Share Register

Link Market Services
1A Homebush Bay Drive
Rhodes NSW 2138

Auditor

Grant Thornton Audit Pty Ltd
Central Park
Level 43, 152-158 St Georges Terrace
Perth WA 6000

Solicitors

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
Perth WA 6000

Website

<https://www.osteopore.com/>

**Osteopore Limited and its Controlled Entities
Consolidated Annual Report
For the year ended 31 December 2019**

CONTENTS	PAGE
Letter from the Chairman	3
Directors' Report	4
Auditor's Independence Declaration	18
Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Consolidated Statement of Financial Position	20
Consolidated Statement of Changes in Equity	21
Consolidated Statement of Cash Flows	22
Notes to the Consolidated Financial Statements	23
Directors' Declaration	55
Independent Auditor's Report	56
Additional ASX Information	59

Osteopore Limited and its Controlled Entities

Letter from the Chairman

On behalf of the Board, I am pleased to present the 2019 Annual Report to shareholders.

Osteopore Limited (“Osteopore” or the “Company”) is an Australian / Singaporean medical device company, developing a range of 3D printed biomimetic, bioresorbable scaffolds for regenerative bone healing. During the year the Company successfully completed an initial public offering (IPO) raising \$5.25 million (before costs) and listed on the Australia Stock Exchange in September 2019. As part of the IPO transaction, the Company also successfully acquired Osteopore International Pte Ltd, a Singaporean company that has over the past 15 years been developing and commercialising the Osteopore technology.

Regenerative medicine facilitates and supports the body's natural healing process. Osteopore's regenerative scaffolds biomimic the cancellous bone microarchitecture that facilitates the natural stages of bone healing. The scaffolds are made of a US FDA approved polymer called polycaprolactone (PCL). PCL is bioresorbable, malleable, slow-degrading and possesses mechanical strength similar to trabecular bone. While the body is naturally regenerating bone, the PCL scaffold is also being resorbed by the body, so that once the healing is complete, the Osteopore scaffold is fully resorbed, resulting in no foreign materials remaining in the body. This minimises late complications such as infection, extrusion, dehiscence or fracture; issues that can be common, and in some cases result in serious complications when permanent implants are used in treatment of bone defects.

Osteopore's products are fabricated in-house using proprietary 3D printing technology that is precise and allows for customisation of shape and the geometry necessary for superior therapeutic effect. The use of 3D printers also enables the easy scalability of Osteopore's business model, aiding the Company's commercial objectives of increasing market penetration.

The Company's products are the product of over 10 years development in leading Singaporean universities, and have secured key international regulatory clearances including FDA and CE Mark clearances. Osteopore's products have now been successfully used over 30,000 times, and the Company has been distributing these products commercially for several years and continues to build its revenue base.

Funds raised in the IPO have been, and continue to be used to accelerate the Company's business development activities, as the Company seeks to increase revenues in existing markets and seeks to enter into larger markets including the USA, China, Australia and the EU. Since IPO, the Company has reached key milestones including reaching record revenue totals for the 2019 financial year, and securing an initial Memorandum of Understanding to enable the Company to provide products to a specific Hainan hospital to treat Chinese patients in Hainan. In addition, the Company has been investing in its manufacturing capability and recruiting key additional staff to drive sales and ensure the Company has the capacity to deliver as product demand increases.

Despite the Company now facing the most challenging capital markets environment in at least a decade, the Company is pleased to have received strong support from Australian investors, who see the significant potential that the ongoing commercialization of the Osteopore technology offers. On behalf of the Board and the rest of the Osteopore management team, I look forward to the continued support of shareholders and investors as we continue to commercialise the Osteopore technology.

Yours faithfully



Brett Sandercock

Non-Executive Chairman

Osteopore Limited

Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019

The Directors present their report, together with the consolidated financial report for Osteopore Limited ("Osteopore" or the "Company") and its controlled entities ("Group"), for the year ended 31 December 2019.

Directors

The names and particulars of the Director of the Company during or since the end of the financial year are:

Name	Position	Date Appointed	Date Resigned
Brett Sandercock	Non-Executive Chairman	24 June 2019	-
Geoff Pocock	Executive Director	24 June 2019	-
Professor Teoh Swee Hin	Non-Executive Director	24 June 2019	-
Stuart Carmichael	Non-Executive Director	11 December 2018	-
Goh Khoon Seng	Non-Executive Director	11 December 2018	24 June 2019
Brett Tucker	Non-Executive Director	11 December 2018	24 June 2019

Principal Activities

Osteopore Limited is an Australian and Singapore based medical technology company commercialising a range of bespoke products specifically engineered to facilitate bone healing across multiple therapeutic areas. Osteopore's patented technology fabricates specific micro-structured scaffolds for bone regeneration through 3D printing and bioresorbable material.

Osteopore's patent protected scaffolds are made from proprietary polymer formulations, that naturally dissolve overtime to leave only natural healthy bone tissue, significantly reducing post-surgery complications that are commonly associated with permanent bone implants.

Significant Changes in State of Affairs

In September 2019, the Company listed on the Australian Securities Exchange ("ASX") with the issue of 26,250,000 fully paid ordinary shares at \$0.20 per share as part of its IPO for a total consideration of \$5.25 million.

Acquisition of Osteopore International Pte Ltd

On 17 May 2019, the Company and Osteopore International Pte Ltd entered into an implementation agreement to complete the purchase of 100% of the issued capital of Osteopore International Pte Ltd in consideration for an aggregate of 71,027,008 Shares, which was amended on 12 June 2019 (**Acquisition**). The Acquisition was completed on the 17 September 2019.

Initial Public Offer

On 18 July 2019, the Company issued a Prospectus for an initial public offer of 26,250,000 share at an issue price of A\$0.20 to raise \$5,250,000 (before costs) ("**Public Offer**" or "**IPO**"). The Prospectus also incorporated an offer of:

- (a) 71,027,008 Shares issued to the Vendors (or nominees) pursuant to the Acquisition ("**Consideration Offer**"); and
- (b) 2,500,000 Options issued to the Lead Manager (or its nominees) in part consideration for advisory services provided to the Company ("**Lead Manager Offer**").

A Replacement Prospectus was subsequently lodged on 25 July 2019.

Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019

Significant Changes in State of Affairs (Continued)

Following the completion of the IPO on the 23 September 2019, the Company issued the following securities and was admitted to the official list of the Australian Securities Exchange (ASX):

- 26,250,000 fully paid ordinary shares at a price of \$0.20 per share pursuant to the Public Offer;
- 71,027,008 fully paid ordinary shares at a deemed price of \$0.20 to the Vendors (or nominees) pursuant to the Consideration Offer; and
- 2,500,000 unlisted options exercisable at \$0.25 each on or before 30 June 2022, at \$0.0001 per option to the Lead Manager, Alto Capital (or its nominees), pursuant to the Lead Manager Offer.

Review of Operations

In September 2019, the Company listed on the ASX with the issue of 26,250,000 fully paid ordinary shares at \$0.20 per share as part of its IPO for a total consideration of \$5.25 million.

During the year ended 31 December 2019 and following the acquisition of Osteopore International Pte Ltd, the Group has increased investment in a number of initiatives that are expected to drive revenue growth and business development. These include increasing business development activities as well as increases in the Company's production capability to address increased product demand.

In November, Osteopore signed a Memorandum of Co-Operation (MoC) with Boao Yiling Life Care Centre in the Boao Lecheng International Medical Tourism Pilot Zone, Hainan province, China. The agreement will see both companies co-operate on developing rhinoplasty procedures and securing National Medical Products Administration (NMPA) registration for Osteopore's products in China.

In December, the Company appointed former President & CEO of Cochlear (ASX: COH) Jack O'Mahony as Board Advisor to assist the Company on strategic business development.

During the year the Company continued to investigate additional therapeutic applications for the Company's technology platform. The Company is currently undertaking clinical trials for use of the Osteopore's technology in the growing field of dental implants, where regeneration of the alveolar ridge height represents a significant unmet therapeutic need. Results of the clinical trials are expected during 2020, which are a necessary requirement for gaining further regulatory clearance and reimbursement of the Osteopore's products in this therapeutic application.

Review of Results

The net loss for the year ended 31 December 2019 was \$2,382,341 (2018: \$nil). The Group had a net asset position as at 31 December 2019 of \$2,967,280 (2018: \$3).

For the period 17 September 2019 (acquisition date) to 31 December 2019, the Group recorded \$0.41 million in revenues and gross profit of \$0.29 million. This was mainly from the Group's wholly owned subsidiary, Osteopore International Pte Ltd. Growth is expected after the successful listing onto ASX in September 2019. Administrative expenses of \$2.45 million mainly comprises of the listing and common control transaction of Osteopore International Pte Ltd, that contributed approximately \$0.63 million, and share-based payment expenses of \$0.83 million.

Net operating cash outflows reflect the above developments and were approximately \$1.75 million during the year. Osteopore ends the financial year with a cash balance of approximately \$3.29 million.

The Company confirms that during the financial year ended 31 December 2019, it used its cash and assets in a form readily convertible to cash, in a manner consistent with its business objectives.

Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019

Directors' Details

Brett Sandercock

Experience

B Econ, C.A. (Aust)

Non-Executive Chairman (Appointed 24 June 2019)

Mr Sandercock was appointed Chief Financial Officer of Resmed Limited (NYSE: RMD, ASX: RMD) in January 2006. Previously he served as Resmed's Vice President of Treasury and Finance from November 2004 until December 2005, and group accountant and controller from 1998 to 2004.

Before joining ResMed, Mr Sandercock was Manager of Financial Accounting and Group Reporting at Norton Abrasives from 1996 to 1998. He also held finance and accounting roles from 1994 to 1996 at Health Care of Australia. From 1989 to 1994, he worked at PriceWaterhouse Coopers in Sydney, specialising in audits of clients across distribution and manufacturing financial services, technology, and other industries.

Mr Sandercock holds a bachelor's in economics from Macquarie University in Sydney and is a Chartered Accountant.

Interest in Shares & Options 155,039 fully paid ordinary shares
500,000 unlisted options exercisable at \$0.25 per option, expiring 30 June 2022

Other Listed Entity Directorships Mr Sandercock has no current and has had no previous listed entity directorships in the last three years.

Geoff Pocock

Experience

B Sc (1st Hons), B. LLB

Postgraduate Diploma in

Applied Finance and

Investment from the

Securities Institute of

Australia

Executive Director (Appointed 24 June 2019)

Mr Pocock has significant experience as a corporate advisor and strategy consultant advising companies on commercialisation and IP management, business development, mergers and acquisitions strategy and raising equity capital from private and public equity markets.

Mr Pocock is currently the Principal of Polaris Consulting (WA) Pty Ltd, and was formerly the Managing Director of Hazer Group Ltd, an ASX-listed cleantech chemical engineering company, commercialising a novel low cost and low emission graphite and hydrogen production process initially developed by the University of Western Australia.

Mr Pocock previously spent several years as a research scientist in the biopharmaceutical industry in Australia and the United Kingdom.

Interest in Shares & Options 168,539 fully paid ordinary shares
1,200,000 unlisted options exercisable at \$0.25 per option, expiring 30 June 2022

Other Listed Entity Directorships *Current*
Non-Executive Director of Emvision Medical Devices Limited (ASX:EMV)

Previous
Managing Director of Hazer Group Ltd (ASX: HZR) (Resigned April 2018)

Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019

Directors' Details (Continued)

Professor Teoh Swee Hin

Experience

B Eng (1st Hons), PhD

Materials Engineering

(Singapore)

Non-Executive Director (Appointed 24 June 2019)

Prof Teoh is the President's Chair, School of Chemical and Biomedical Engineering (SCBE). He holds a joint appointment with the Lee Kong Chian School of Medicine (LKC Med) at Nanyang Technological University. His contribution is in the development and clinical translation of 3D bioresorbable scaffolds. Majoring in Materials Engineering (B. Eng - 1st Class Hon and PhD, Monash University), his research journey focused on translating the materials research to biomedical benefits. He is a Fellow of the Academy of Engineers Singapore and Chief Engineer at Skin Research Institute of Singapore. His research focused on the study of mechanisms that promote cells proliferation and differentiation as a result of mechano induction through load bearing scaffolds for tissue regeneration and remodelling.

Prof Teoh's pioneering work on 3D printed scaffold led to him receiving the prestigious "Golden Innovation Award" at the Far East Economic Review, and the Institute of Engineers "Prestigious Engineering Achievement Award" in 2004. His group was ranked 1st in bone tissue engineering scaffolds in World Web of Science 2010. He was honoured with the Special Award for "Scientific Life-Time Achievement in Bone Tissue Engineering" at Bone-Tec 2015, Stuttgart. As a part of SG50 celebrations, he was featured as one of Singapore's profiled scientists in the book titled "Singapore's Scientific Pioneers".

Professor Teoh is presently the Chairman, Singapore Academy, Asia Regulatory Professional Association (ARPA). He sits in as board of editors Tissue Engineering, Journal of Tissue Engineering and Regenerative Medicine, Journal of Mechanical Behaviour of Biomedical Materials, Journal of Oral & Maxillofacial Research and Proceedings of the Institution of Mechanical Engineers Part H: Journal of Engineering in Medicine.

Interest in Shares & Options

7,030,309 fully paid ordinary shares

1,500,000 unlisted options exercisable at \$0.25 per option, expiring 30 June 2022

Other Listed Entity

Directorships

Prof Teoh has no current and has had no previous listed entity directorships in the last three years.

Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019

Directors' Details (Continued)

Stuart Carmichael

Non-Executive Director (Appointed 11 December 2018)

Experience

B.Com, C.A (Aust)

Mr Carmichael is a Chartered Accountant with over 20 years of experience in the provision of corporate advisory services both within Australia and internationally. Mr Carmichael is a partner and director of Ventnor Capital Pty Ltd and Ventnor Securities Pty Ltd which specialises in the provision of corporate and financial advice to small cap ASX listed companies including capital raisings, initial public offerings, corporate restructures and mergers and acquisitions.

Interest in Shares & Options

1,000,001 fully paid ordinary shares
 500,000 unlisted options exercisable at \$0.25 per option, expiring 30 June 2022

Other Listed Entity

Current

Directorships

Non-Executive Chairman of Schrole Limited (ASX:SCL)
 Non-Executive Chairman of K-TIG Limited (ASX:KTG)
 Non-Executive Director of De.mem Limited (ASX:DEM)
 Non-Executive Director of ClearVue Technologies Limited (ASX:CPV)
 Non-Executive Director of Swick Mining Services Limited (ASX:SWK)

Previous

-

Goh Khoon Seng

Non-Executive Director (Appointed 11 December 2018)
(Resigned 24 June 2019)

Chief Executive Officer (Appointed 23 September 2019)

Experience

M.Eng (Mech) (Singapore),

Mr Goh's 30-year career spans both start-ups and global multinational corporations, with responsibilities in research and development, manufacturing, regional sales and marketing, and country management. Prior to joining Osteopore Mr Goh spent over 20 years with Medtronic plc (Medtronic plc is the world's largest medical device company) and Edwards Lifesciences Asia in various senior management roles.

Mr Goh has been a Director of Osteopore International Pte Ltd, since 2015 and has been involved in all aspects of the Company.

Mr Goh holds a Masters in Engineering (National University of Singapore) and post graduate diploma with Chartered Institute of Marketing (UK).

Interest in Shares & Options

6,835,316 fully paid ordinary shares
 3,500,000 unlisted options exercisable at \$0.25 per option, expiring 30 June 2022

Other Listed Entity

Mr Goh has no current and has had no previous listed entity directorships in the last three years.

Directorships

Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019

Directors' Details (Continued)

Brett Tucker	Non-Executive Director (Appointed 11 December 2018) (Resigned 24 June 2019)
Experience	Mr Tucker is a Chartered Accountant and has acted as Company Secretary to a number of ASX listed and private companies across a range of industries.
Interest in Shares & Options	15,505 fully paid ordinary shares
Other Listed Entity Directorships	Mr Tucker has no current and has had no previous listed entity directorships in the last three years.

Company Secretary

Ms Deborah Ho is an Associate Member of the Governance Institute of Australia. Ms Ho has over six years of experience in company secretarial, corporate compliance and financial accounting matters. She has acted as Company Secretary to a number of ASX listed and private companies.

Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the financial year ended 31 December 2019 and the number of meetings attended by each director were:

	Board Meeting		Audit & Compliance Committee Meetings*	
	Eligible to Attend	Attended	Eligible to Attend	Attended
Brett Sandercock	8	8	-	-
Geoff Pocock	8	8	-	-
Prof Teoh Swee Hin	8	7	-	-
Stuart Carmichael	9	9	-	-
Goh Khooon Seng	9	8	-	-
Brett Tucker	1	1	-	-

* these are conducted by the Board as a whole, as part of board meetings.

The Board also approved eighteen (18) circular resolutions during the year ended 31 December 2019 which were signed by all Directors of the Company.

Matters Subsequent to The End of The Financial Year

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations.

The Directors are not aware of any other matter or circumstance that has arisen since the end of the financial year that, in their opinion, has significantly affected or may significantly affect in future financial years, the operations of the Group, the results of those operations or the Group's state of affairs.

Likely Developments and Expected Results of Operations

The Group will continue to implement its global growth strategy to increase revenue and penetrate new markets. Continued investigation to additional therapeutic applications for the technology platform.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and the Corporation Regulations 2001. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

The key management personnel of Osteopore Limited for the financial year consists of:

- Brett Sandercock (Non-Executive Chairman (Appointed 24 June 2019))
- Geoff Pocock (Executive Director (Appointed 24 June 2019))
- Professor Teoh Swee Hin (Non-Executive Director (Appointed 24 June 2019))
- Stuart Carmichael (Non-Executive Director (Appointed 11 December 2018))
- Goh Khoon Seng (Non-Executive Director (Resigned 24 June 2019))
(Chief Executive Officer (Appointed 23 September 2019))
- Brett Tucker (Non-Executive Director (Resigned 24 June 2019))
- Lim Jing (Chief Technology Officer (Appointed 17 September 2019))

Principles used to Determine the Nature and Amount of Remuneration

Remuneration levels for Directors and senior executives of the Company will be competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board may obtain independent advice on the appropriateness of remuneration packages given trends in comparative companies both locally and internationally and the objectives of the Group's remuneration strategy. No such advice was obtained during the current year.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the Directors and senior executives;
- the Directors and senior executives' ability to control the relevant performance;
- the Group's performance; and
- the amount of incentives within each Directors and senior executive's remuneration.

Remuneration packages include a mix of fixed remuneration and variable remuneration and short and long-term performance-based incentives. Short-term incentives include Osteopore's Employee Securities Incentive Plan. The Company's Employee Securities Incentive Plan allows the Board from time to time, in its absolute discretion, make a written offer to any Eligible Participant (as defined in the Plan) to apply for Securities, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines. In exercising that discretion, the Board may have regard to the following (without limitation):

- I. The Eligible Participant's length of service with the Group;
- II. The contribution made by the Eligible Participant to the Group;
- III. The potential contribution of the Eligible Participant to the Group; or
- IV. Any other matter the Board considers relevant.

Fixed remuneration consists of base remuneration, as well as employer contributions to superannuation funds where applicable. Remuneration levels will be, if necessary reviewed annually by the Board through a process that considers the overall performance of the Group. If required, external consultants provide analysis and advice to ensure the Directors' and senior executives' remuneration is competitive in the market place.

Before a determination is made by the Company in a general meeting, the aggregate sum of the fees payable by the Company to the Non-Executive Directors is a maximum of AU\$500,000 per annum.

Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019

Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Geoff Pocock <i>Executive Director</i>	Commenced: 1 June 2019 Term: 12 months or until terminated Remuneration: Base salary of AU\$96,000 (exclusive of superannuation) and a day rate of \$1,250 for any international or interstate business travel requirements
Goh Khoo Seng <i>Chief Executive Officer</i>	Commenced: 23 September 2019 Term: Indefinite term until terminated Remuneration: Base salary of SG\$244,000 per annum (inclusive of CPF), and 11,184,433 Consideration Shares upon successful admission onto ASX
Lim Jing <i>Chief Technology Officer</i>	Commenced: 17 November 2014 Term: Indefinite term until terminated Remuneration: Base salary of SG\$6,500 per month (exclusive of CPF)

Details of Remuneration

	Fixed Remuneration		At Risk – STI		At Risk – LTI	
	2019	2018	2019	2018	2019	2018
<i>Directors</i>						
Brett Sandercock	100%	-	-	-	-	-
Geoff Pocock	100%	-	-	-	-	-
Prof Teoh Swee Hin	100%	-	-	-	-	-
Stuart Carmichael	100%	100%	-	-	-	-
Goh Khoo Seng	100%	100%	-	-	-	-
Brett Tucker	100%	100%	-	-	-	-
<i>Key Management Personnel</i>						
Lim Jing	100%	-	-	-	-	-

Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019

Details of Remuneration (Continued)

Details of the remuneration of key management personnel of the Company are set out in the following tables.

	Short-term benefits			Post-employment	Share-based payments		Total
	Salary and fees	Cash bonus	Non-monetary	benefits Super-annuation	Equity-settled shares	Equity-settled options	
2019	\$	\$	\$	\$	\$	\$	\$
<i>Directors</i>							
Brett Sandercock ¹	20,000	-	-	1,900	-	57,688	79,588
Geoff Pocock ¹	106,000	-	-	-	-	138,452	244,452
Prof Teoh Swee Hin ¹	15,000	-	-	1,425	-	173,064	189,489
Stuart Carmichael	15,000	-	-	1,425	-	57,688	74,113
Goh Khoon Seng ³	205,634	-	-	11,927	-	403,817	621,378
Brett Tucker ²	-	-	-	-	-	-	-
<i>Key Management Personnel</i>							
Lim Jing	34,337	-	-	5,109	-	-	39,446
	395,971			21,786		830,709	1,248,446
2018							
<i>Directors</i>							
Stuart Carmichael	-	-	-	-	-	-	-
Goh Khoon Seng	-	-	-	-	-	-	-
Brett Tucker	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

¹ Appointed on 24 June 2019

² Resigned on 24 June 2019

³ Resigned as Director on 24 June 2019, and was appointed as CEO on the 23 September 2019

Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019

Share-based Compensation

Options Issued as Remuneration

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or past reporting years are as follows:

2019	Number of Options Granted	Grant Date	Vesting Date	Expiry Date	Exercise Price (\$)	Fair Value per Option (\$)
<i>Directors</i>						
Brett Sandercock	500,000	23/06/2019	23/06/2019	30/06/2022	\$0.25	\$0.1154
Geoff Pocock	1,200,000	23/06/2019	23/06/2019	30/06/2022	\$0.25	\$0.1154
Prof Teoh Swee Hin	1,500,000	23/06/2019	23/06/2019	30/06/2022	\$0.25	\$0.1154
Stuart Carmichael	500,000	23/06/2019	23/06/2019	30/06/2022	\$0.25	\$0.1154
Goh Khoon Seng	3,500,000	23/06/2019	23/06/2019	30/06/2022	\$0.25	\$0.1154
Brett Tucker	-	-	-	-	-	-
<i>Key Management Personnel</i>						
Lim Jing	-	-	-	-	-	-

There were no options issued in the year ended 31 December 2018.

Options granted carry no dividend or voting rights. All options were granted over unissued fully paid ordinary shares in the company. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation are set out below:

	Value of options Granted/vested during the period	Value of options exercised during the period	Value of options lapsed during the period	Remuneration consisting of options for the period
	\$	\$	\$	%
<i>Directors</i>				
Brett Sandercock	57,688	-	-	72
Geoff Pocock	138,452	-	-	57
Prof Teoh Swee Hin	173,064	-	-	91
Stuart Carmichael	57,688	-	-	78
Goh Khoon Seng	403,817	-	-	65
Brett Tucker	-	-	-	-
<i>Key Management Personnel</i>				
Lim Jing	-	-	-	-

Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019

Additional Disclosures Relating to Key Management Personnel

Shareholding

The number of shares in the Company held during the financial years ended 31 December 2019 and 31 December 2018 by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

2019	Balance at the start of the year	Received as part of remuneration	Additions	Disposals / Other	Balance at the end of the year / at resignation
<i>Directors</i>					
Brett Sandercock	-	-	155,039	-	155,039
Geoff Pocock	-	-	168,539	-	168,539
Prof Teoh Swee Hin	-	-	7,030,309	-	7,030,309
Stuart Carmichael	1	-	1,000,000	-	1,000,001
Goh Khoo Seng	1	-	6,835,315	-	6,835,316
Brett Tucker	1	-	15,504	-	15,505
<i>Key Management Personnel</i>					
Lim Jing	-	-	2,360,000	-	2,360,000
	3	-	17,564,706	-	17,564,709
2018					
<i>Directors</i>					
Stuart Carmichael	-	-	1	-	1
Goh Khoo Seng	-	-	1	-	1
Brett Tucker	-	-	1	-	1
	-	-	3	-	3

Option holding

The number of options over ordinary shares in the company held during the financial years ended 31 December 2019 and 31 December 2018 by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

2019	Balance at the start of the year	Granted	Exercised	Expired / Forfeited / Other	Balance at the end of the year
<i>Directors</i>					
Brett Sandercock	-	500,000	-	-	500,000
Geoff Pocock	-	1,200,000	-	-	1,200,000
Prof Teoh Swee Hin	-	1,500,000	-	-	1,500,000
Stuart Carmichael	-	500,000	-	-	500,000
Goh Khoo Seng	-	3,500,000	-	-	3,500,000
Brett Tucker	-	-	-	-	-
<i>Key Management Personnel</i>					
Lim Jing	-	-	-	-	-
	-	7,200,000	-	-	7,200,000

Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019

Additional Disclosures Relating to Key Management Personnel (Continued)

	Balance at the start of the year	Granted	Exercised	Expired / Forfeited / Other	Balance at the end of the year
2018					
<i>Directors</i>					
Stuart Carmichael	-	-	-	-	-
Goh Khoon Seng	-	-	-	-	-
Brett Tucker	-	-	-	-	-
	-	-	-	-	-

Other Equity-related Key Management Personnel Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to shareholdings and options.

Other Transactions with Key Management Personnel and/or their Related Parties

There were no other transactions conducted between the Group and Key Management Personnel or their related parties, apart from those disclosed above and below, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Brett Sandercock – Travel reimbursements	74	-
Polaris Consulting (WA) Pty Ltd (director related entity of Mr Pocock) – Travel reimbursements	23,132	-
Prof Teoh – Travel reimbursements	1,666	-
Ventnor Capital Pty Ltd (director related entity of Mr Carmichael) – Corporate advisory (IPO and acquisition), company secretarial and registered office services	202,923	-
Ventnor Securities Pty Ltd (director related entity of Mr Carmichael) – Capital raising fees	158,088	-
	385,883	-

Loans to/from related parties

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Amount due to director – Mr Goh Khoon Seng ¹	60,469	-
Amount due to director – Prof Teoh ¹	5,298	-
Amount due to related party – Irenne Pte Ltd (director related entity of Prof Teoh) ¹	311,507	-
	377,274	-

¹ Amounts due to directors and related party are non-trade, unsecured, interest-free and repayable on demand.

End of Remuneration Report (Audited)

**Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019**

Share Options

At the date of this report, the unissued ordinary shares of the Company under option are as follows.

Number of Options Granted	Grant Date	Expiry Date	Exercise Price (\$)	Fair Value per Option (\$)
7,200,000	23/06/2019	30/06/2022	\$0.25	\$0.115
2,500,000	17/09/2019	30/06/2022	\$0.25	\$0.111

Non-Audit Services

During the year, Grant Thornton Audit Pty Ltd, the Company's auditors, performed services in relation to the investigating account's report for the prospectus in addition to their statutory audit duties. Details of the amounts paid to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 20.

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.

The Directors are of the opinion that the services as disclosed in Note 20 do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Indemnification of Officers and Auditors

The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings of Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 has been received and immediately follows the Directors' Report.

Dividends Paid or Recommended

No dividends were paid or recommended during the year ended 31 December 2019.

Osteopore Limited and its Controlled Entities
Directors' Report
For the year ended 31 December 2019

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and have adhered to principles of sound corporate governance. The Company continued to follow best practice recommendations as set out by 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Where the Company has not followed best practice for any recommendation, explanation is given in the Corporate Governance Statement which is available on the Company's website.

Signed in accordance with a resolution of the Directors.



Brett Sandercock
Non-Executive Chairman
31 March 2020

Auditor's Independence Declaration

To the Directors of Osteopore Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Osteopore Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 31 March 2020

Osteopore Limited and its Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

		Consolidated	
	Note	31 Dec 2019	From Date of Incorporation to 31 Dec 2018
		\$	\$
Revenue	4	411,600	-
Cost of sales		(123,472)	-
Gross profit		288,128	-
Other income		2,458	-
Selling and distribution expenses		(209,065)	-
Administrative expenses		(2,448,230)	-
Operating profit		(2,366,709)	-
Finance costs		(15,632)	-
Loss before income tax		(2,382,341)	-
Income tax benefit	6	-	-
Loss for the year		(2,382,341)	-
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(33,293)	-
Total comprehensive loss attributable to the owners		(2,415,634)	-
Basic and diluted loss per share (cents)	19	(8.26)	-

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

**Osteopore Limited and its Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2019**

		Consolidated	
	Note	31 Dec 2019	31 Dec 2018
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	7	3,294,809	3
Trade receivables	8	542,233	-
Other assets	9	114,416	-
Inventories	10	23,527	-
Total Current Assets		3,974,985	3
Non-Current Assets			
Property, plant and equipment	11	241,040	-
Right-of-use asset	12	68,858	-
Total Non-Current Assets		309,898	-
TOTAL ASSETS		4,284,883	3
LIABILITIES			
Current Liabilities			
Trade and other payables	13	721,039	-
Borrowings	14	521,909	-
Lease liabilities	15	45,901	-
Total Current Liabilities		1,288,849	-
Non-Current Liabilities			
Lease liabilities	15	28,754	-
Total Non-Current Liabilities		28,754	-
TOTAL LIABILITIES		1,317,603	-
NET ASSET		2,967,280	3
EQUITY			
Issued capital	16	19,190,063	3
Reserves	17	(13,840,442)	-
Accumulated losses		(2,382,341)	-
TOTAL EQUITY		2,967,280	3

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

**Osteopore Limited and its Controlled Entities
Consolidated Statement of Changes in Equity
For the year ended 31 December 2019**

	Issued Capital \$	Share Based Payment Reserve \$	Common Control Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Incorporated at 11 December 2018	3	-	-	-	-	3
Balance at 31 December 2018	3	-	-	-	-	3
Loss after income tax	-	-	-	-	(2,382,341)	(2,382,341)
Other comprehensive loss	-	-	-	(33,293)	-	(33,293)
Total comprehensive loss for the year	-	-	-	(33,293)	(2,382,341)	(2,415,634)
Seed capital raise (Note 16)	2,000	-	-	-	-	2,000
Pre-IPO raise (Note 16)	252,000	-	-	-	-	252,000
Initial public offer (Note 16)	5,250,000	-	-	-	-	5,250,000
Share issue costs (Note 16, 17)	(519,342)	277,593	-	-	-	(241,749)
Acquisition of Osteopore International Pte Ltd (Note 3)	14,205,402	-	(14,915,451)	-	-	(710,049)
Options issued (Note 17)	-	830,709	-	-	-	830,709
Balance at 31 December 2019	19,190,063	1,108,302	(14,915,451)	(33,293)	(2,382,341)	2,967,280

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

Osteopore Limited and its Controlled Entities
Consolidated Statement of Cash Flows
For the year ended 31 December 2019

		Consolidated	
	Note	31 Dec 2019	From Date of Incorporation to 31 Dec 2018
		\$	\$
Cash flows from operating activities			
Loss before income tax		(2,382,341)	-
<i>Adjustments for</i>			
Depreciation expense		72,564	-
Share based payment expense	17	830,709	-
Gain on asset disposed	11	(236)	-
Operating cash flows before changes in working capital		<u>(1,479,304)</u>	-
Changes in trade receivables		(147,192)	-
Changes in other assets		(80,977)	-
Changes in inventory		23,618	-
Changes in trade and other payables		(64,908)	-
Net cash (used in) operating activities		<u>(1,748,763)</u>	-
Cash flows from investing activities			
Cash acquired through acquisition of Osteopore International Pte Ltd	3	485,607	-
Acquisition of plant and equipment		(79,573)	-
Net cash provided by investing activities		<u>406,034</u>	-
Cash flows from financing activities			
Proceeds from issue of shares	16	5,504,000	3
Payment of share issue costs		(241,749)	-
Repayment of borrowings		(595,450)	-
Repayment of lease principal		(29,266)	-
Net cash provided by financing activities		<u>4,637,535</u>	<u>3</u>
Net increase in cash and cash equivalents		3,294,806	3
Cash and cash equivalents at the beginning of the year		3	-
Cash and cash equivalents at the end of the year		<u><u>3,294,809</u></u>	<u><u>3</u></u>

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

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 1. Significant Accounting Policies

General

These consolidated financial statements and notes represent those of Osteopore Limited (the “Company”) and its controlled entities (“Group”). In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the Company is disclosed in Note 27: *Parent Entity Disclosures*. The financial report was authorised for issue by the Board on 31 March 2020.

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. Osteopore Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with the Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements have been presented in Australian dollars (AUD), which is the functional currency of the Company. The functional currency of the Company’s controlled entities is Singapore Dollars (SGD).

Acquisition

On 17 September 2019, the Company completed the 100% acquisition of ordinary shares of Osteopore International Pte Ltd (“OIS”). As consideration for the acquisition, Osteopore Limited issued 71,027,008 ordinary shares with the following total consideration at acquisition totalling \$14,205,402. Mr Goh Khoon Seng was appointed as the Chief Executive Office, and the OIS management team has assumed responsibility of the management of the merged entity.

OIS principal activities are manufacture of medical implants for use in surgery and trading of medical devices and implants.

The acquisition has been accounted for with reference to common controlled entities. The Group has adopted the predecessor accounting method to form one enlarged group. The Company has recorded the excess consideration above the net assets of OIS to a common control reserve. Refer to Note 3.

Foreign Currency

Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit and loss and other comprehensive income. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit and loss and comprehensive income.

Note 1. Significant Accounting Policies (Continued)

Foreign Currency (Continued)

Foreign Operation

The financial results and position of foreign controlled entities whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign controlled entities are transferred directly to the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

New or Amended Accounting Standards and Interpretations Adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Accounting Standards and Interpretations adopted by the Group that are mandatory for the current reporting period:

AASB 16 Leases

AASB 16 replaces AASB 117 *Leases* and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- (a) Right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
 - i. Investment property, the lessee applies the fair value model in AASB 140 *Investment Property* to the right-of-use asset; or
 - ii. Property, plant or equipment, the applies the revaluation model in AASB 116 *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- (b) Lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

In accordance with the transition requirements of AASB 16, the Group has elected:

- (a) To apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect of initially applying the new standard recognised at the beginning of the current reporting period (i.e. at 1 January 2019). Accordingly, comparative information has not been restated; and
- (b) The Group has elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 117 and Interpretation 4.

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 1. Significant Accounting Policies (Continued)

New or Amended Accounting Standards and Interpretations Adopted (Continued)

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of \$103,921 and corresponding lease liabilities with an aggregate carrying amount of \$53,451. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities was 10.88%.

The following is a reconciliation of total operating lease commitments acquired on 17 September 2019 following the acquisition of Osteopore International Pte Ltd:

	\$
Total operating lease commitments acquired at 17 September 2019	-
<i>Recognition exemptions</i>	
Lease payments not recognised	64,435
Operating lease liabilities before discounting	64,435
Discounted using incremental borrowing rate	(10,984)
Operating lease liabilities	53,451
Total lease liabilities recognised under AASB 16 at 17 September 2019	53,451

New Accounting Standards and Interpretations Not Yet Mandatory

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

New / revised pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after)	Likely impact on initial application
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	AASB 2018-6 amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.	1 January 2020	When these amendments are first adopted for the year ending 31 December 2020, there will be no material impact on the financial statements.
<i>No previous pronouncement</i>	<p>The amendments:</p> <ul style="list-style-type: none"> clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; narrow the definitions of a business and of outputs by focusing on goods 		

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

New / revised pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after)	Likely impact on initial application
<p>AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material</p> <p><i>No previous pronouncement</i></p>	<p>and services provided to customers and by removing the reference to an ability to reduce costs; and</p> <ul style="list-style-type: none"> • add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. <p>AASB 2018-7 principally amends AASB 101 and AASB 108. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across the Australian Accounting Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.</p>	1 January 2020	When these amendments are first adopted for the year ending 31 December 2020, there will be no material impact on the financial statements.
<p>AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework</p> <p><i>No previous pronouncement</i></p>	<p>AASB 2019-1 amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the revised <i>Conceptual Framework for Financial Reporting (Conceptual Framework)</i>.</p> <p>The application of <i>Conceptual Framework</i> is limited to</p> <ul style="list-style-type: none"> • For profit entities that have public accountability • Other for-profit entities that voluntarily elect to apply the <i>Conceptual Framework</i> 	1 January 2020	When these amendments are first adopted for the year ending 31 December 2020, there will be no material impact on the financial statements.
<p>AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059</p> <p><i>No previous pronouncement</i></p>	<p>AASB 2019-2 amends AASB 16 <i>Leases</i> and AASB 1059 <i>Service Concession Arrangements: Grantors</i> to amend transitional relief relating to service concession arrangements and incorporate editorial amendments</p>	1 January 2020	When these amendments are first adopted for the year ending 31 December 2020, there will be no material impact on the financial statements.

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

New / revised pronouncement	Nature of change	Effective date <i>(annual reporting periods beginning on or after)</i>	Likely impact on initial application
AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia <i>No previous pronouncement</i>	AASB 2019-5 makes amendments to AASB 1054 <i>Australian Additional Disclosures</i> by adding a disclosure requirement for an entity intending to comply with IFRS standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> on the potential effect of an IFRS standard that has not yet been issued by the AASB. This ensures that for-profit publicly accountable entities complying with Australian Accounting Standards can assert compliance with IFRS standards.	1 January 2020	When this Standard is first adopted for the year ending 31 December 2020, additional disclosures may be necessary if there are any pronouncements issued by the International Accounting Standards Board that have not yet been issued by the AASB at the date of authorisation of the entity's financial report.

Principles of Consolidation

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Note 1. Significant Accounting Policies (Continued)

Business Combinations

The Group applies the acquisition method in accounting for business combinations unless transacting a business combination under common control.

Under the acquisition method, the consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred, liabilities incurred and the equity interest's issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair value.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquisition; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Where business combinations occur under common control, these are scoped out of AASB 3: Business Combinations, and therefore a suitable accounting policy needs to be adopted in accordance with the hierarchy in AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors. This hierarchy requires the adoption of a policy that provides users of the financial statements with relevant and reliable information about the financial position and performance of the reporting entity. Therefore certain accounting policy choices are available for this business combination. The reporting entity has the choice to either apply the purchase method (applying a fair value approach to the acquisition value) or to apply the pooling of interest method where the combination is recorded at carrying value at the date of acquisition. Further, the reporting entity may elect to restate the comparatives for the results of both businesses while under common control.

Given the continuing common control of the ultimate parent of the businesses, the Directors consider that is appropriate to use the pooling of interest method to account for the transaction using the carrying value at the date of acquisition for the acquired assets and liabilities rather than remeasuring to more subjective and uncertain fair values. The Directors have elected to not restate comparatives.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

Revenue Recognition

Sale of Goods

To determine whether to recognise revenue, the Group follow a 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as the performance obligation(s) are satisfied.

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, being when the goods have been shipped to the specific location agreed with the customer.

Note 1. Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Following delivery, the customer has full discretion over the disposition of the goods, bears the primary responsibility and risks of obsolescence and loss in relations to the goods, as either the customer has accepted the goods in accordance with the sales contract the acceptance provision have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

No element of financing is deemed present as the sales are made with a credit term of 30-60 days, which is consistent with market practice. Revenue is the amount of consideration to which the entity expects to be entitled in exchange for transferring promised goods or services. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit and loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to operating expenditure, the grant income is recognised on a systematic basis in the profit or loss over the periods necessary to match the related cost which they are intended to compensate.

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.

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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. 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.

Note 1. Significant Accounting Policies (Continued)

Income Tax (Continued)

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.

Tax consolidation

Osteopore Limited and its wholly-owned subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

Goods and Services Tax ('GST') and Other Similar Taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services; and if applicable
- Nature of the regulatory environment.

Note 1. Significant Accounting Policies (Continued)

Segment Reporting (Continued)

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

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, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. When necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Property, Plant and Equipment

Property, plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 1. Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

Depreciation

The depreciable amount of all fixed assets is depreciated over its useful life commencing from the time the asset is held ready for use. Depreciation is computed using the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

- Computer 1 year
- Furniture and fittings 5 years
- Plant and machinery 6 years
- Leasehold improvements 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date and where adjusted, shall be accounted for as a change in accounting estimate. Where depreciation rates or method are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Note 1. Significant Accounting Policies (Continued)

Financial Instruments

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable)

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

There are no FVPL and FVOCI instruments for the group.

Impairment of Financial assets

AASB 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Note 1. Significant Accounting Policies (Continued)

Financial Instruments (Continued)

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade payables and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The Company does not hold any financial liabilities classified as fair value through profit or loss measurement category.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Leases

As described above, the Group has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 117 and IFRIC 4.

Note 1. Significant Accounting Policies (continued)

Accounting policy applicable from 1 January 2019

The Group as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in trade and other payables.

Note 1. Significant Accounting Policies (Continued)

Leases (Continued)

Accounting policy applicable before 1 January 2019

The Group as a lessee

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, is transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current

Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred.

Employee Benefits

Short-Term Benefits

Short-term employee benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Note 1. Significant Accounting Policies (Continued)

Employee Benefits (Continued)

Defined Contribution plans

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Other Employee Entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. Accruals is made for the estimated liability for unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Share-Based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 1. Significant Accounting Policies (Continued)

Share-Based Payments (Continued)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired option of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Basic loss per share is determined by dividing the operating profit / (loss) after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year

Diluted loss per share adjusts the amounts used in the determination of basic loss per share by taking into account unpaid amounts on ordinary shares and any reduction in loss per share that will probably arise from the exercise of options outstanding during the financial year.

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 1. Significant Accounting Policies (Continued)

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

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 within the next financial year are discussed below.

Share-Based Payments

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 either the Binomial or 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.

Note 2. Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1.

	Country of Incorporation	Principal Activities	Ownership 2019 (%)	Ownership 2018 (%)
Osteopore International Pte Ltd	Singapore	Manufacture and trade medical implants	100	-
Osteopore Medico Pte Ltd	Singapore	Manufacture and trade medical implants	100	-

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 3. Acquisition – Osteopore International Pte Ltd

On 17 September 2019, the Company completed the 100% acquisition of ordinary shares of Osteopore International Pte Ltd (“OIS”) for a total consideration of \$14,205,402. OIS principal activities are manufacture of medical implants for use in surgery and trading of medical devices and implants. The Board of Directors of the merged entity was restructured such that two of the four directors comprise of OIS nominees. Prof Teoh Swee Hin, a nominee of OIS serves as a Non-Executive Director, Mr Goh Khoon Seng was appointed as the Chief Executive Officer, and the OIS management team has assumed responsibility of the management of the merged entity. The acquisition has been accounted for with reference to common controlled entities. The Group has adopted the predecessor accounting method to form one enlarged group. The Company has recorded the excess consideration above the net assets of OIS to a common control reserve.

As consideration for the acquisition of 100% of the issued OIS securities, Osteopore Limited issued 71,027,008 ordinary shares with the following total consideration and fair value of net identifiable liabilities at acquisition date.

	17 Sep 2019
	\$
Share value on 17 September 2019	0.20
Shares issued at acquisition date	71,027,008
Total consideration	<u>14,205,402</u>
<i>Fair value of identifiable assets and liabilities held at acquisition date</i>	
Cash and cash equivalents	485,607
Trade receivables	395,041
Other assets	33,439
Inventories	47,145
Property, plant and equipment	198,732
Trade and other payables	(666,075)
Provisions	(86,579)
Borrowings	(1,117,359)
Total fair value of identifiable net liabilities	<u>(710,049)</u>
Common control reserve	<u>14,915,451</u>

Note 4. Revenue

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Sale of goods	<u>411,600</u>	<u>-</u>

All sale of goods is recognised at a point in time.

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 4. Revenue (Continued)

The Group's revenue disaggregated by primary geographical markets is as follows:

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Singapore	399,588	-
Other countries	12,012	-
	411,600	-

Note 5. Expenses

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
<i>Selling and distribution</i>		
Marketing expense	112,537	-
Travel expense	94,803	-
<i>Administrative expenses</i>		
IPO costs	625,771	-
Legal and professional fees	216,182	-
Share-based payment expense	830,709	-
Depreciation expense	72,564	-
Employee expenses		
<i>Key management personnel</i>		
Salaries and other related costs	395,971	-
Contributions to defined contribution plans	21,786	-
<i>Other personnel</i>		
Salaries and other related costs	54,001	-
Contributions to defined contribution plans	85,536	-

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 6. Income Tax

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
<i>The prima facie tax on loss before income tax is reconciled to the income tax as follows:</i>		
Loss before income tax	(2,382,341)	-
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2018: 30%)	(714,702)	-
Non-assessable non-exempt	42,207	-
Non-deductible expenditure	249,213	-
Foreign tax rate differential (Singapore)	61,188	-
Movement in unrecognised deferred tax assets	362,094	-
Income tax benefit	-	-
<i>Tax loss carried forward:</i>		
Australia	1,459,605	-
Singapore	2,138,040	-
Total	3,597,645	-

The Group has following tax losses arising in entities in Australia and Singapore that are available indefinitely to be offset against the future taxable profits of the Group. The potential deferred tax assets, arising from tax losses (as disclosed above) are not brought to account as management is of the view that there is uncertainty in the realisation of the related tax benefits through future taxable profits. The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

Note 7. Cash and Cash Equivalents

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Cash in bank and on hand	3,294,809	3
The carrying amounts of cash and cash equivalents approximate their fair value and are denominated in the following currencies:		
Singapore dollar	457,620	-
Australia dollar	2,836,173	3
United States dollar	1,016	-
	3,294,809	3

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 8. Trade Receivables

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Trade receivables	542,223	-
Less expected credit losses	-	-
	<u>542,233</u>	<u>-</u>

Trade receivables are non-interest bearing and generally on 30 days term (2018: 30 days). For allowance for expected credit losses analysis at the end of the reporting period, please refer to Note 23.

Customers with balances past due but without provision for impairment

Not past due	155,244	-
Past due 0 – 30 days	83,387	-
Past due 31 – 60 days	31,680	-
Past due 61 days	271,922	-
	<u>542,233</u>	<u>-</u>

Note 9. Other Assets

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Prepayments	98,623	-
Deposits	15,793	-
	<u>114,416</u>	<u>-</u>

Note 10. Inventories

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Raw materials	13,838	-
Work in progress	585	-
Finished goods	9,104	-
	<u>23,527</u>	<u>-</u>

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 11. Property, Plant and Equipment

	Consolidated				
	Computers	Furniture & Fittings	Plant & Machinery	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
2019					
Cost	90,767	93,684	290,853	297,487	772,791
Less accumulated depreciation	(75,615)	(49,486)	(204,035)	(202,615)	(531,751)
	15,152	44,198	86,818	94,872	241,040
<i>Cost</i>					
Balance at 11 Dec 2018	-	-	-	-	-
Additions	-	-	-	-	-
Balance at 31 Dec 2018	-	-	-	-	-
Assets acquired (Note 3)	75,896	69,736	287,542	267,066	700,240
Additions	14,871	26,056	3,311	30,421	74,659
Disposals	-	(2,108)	-	-	(2,108)
Balance at 31 Dec 2019	90,767	93,684	290,853	297,487	772,791
<i>Accumulated Depreciation</i>					
Balance at 11 Dec 2018	-	-	-	-	-
Depreciation	-	-	-	-	-
Balance at 31 Dec 2018	-	-	-	-	-
Assets acquired (Note 3)	74,237	47,085	194,964	185,223	501,509
Depreciation	1,378	4,273	9,071	17,392	32,114
Disposals	-	(1,872)	-	-	(1,872)
Balance at 31 Dec 2019	75,615	49,486	204,035	202,615	531,751

Note 12. Right-Of-Use Asset

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Cost	103,921	-
Less accumulated depreciation	(35,063)	-
	68,858	-
<i>Cost</i>		
Balance at the beginning of the year	-	-
Adjustment on transition to AASB 16	103,921	-
Balance at the end of the year	103,921	-
<i>Accumulated depreciation</i>		
Balance at the beginning of the year	-	-
Depreciation	35,063	-
Balance at the end of the year	35,063	-

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 13. Trade and Other Payables

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Trade payables	211,449	
Accruals	417,413	
Other payables	92,177	
	721,039	-

Trade payables are due to third parties, unsecured, interest-free and repayable according to credit terms of 30 days (2018: 30 days). The carrying amounts of trade payables approximate their fair value and are denominated in the following currencies:

Singapore dollar	132,131	-
Australia dollar	79,318	-
	211,449	-

Note 14. Borrowings

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Amounts due to directors (Note 21)	65,767	-
Amounts due to related party (Note 21)	311,507	-
Amounts due to third parties	113,371	-
Premium funding	31,264	-
	521,909	-

Amounts due to directors, related party and third parties are non-trade, unsecured, interest-free and repayable on demand. Premium funding relates to funding on Directors' and Officers' insurance.

Note 15. Lease Liabilities

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Current	45,901	-
Non-Current	28,754	-
	74,655	-

Amounts recognised in the statement of profit or loss and other comprehensive income

Depreciation expense on right of use asset (Note 12)	35,063	-
Interest expense	8,497	-

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 15. Lease Liabilities (Continued)

The Group has leases for the office and photocopier. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2019 were as follows:

	Within 1 Year	Minimum Lease Payments		Total
		1-5 Years	After 5 Years	
Lease payments	59,062	36,999	-	96,061
Finance charges	(13,161)	(8,245)	-	(21,406)
Net present value	45,901	28,754	-	74,655

Note 16. Issued Capital

	2019		2018	
	No. of Shares	\$	No. of Shares	\$
Fully paid ordinary shares	101,230,502	19,190,063	3	3

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. 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. There is no current on-market share buy-back.

Movements in ordinary share capital

	Date	No. of Shares	Issue price (\$)	\$
Balance at 11 December 2018		-		-
Incorporation of Company ¹	11/12/2018	3	1.00	3
Balance at 31 December 2018		3		3
Issue of shares – seed capital raise	6/6/2019	2,000,000	0.001	2,000
Issue of shares – pre-IPO raise	19/6/2019	1,953,491	0.129	252,000
Shares issued – consideration offer ²	23/9/2019	71,027,008	0.20	14,205,402
Shares issued – public offer	23/9/2019	26,250,000	0.20	5,250,000
Share issue costs		-		(519,342)
Balance at 31 December 2019		101,230,502		19,190,063

¹ Osteopore Limited was incorporated on 11 December 2018.

² Shares were issued to shareholders of Osteopore International Pte Ltd upon completion of acquisition. Refer to Note 3 for more details on acquisition of Osteopore International Pte Ltd.

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 17. Reserves

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Common control reserve (Note 3)	(14,915,451)	-
Share based payment reserve	1,108,302	-
Foreign currency translation reserve	(33,293)	-
	(13,840,442)	-

Share Based Payment Reserve

The share-based payment reserve arises from the equity-settled compensation plan issued to its director, provided that the director remains in continuous employment with the Company from the date of grant. Equity-settled compensation plan is share of commons stock that vest and restricted share units are awards that will result in a payment if performance goals are achieved or the awards otherwise vest. The terms and conditions of these awards are established in the employment contract.

	No. of Options	\$
Balance at 11 December 2018	-	-
<i>No movements in period</i>		
Balance at 31 December 2018	-	-
Options issued to key management personnel (Note 18)	7,200,000	830,709
Options issued to lead manager (Note 18)	2,500,000	277,593
Balance at 31 December 2019	9,700,000	1,108,302

Note 18. Share Based Payment Expense

On 23 June 2019, 7,200,000 unlisted options exercisable at \$0.25 expiring on 30 June 2022 were issued to key management personnel. The fair value of the options issued was estimated at the date of grant using the Black-Scholes option pricing model below.

On 17 September 2019, 2,500,000 unlisted options exercisable at \$0.25 expiring on 30 June 2022 at an issue price of \$0.0001 were issued to Alto Capital under the Lead Manager Offer, upon completion of the acquisition of Osteopore International Pte Ltd. The fair value of the options issued was estimated at the date of grant using the Black-Scholes option pricing model below.

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Expected Volatility	Dividend Yield	Risk-Free Interest Rate	Fair Value at Grant Date
23/06/2019	30/06/2022	\$0.20	\$0.25	100%	0%	0.89%	\$0.115
17/09/2019	30/06/2022	\$0.20	\$0.25	100%	0%	0.85%	\$0.111

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 18. Share Based Payment Expense (Continued)

Set out below are the options exercisable at the end of the financial year:

Grant Date	Expiry Date	31 Dec 2019 No. of Options	31 Dec 2018 No. of Options
23/06/2019	30/06/2022	7,200,000	-
17/09/2019	30/06/2022	2,500,000	-
		9,700,000	-

Note 19. Loss per Share

The following reflects the income and data used in the calculations of basic and diluted loss per share:

	Consolidated	
	31 Dec 2019	31 Dec 2018
	No. of Shares	No. of Shares
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	28,845,411	3
	\$	\$
Loss for the year used in calculating operating basic and diluted loss per share	(2,382,341)	-
	Cents	Cents
Basic and diluted loss per share	(8.26)	-

As the Group incurred a loss for the period, the options on issue have an anti-dilutive effect, therefore the diluted EPS is equal to the basic EPS. A total of 9,700,000 share options (2018: nil) which could potentially dilute EPS in the future have been excluded from the diluted EPS calculation because they are anti-dilutive for the current year presented.

Note 20. Auditors' Remuneration

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
<i>Remuneration from Audit and Review of Financial Statements</i>		
Audit and review of financial statements (<i>Grant Thornton Australia</i>)	37,000	-
<i>Other Services</i>		
Investigating accountant's report (<i>Grant Thornton Australia</i>)	26,829	-
	63,829	-

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 21. Key Management Personnel Disclosures

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Short term employee benefits	395,971	-
Post-employment benefits	21,786	-
Share based payment benefits	830,709	-
	1,248,446	-
<i>Loans to/from related parties</i>		
Amount due to director – Mr Goh Khoo Seng ¹	60,469	-
Amount due to director – Prof Teoh ¹	5,298	-
Amount due to related party – Irenne Pte Ltd (director related entity of Prof Teoh) ¹	311,507	-
	377,274	-

¹ Amounts due to directors and related party are non-trade, unsecured, interest-free and repayable on demand (Note 14).

Note 22. Segment Reporting

The Company has identified its operating segments based on the internal reports that are used by the Board in assessing performance and in determining the allocation of resources. Given the Company's operations since incorporation, the Board has identified two relevant business segments based on the Group's geographical presence – Singapore and Australia. The following tables are an analysis of the Group's revenue and results by reportable segment for the year ended 31 December 2019 and 2018.

	Singapore	Australia	Consolidated
	\$	\$	\$
2019			
Revenue from customers	399,588	12,012	411,600
Intersegment revenue	-	-	-
Gross revenue	399,588	12,012	411,600
Other income	295	2,163	2,458
Total revenue	399,883	14,175	414,058
Loss for the year	(470,679)	(1,911,662)	(2,382,341)

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 22. Segment Reporting (Continued)

	Singapore	Australia	Consolidated
	\$	\$	\$
2019			
Current assets	1,074,751	2,900,234	3,974,985
Non-current assets	309,898	-	309,898
Total assets	1,384,649	2,900,234	4,284,883
Total liabilities	1,193,158	124,445	1,317,603
2018			
Revenue from customers	-	-	-
Intersegment revenue	-	-	-
Gross revenue	-	-	-
Other income	-	-	-
Total revenue	-	-	-
Loss for the year	-	-	-
Current assets	3	-	3
Non-current assets	-	-	-
Total assets	3	-	3
Total liabilities	-	-	-

Revenues from external customers in the Group's domicile, Australia, as well as its major markets, Singapore have been identified on the basis of the customer's geographical location and are disclosed in Note 4. During 2019, 37% of the Group's revenues depended on a single customer in Singapore.

Note 23. Financial Instruments

The Group's activities expose them to credit risk, liquidity risk and market risk – currency, interest rate and price. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. Management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the way it manages the risk, except for its credit risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Group. A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Note 23. Financial Instruments (Continued)

Credit Risk (Continued)

Risk Management

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group do not require collateral from its customers. The Group's major classes of financial assets are trade and other receivables.

Trade receivables that are neither past due nor impaired are substantial companies with good collection track record with the Group. Trade receivables are subjected to credit risk exposure. The Group has identified significant concentration of credit risks for trade receivables as follows:

	Consolidated	
	31 Dec 2019	31 Dec 2018
	%	%
Largest customer percentage of trade receivables	53	-

Impairment of Financial Asset

The Group has the following financial assets that are subject to insignificant credit losses where the expected credit loss ('ECL') model has been applied using the following approaches below. The Group did not identify any underperforming or non-performing financial assets during the year (2018: nil). Hence there was no write-off or provisions necessary for the financial assets in the past 12 months.

To measure the expected credit losses, trade receivables were grouped based on shared credit risk characteristics. Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

The Group has not experienced any instances of non-payment from its customers over the past 12 months and has used their repayment pattern as a basis for estimation to estimate its ECL for the current year. The Group did not determine the default risk of its financial instruments as most of its trade receivables are historical clients that have no bad debt history.

For the purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, the historical default experience and financial position of the counterparties are taken into account, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

Market Risk

Market risk is the risk that changes in market price, such as interest rates and foreign exchange rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 23. Financial Instruments (Continued)

Market Risk (Continued)

Foreign Currency Risk

The Group's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Group does not have any formal policy for hedging against currency risk. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances between entities.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	\$	\$	\$	\$
Singapore dollar	1,383,633	1,193,158	-	-
United States dollar	1,016	-	-	-
	1,384,649	1,193,158	-	-

The Group had net assets denominated in foreign currencies of \$191,491 (2018: \$nil). At 31 December 2019, if the Singapore dollar weakened by 10% against these foreign currencies with all other variables held constant, the Group's loss before tax would have been \$19,149 lower (2018: \$nil) and equity would have been \$19,149 higher (2018: \$nil). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The net foreign exchange loss included in administrative expenses for the year ended 31 December 2019 was \$4,961 (2018: \$nil).

Interest Rate Risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk. The Group has not entered any hedging activities to cover interest rate risk. Regarding its interest rate risk, the Group does not have a formal policy in place to mitigate such risks.

The following table set out the carrying amount by maturity of the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

	Fixed Interest Rate				Floating Interest Rate	Total	Weighted Average Interest Rate
	Non-Interest Bearing	< 1 Year	1 – 5 Years	> 5 years			
2019	\$	\$	\$	\$	\$		
<i>Financial assets</i>							
Cash and cash equivalents	458,636	-	-	-	2,836,173	3,294,809	1.29%

Sensitivity analysis was not performed on 2018 balances as the financial assets that were exposed to interest rate risks were insignificant.

Note 23. Financial Instruments (Continued)

Liquidity Risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows. No liquidity risk has been disclosed for the Group as the Group's financial assets and liabilities are contractually due on demand or within one year, and the undiscounted cash flows approximate the carrying amounts as reported on the statement of financial position.

Fair Values

For other assets and liabilities, the net fair value approximates their carrying value. The Group has no financial assets or liabilities that are readily traded on organised markets and has no financial assets where the carrying amount exceeds net fair values at the reporting date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Note 24. Contingent Assets and Liabilities

The Directors of the Group are not aware of any contingent liabilities which require disclosure in the financial year ended 31 December 2019 (2018: nil).

Note 25. Commitments

From 1 January 2019, the Group has recognised right-of-use assets for operating leases. There are no other commitments noted as at 31 December 2019 (31 December 2018: nil).

Note 26. Subsequent Events

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations.

The Directors are not aware of any other matter or circumstance that has arisen since the end of the financial year that, in their opinion, has significantly affected or may significantly affect in future financial years, the operations of the Group, the results of those operations or the Group's state of affairs.

Osteopore Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

Note 27. Parent Entity Disclosures

The following information has been extracted from the books and records of the legal parent, being Osteopore Limited and has been prepared in accordance with Accounting Standards. Osteopore Limited was incorporated in December 2018, hence the comparative results are from incorporation date, 11 December 2018.

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
<i>Financial Position</i>		
Total current assets	2,900,234	3
Total non-current assets	191,491	-
Total assets	3,091,725	3
Total current liabilities	124,445	-
Total liabilities	124,445	-
Net assets	2,967,280	3
Issued capital	19,190,063	3
Reserves	(13,807,149)	-
Accumulated losses	(2,415,634)	-
Total equity	2,967,280	3
<i>Financial Performance</i>		
Loss for the year	(2,415,634)	-
Other comprehensive income	-	-
Total comprehensive loss	(2,415,634)	-

The Parent Entity has no capital commitments and has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

Osteopore Limited and its Controlled Entities
Directors' Declaration
For the year ended 31 December 2019

The Directors' of the Group declare that:

1. In the Directors' opinion, the financial statements and accompanying notes set out on pages 19 to 54 are in accordance with the *Corporations Act 2001* and:
 - a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - b) give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the year ended on that date;
2. Note 1 confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
4. The remuneration disclosures included in pages 10 to 15 of the directors' report (as part of the audited Remuneration Report), for the year ended 31 December 2019, comply with section 300A of the *Corporations Act 2001*; and

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:


Brett Sandercock
Non-Executive Chairman
31 March 2020

Independent Auditor's Report

To the Members of Osteopore Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Osteopore Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of 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.

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

Emphasis of matter – COVID-19

We draw attention to Note 26 of the financial report, which describes the circumstances relating to the material subsequent event regarding COVID-19 and the uncertainty surrounding any potential financial impact on the financials. Our opinion is not modified in respect of this matter.

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. These matters were 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 these matters.

In addition to the matter described in the *Emphasis of Matter – COVID -19* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter
How our audit addressed the key audit matter
Common Control Acquisition (Note 3)

During the period Osteopore Limited ("OSL") acquired Osteopore International Pte Limited ("OSI").

Management determined that this acquisition was a common control business combination. AASB 3 Business Combinations specifically excludes common control business combinations from its guidance, allowing management to apply the purchase method or the pooling of interests method of accounting. Management has adopted the pooling of interests method to account for the acquisition from the completion date of the acquisition being 17 September 2019.

This is a key audit matter given the nature of the transaction and the judgement involved in determining the most appropriate accounting treatment.

Our procedures included, amongst others:

- Obtaining and reviewing the terms and conditions contained in the Sales and Purchase agreements;
- Obtaining the acquisition trial balance and performing opening balance audit procedures to evaluate the completeness and accuracy of assets acquired and liabilities assumed;
- Ensuring the total cost of the combinations included all elements of consideration paid and payable with reference to signed purchase agreements;
- Evaluating management's purchase price allocation documentation and challenging their assessment of the book values recorded for assets and liabilities recorded;
- Re-calculating the common control reserve balances reported by deducting the net assets acquired by the total costs of the combinations; and
- Ensuring the appropriateness of related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Auditor's responsibilities for the audit of the financial report

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 an 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 10 to 15 of the Directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Osteopore Limited, for the year ended 31 December 2019 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 31 March 2019

Osteopore Limited and its Controlled Entities
ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current at 27 March 2020.

ORDINARY FULLY PAID SHARES

Substantial Shareholders

The names of the substantial shareholders (who hold 5% of more of the issue capital) are listed below:

Name	Number of shares	%
THE RAIN MAKER MGMT PTE LTD	9,285,927	9.17
MR TEOH SWEE HIN	7,030,309	6.94
MR GOH KHOON SENG	6,835,316	6.75
MR MARCUS LIEW	6,342,785	6.27
THE RAIN MAKER MGMT SDN BHD	5,498,737	5.43
BNP PARIBAS NOMS PTY LTD	5,429,040	5.36
	40,422,114	39.93

Distribution of Shareholders

	Number of Holders	Number of Shares
1 - 1,000	406	293,644
1,001 - 5,000	615	1,691,526
5,001 - 10,000	326	2,651,120
10,001 - 100,000	414	11,813,207
100,001 - and over	51	84,781,005
TOTAL	1,812	101,230,502

There were nil holders of ordinary shares holding less than a marketable parcel.

Top Twenty Shareholders

The names of the twenty largest holders of quoted shares are listed below:

Name	Number of shares	%
THE RAIN MAKER MGMT PTE LTD	9,285,927	15.08
THE RAIN MAKER MGMT SDN BHD	5,498,737	8.93
BNP PARIBAS NOMS PTY LTD <DRP>	5,429,040	8.82
MR MARCUS LIEW	4,642,785	7.54
CHING-YUAN HUANG	4,211,529	6.84
HO-CHWAN INVESTMENT CO LTD	3,158,647	5.13
MR HANRY YU	3,155,552	5.12
ROUND TABLE PARTNERS BERHAD	1,924,875	3.13
MR MICHAEL MARCUS LIEW	1,700,000	2.76
CITICORP NOMINEES PTY LIMITED	1,600,448	2.60
TAN SIOW KHOON	1,223,250	1.99
MR LOW KOON POH	1,143,014	1.05
MS IRENE NG AI CHEN	325,000	0.53
MR GARY THOMAS CUNNINGHAM & MRS LORILIE SUSAN CUNNINGHAM <GTC SUPERANNUATION FUND A/C>	277,000	0.45
MS GRACE HOW PEI YEN	218,464	0.35
ARIS NOMINEES PTY LTD <SHREEVE FAMILY A/C>	200,000	0.32
DR SALIM CASSIM	200,000	0.32
MR SHANE HOEHOCK WEE <WEE FAMILY A/C>	150,000	0.24
ALBESDA PTY LTD <W DAISH SUPER A/C>	150,000	0.24
MR MOHAAMAD SHAMIN BIN MOHAAMAD SAHAFI	325,000	0.53
	44,646,268	72.49

Osteopore Limited and its Controlled Entities
ASX Additional Information

UNQUOTED OPTIONS

The Company has 9,700,000 unquoted options exercisable at \$0.25 each, expiring on 30 June 2022.

Option Holders

The name of the option holders (who hold 20% of more of the unquoted options issued) are listed below:

Name	Number of shares	%
KHOON SENG GOH	3,500,000	36.08
	3,500,000	36.08

Distribution of Option Holders

	Number of Holders	Number of Options
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	1	10,000
10,001 - 100,000	4	190,000
100,001 - and over	7	9,500,000
TOTAL	12	9,700,000

ON-MARKET BUY BACK

There is no current on-market buy back.

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction. Options have no voting rights.

RESTRICTED SECURITIES

The Company's restricted securities (including voluntary restricted securities) are listed below:

Restricted Securities
42,385,990 ordinary fully paid shares, restricted for 24 months from 23 September 2019.
427,094 ordinary fully paid shares, restricted for 12 months from 19 June 2019.
9,700,000 unquoted options exercisable at \$0.25 each, expiring on 30 June 2022, restricted for 24 months from 23 September 2019.

USE OF PROCEEDS

In accordance with listing rule 4.10.19, the Company confirms that it has used its cash and assets in a form readily convertible to cash in a way consistent with its business objectives at the time of admission.