

# Osteopore™

Empowering Natural Tissue Regeneration

**OSTEOPORE LIMITED  
AND ITS CONTROLLED ENTITIES**

**ACN 630 538 957**

**CONSOLIDATED ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Osteopore Limited and its Controlled Entities  
Consolidated Annual Report  
For the year ended 31 December 2020**

**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 2020**

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## **Osteopore Limited and its Controlled Entities Letter from the Chairman**

On behalf of the Board, I am pleased to present the 2020 Annual Report to shareholders.

Osteopore Limited (“Osteopore” or the “Company”) is an Australian / Singaporean medical device company that develops, manufactures, and distributes a range of 3D printed biomimetic, bioresorbable scaffolds for regenerative bone healing. During the year, the Company successfully raised \$8.5 million (before costs) to accelerate revenue growth and support ongoing clinical trials for dental and orthopaedic applications of the technology.

In 2020, Osteopore expanded globally, concluding several new distribution agreements. These included an agreement with US-based Bioplate and an exclusive Distribution Agreement with MTG Medizintechnik Göhl to promote and sell Osteopore products within the German and Austrian markets. Additionally, following Australian Therapeutic Goods Administration (“TGA”) approval for its craniofacial products in April, the Company signed an exclusive Distribution Agreement with LMT Surgical Pty Ltd to promote and sell Osteopore products within the Australian and New Zealand markets. Research and development activities also advanced throughout the year, with research agreements signed with the Queensland University of Technology and the National University of Singapore to develop new bone regenerative products.

Osteopore’s regenerative products facilitate and support the body’s natural bone healing process. When compared to today’s traditional bone graft and permanent implant procedures, we believe our products are superior and offer improved patient outcomes. Our implants naturally dissolve over time to leave only healthy bone tissue and have been used in around 50,000 procedures with extremely low post-surgery complication rates.

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. During the year Osteopore significantly increased its manufacturing capacity with the purchase of additional 3D printers to raise output levels and meet expected future demand.

Despite challenging healthcare and hospital conditions due to COVID-19, Osteopore achieved record revenue of \$1,504,578 for the year. This revenue provides a solid commercial foundation to build from, with the strategy in place to scale. To enhance the depth and breadth of management expertise, the Company appointed Carl Runde as Chief Financial Officer in November 2020. Dr Runde has more than twenty years of international medical device industry experience and was previously Vice President Finance – Corporate Systems and FP&A for ResMed (NYSE: RMD and ASX: RMD.AX).

Looking forward, Osteopore has an exciting year ahead. We have refined our corporate and commercial strategy to focus on revenue growth as a top priority and implemented a more disciplined approach targeting the most attractive commercial opportunities. Work continues towards diversifying our product range as we expand the scope of bone regeneration applications in new therapeutic areas and work with research partners to accelerate development activities in the dental and orthopaedic industries. We will also undertake several early-stage, low capital intensive development projects to investigate new polymers to improve patient outcomes and the application of scaffolds for the regeneration of other tissues.

Yours faithfully



Brett Sandercock  
Non-Executive Chairman  
Osteopore Limited

**Osteopore Limited and its Controlled Entities**  
**Directors' Report**  
**For the year ended 31 December 2020**

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 2020.

**Directors**

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

<b>Name</b>	<b>Position</b>	<b>Date Appointed</b>	<b>Date Resigned</b>
Brett Sandercock	Non-Executive Chairman	24 June 2019	-
Geoff Pocock	Non-Executive Director	24 June 2019	-
Professor Teoh Swee Hin	Non-Executive Director	24 June 2019	-
Stuart Carmichael	Non-Executive Director	11 December 2018	-

**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**

There have been no significant changes in the state of affairs of the Group during the year ended 31 December 2020.

**Review of Operations**

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. While Australia has managed comparatively well relative to Europe and America, the pandemic was disruptive due to a series of lockdowns in several Australian states. Significant uncertainty remains around the duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies.

Despite challenging global macroeconomic conditions due to COVID-19, Osteopore continued to see encouraging sales for the year ended 31 December 2020 with revenue of \$1,504,578. This is the first full year operating as a Group. Osteopore was incorporated on 11 December 2018, with the acquisition of Osteopore International Pte Ltd ("OIS") completed and successful listing onto ASX in September 2019.

Revenue growth was garnered from the Company's core Asian geographic territories, as well as through some progress into European markets, with increased engagement in EU markets including the UK, Greece, and Italy. Over the course of 2020, Osteopore entered into several distribution agreements with partners in the USA, Oceania, Europe, the Middle East, and Asia. The Company continues to work closely with all distribution partners to ensure sales teams are educated and supported to drive adoption and sales.

Osteopore has been included as an "essential service" in Singapore, allowing it to remain open and operational during shutdowns.

In April 2020, Osteopore received Australian Therapeutics Goods Administration ("TGA") approval for its craniofacial products, Osteomesh, Osteoplug, and Osteoplug-C. Osteopore's craniofacial products are used as bone void fillers for regeneration of natural bone and the products was included in the Prosthesis Listing in July 2020, after receiving acceptance for their application.

**Osteopore Limited and its Controlled Entities**  
**Directors' Report**  
**For the year ended 31 December 2020**

**Review of Operations (Continued)**

TGA regulatory approval allows Osteopore to make its products more broadly commercially available to doctors and hospitals across Australia, and the Group is continuing ongoing discussions with potential distribution partners locally and abroad.

On 28 August 2020, the Company issued 16,037,736 fully paid ordinary shares at an issue price of \$0.53 per share to institutional and sophisticated investors, raising \$8.5 million (before costs) through a placement. The Company also issued 3,000,000 unlisted options exercisable at \$1.20, expiring 28 August 2023 to the Joint Lead Managers of the placement.

*Likely Developments and Expected Results of Operations*

The Group remains focused on implementing its global growth strategy to increase revenue and penetrate new markets with its existing bioresorbable scaffold products. Complementary to its own research and development, Osteopore is collaborating with leaders in regenerative cellular biologic concentration systems to develop a new generation of biomimetic scaffolds presenting opportunities for broader application to address surgeon and patient needs. The Group's business development team will continue to engage with potential distributors and customers in the US, Europe, Australia, and Chinese markets, to secure sustainable revenue growth from these geographic markets. Operationally, Osteopore is undertaking ongoing improvements in its manufacturing systems and capacity, to benefit from scale as it meets increased product demand from existing and new markets.

**Review of Results**

The net loss for the year ended 31 December 2020 was \$1,945,886 (2019: \$2,382,341). The Group had a net asset position as at 31 December 2020 of \$8,996,345 (2019: \$2,967,280). Net operating cash outflows were \$1,757,723 (31 December 2019: \$1,748,763). Osteopore ends the financial year with a cash balance of \$9,027,016 (31 December 2019: \$3,294,809).

In September 2019, the Company acquired 100% OIS and listed on ASX. As such the comparatives for the year ended 31 December 2019 includes OIS from then. 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 and has recorded the excess consideration above the net assets of OIS to a common control reserve in September 2019.

The Company confirms that during the financial year ended 31 December 2020, it used its cash and assets in a form readily convertible to cash, in a manner consistent with its business objectives.

**Environmental regulation**

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Osteopore Limited and its Controlled Entities**  
**Directors' Report**  
**For the year ended 31 December 2020**

**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 None.

**Geoff Pocock**

Experience

*B Sc (1<sup>st</sup> Hons), B. LLB*

*Postgraduate Diploma in*

*Applied Finance and*

*Investment from the*

*Securities Institute of*

*Australia*

**Executive Director (Appointed 24 June 2019 – 31 December 2020)**

**Non-Executive Director (From 1 January 2021)**

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 2020**

**Directors' Details (Continued)**

**Professor Teoh Swee Hin**

Experience

*B Eng (1<sup>st</sup> 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".

Prof. 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

None.

Directorships



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**Directors' Details (Continued)**

**Stuart Carmichael**

**Non-Executive Director (Appointed 11 December 2020)**

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*

None

**Company Secretary**

Ms Deborah Ho is an Associate Member of the Governance Institute of Australia. Ms Ho has over seven 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 2020 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	13	13	-	-
Geoff Pocock	13	13	-	-
Prof. Teoh Swee Hin	13	13	-	-
Stuart Carmichael	13	13	-	-

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

The Board also approved eight (8) circular resolutions during the year ended 31 December 2020 which were signed by all Directors of the Company.

**Matters Subsequent to The End of The Financial Year**

The Directors are not aware of any 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.

## **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)
- Geoff Pocock (Non-Executive Director)
- Professor Teoh Swee Hin (Non-Executive Director)
- Stuart Carmichael (Non-Executive Director)
- Goh Khoo Seng (Chief Executive Officer)
- Lim Jing (Chief Technology Officer)
- Carl Runde (Chief Financial Officer)

### **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.

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*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 Terminated: 1 January 2021 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 Khoon Seng <i>Chief Executive Officer</i>	Commenced: 23 September 2019 Term: Indefinite term until terminated Remuneration: Base salary of SG\$195,000 per annum (exclusive 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\$8,000 per month (exclusive of CPF)
Carl Runde <i>Chief Financial Officer</i>	Commenced: 2 November 2020 Term: Indefinite term until terminated Remuneration: Base salary of AU\$165,000 per annum (exclusive of superannuation).

**Details of Remuneration**

	Fixed Remuneration		At Risk – STI		At Risk – LTI	
	2020	2019	2020	2019	2020	2019
<i>Directors</i>						
Brett Sandercock	100%	100%	-	-	-	-
Geoff Pocock	100%	100%	-	-	-	-
Prof. Teoh Swee Hin	100%	100%	-	-	-	-
Stuart Carmichael	100%	100%	-	-	-	-
Brett Tucker <sup>1</sup>	-	100%	-	-	-	-
<i>Key Management Personnel</i>						
Goh Khoon Seng	100%	100%	-	-	-	-
Lim Jing	100%	100%	-	-	-	-
Carl Runde <sup>2</sup>	100%	-	-	-	-	-

<sup>1</sup> Resigned on 24 June 2019

<sup>2</sup> Appointed on 2 November 2020

**Osteopore Limited and its Controlled Entities**  
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**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 benefits		Share-based payments		Total
	Salary and fees	Cash bonus	Non-monetary	Super-annuation	Equity-settled shares	Equity-settled options	
2020	\$	\$	\$	\$	\$	\$	\$
<i>Directors</i>							
Brett Sandercock	48,000	-	-	4,560	-	-	52,560
Geoff Pocock	143,250	-	-	-	-	-	143,250
Prof. Teoh Swee Hin	36,000	-	-	3,420	-	-	39,420
Stuart Carmichael	36,000	-	-	3,420	-	-	39,420
<i>Key Management Personnel</i>							
Goh Khoon Seng	204,896	-	-	11,884	-	-	216,780
Lim Jing	109,278	-	-	14,290	-	-	123,568
Carl Runde <sup>1</sup>	27,500	-	-	2,613	-	-	30,113
	604,924	-	-	40,187	-	-	645,111

<sup>1</sup> Appointed on 2 November 2020

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**Details of Remuneration (Continued)**

	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 <sup>1</sup>	20,000	-	-	1,900	-	57,688	79,588
Geoff Pocock <sup>1</sup>	106,000	-	-	-	-	138,452	244,452
Prof. Teoh Swee Hin <sup>1</sup>	15,000	-	-	1,425	-	173,064	189,489
Stuart Carmichael	15,000	-	-	1,425	-	57,688	74,113
Goh Khoon Seng <sup>3</sup>	205,634	-	-	11,927	-	403,817	621,378
Brett Tucker <sup>2</sup>	-	-	-	-	-	-	-
<i>Key Management Personnel</i>							
Lim Jing	34,337	-	-	5,109	-	-	39,446
	395,971			21,786		830,709	1,248,446

<sup>1</sup> Appointed on 24 June 2019

<sup>2</sup> Resigned on 24 June 2019

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

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**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.

There were no options granted in this financial year.

<b>2019</b>	<b>Number of Options Granted</b>	<b>Grant Date</b>	<b>Vesting Date</b>	<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Fair Value per Option (\$)</b>
<i>Directors</i>						
Brett Sandercock	500,000	23/06/2019	23/06/2190	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	-	-	-	-	-	-

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.

**Additional Disclosures Relating to Key Management Personnel**

*Shareholding*

The number of shares in the Company held during the financial years ended 31 December 2020 and 2019 by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

<b>2020</b>	<b>Balance at the start of the year</b>	<b>Received as part of remuneration</b>	<b>Additions</b>	<b>Disposals / Other</b>	<b>Balance at the end of the year / at resignation</b>
<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	1,000,001	-	-	-	1,000,001
<i>Key Management Personnel</i>					
Goh Khoon Seng	6,835,317	-	-	-	6,835,317
Lim Jing	2,360,000	-	-	-	2,360,000
Carl Runde	-	-	-	-	-
	<b>17,549,205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,549,205</b>

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**Additional Disclosures Relating to Key Management Personnel (Continued)**

	<b>Balance at the start of the year</b>	<b>Received as part of remuneration</b>	<b>Additions</b>	<b>Disposals / Other</b>	<b>Balance at the end of the year / at resignation</b>
<b>2019</b>					
<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 Khoon 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
	<b>3</b>	<b>-</b>	<b>17,564,706</b>	<b>-</b>	<b>17,564,709</b>

*Option holding*

The number of options over ordinary shares in the company held during the financial years ended 31 December 2020 and 2019 by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	<b>Balance at the start of the year</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired / Forfeited / Other</b>	<b>Balance at the end of the year</b>
<b>2020</b>					
<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
<i>Key Management Personnel</i>					
Goh Khoon Seng	3,500,000	-	-	-	3,500,000
Lim Jing	-	-	-	-	-
Carl Runde	-	-	-	-	-
	<b>7,200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,200,000</b>

**2019**

*Directors*

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 Khoon Seng	-	3,500,000	-	-	3,500,000
Brett Tucker	-	-	-	-	-

*Key Management Personnel*

Lim Jing	-	-	-	-	-
	<b>-</b>	<b>7,200,000</b>	<b>-</b>	<b>-</b>	<b>7,200,000</b>

**Osteopore Limited and its Controlled Entities**  
**Directors' Report**  
**For the year ended 31 December 2020**

**Additional Disclosures Relating to Key Management Personnel (Continued)**

*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.

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Brett Sandercock – Travel reimbursements	69	74
Polaris Consulting (WA) Pty Ltd (director related entity of Mr Pocock) – Travel reimbursements	16,361	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	88,307	202,923
Ventnor Securities Pty Ltd (director related entity of Mr Carmichael) – Capital raising fees	-	158,088
Khoon Seng – Expense reimbursements	5,917	57,551
Lim Jing – Expense reimbursements	13,516	10,368
	<b>124,170</b>	<b>453,802</b>

*Loans to/from related parties*

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Amount due to director – Mr Goh Khoon Seng <sup>1</sup>	56,012	60,469
Amount due to director – Prof. Teoh <sup>1</sup>	-	5,298
Amount due to related party – Irenne Pte Ltd (director related entity of Prof. Teoh) <sup>1</sup>	288,546	311,507
	<b>344,558</b>	<b>377,274</b>

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

**End of Remuneration Report (Audited)**

**Share Options**

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

<b>Number of Options Granted</b>	<b>Grant Date</b>	<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Fair Value per Option (\$)</b>
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
300,000	05/05/2020	02/12/2022	\$1.00	\$0.283
100,000	05/05/2020	31/12/2022	\$1.00	\$0.288
3,000,000	28/08/2020	28/08/2023	\$1.20	\$0.354



**Osteopore Limited and its Controlled Entities**  
**Directors' Report**  
**For the year ended 31 December 2020**

**Non-Audit Services**

Details of the amounts paid to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 22.

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 22 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 2020.

**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  
23 March 2021

## 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 2020, 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, 23 March 2021

**Osteopore Limited and its Controlled Entities**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 December 2020**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
		<b>\$</b>	<b>\$</b>
Revenue	4	1,504,578	411,600
Cost of sales		(549,252)	(123,472)
<b>Gross profit</b>		<b>955,326</b>	<b>288,128</b>
Other income	5	724,474	2,458
Selling and distribution expenses	6	(327,184)	(209,065)
Administrative expenses	6	(3,280,900)	(2,448,230)
<b>Operating loss</b>		<b>(1,928,284)</b>	<b>(2,366,709)</b>
Finance costs		(17,602)	(15,632)
<b>Loss before income tax</b>		<b>(1,945,886)</b>	<b>(2,382,341)</b>
Income tax benefit	7	-	-
<b>Loss after income tax</b>		<b>(1,945,886)</b>	<b>(2,382,341)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(64,625)	(33,293)
<b>Total comprehensive loss attributable to the owners</b>		<b>(2,010,511)</b>	<b>(2,415,634)</b>
Basic and diluted loss per share (cents)	21	(1.82)	(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 2020**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	9,027,016	3,294,809
Trade receivables	9	305,189	542,233
Other assets	10	258,094	114,416
Inventories	11	151,382	23,527
<b>Total Current Assets</b>		<b>9,741,681</b>	<b>3,974,985</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	12	483,538	241,040
Right-of-use asset	13	22,715	68,858
<b>Total Non-Current Assets</b>		<b>506,253</b>	<b>309,898</b>
<b>TOTAL ASSETS</b>		<b>10,247,934</b>	<b>4,284,883</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	741,221	686,953
Employee provisions	15	56,375	34,086
Borrowings	16	427,359	521,909
Lease liabilities	17	26,634	45,901
<b>Total Current Liabilities</b>		<b>1,251,589</b>	<b>1,288,849</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	17	-	28,754
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>28,754</b>
<b>TOTAL LIABILITIES</b>		<b>1,251,589</b>	<b>1,317,603</b>
<b>NET ASSET</b>		<b>8,996,345</b>	<b>2,967,280</b>
<b>EQUITY</b>			
Issued capital	18	26,066,131	19,190,063
Reserves	19	(12,741,559)	(13,840,442)
Accumulated losses		(4,328,227)	(2,382,341)
<b>TOTAL EQUITY</b>		<b>8,996,345</b>	<b>2,967,280</b>

*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 2020**

	Issued Capital	Share Based Payment Reserve	Common Control Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$	\$
<b>Balance at 31 December 2018</b>	<b>3</b>	-	-	-	-	<b>3</b>
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 18)	2,000	-	-	-	-	2,000
Pre-IPO raise (Note 18)	252,000	-	-	-	-	252,000
Initial public offer (Note 18)	5,250,000	-	-	-	-	5,250,000
Share issue costs (Note 18, 19)	(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 19)	-	830,709	-	-	-	830,709
<b>Balance at 31 December 2019</b>	<b>19,190,063</b>	<b>1,108,302</b>	<b>(14,915,451)</b>	<b>(33,293)</b>	<b>(2,382,341)</b>	<b>2,967,280</b>
Loss after income tax	-	-	-	-	(1,945,886)	(1,945,886)
Other comprehensive loss	-	-	-	(64,625)	-	(64,625)
Total comprehensive loss for the year	-	-	-	(64,625)	(1,945,886)	(2,010,511)
Placement (Note 18)	8,500,000	-	-	-	-	8,500,000
Share issue costs (Note 18)	(563,386)	-	-	-	-	(563,386)
Options issued (Note 19)	(1,060,546)	1,163,508	-	-	-	102,962
<b>Balance at 31 December 2020</b>	<b>26,066,131</b>	<b>2,271,810</b>	<b>(14,915,451)</b>	<b>(97,918)</b>	<b>(4,328,227)</b>	<b>8,996,345</b>

*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 2020**

	Note	Consolidated	
		31 Dec 2020	31 Dec 2019
		\$	\$
<b>Cash flows from operating activities</b>			
Loss before income tax		(1,945,886)	(2,382,341)
<i>Adjustments for</i>			
Depreciation expense		165,886	72,564
Share based payment expense	19	102,962	830,709
Finance costs		2,621	2,163
Interest income		(17,602)	(15,632)
Gain on asset disposed		(67)	(236)
Operating cash flows before changes in working capital		<u>(1,692,086)</u>	<u>(1,492,773)</u>
Changes in trade receivables		256,102	(147,192)
Changes in other assets		(249,258)	(80,977)
Changes in inventory		(127,855)	23,618
Changes in trade and other payables		18,104	(64,908)
Changes in provisions		22,289	-
Interest paid		(2,621)	(2,163)
Interest received		17,602	15,632
<b>Net cash (used in) operating activities</b>		<u><b>(1,757,723)</b></u>	<u><b>(1,748,763)</b></u>
<b>Cash flows from investing activities</b>			
Cash acquired through acquisition of Osteopore International Pte Ltd	3	-	485,607
Acquisition of plant and equipment		(381,044)	(79,573)
<b>Net cash (used in) / provided by investing activities</b>		<u><b>(381,044)</b></u>	<u><b>406,034</b></u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	18	8,500,000	5,504,000
Payment of share issue costs		(563,386)	(241,749)
Repayment of borrowings		(58,386)	(595,450)
Repayment of lease principal		(41,058)	(29,266)
<b>Net cash provided by financing activities</b>		<u><b>7,837,170</b></u>	<u><b>4,637,535</b></u>
Net increase in cash and cash equivalents		5,698,403	3,294,806
Cash and cash equivalents at the beginning of the year		3,294,809	3
Effects of exchange rate changes on cash		33,804	-
<b>Cash and cash equivalents at the end of the year</b>		<u><b>9,027,016</b></u>	<u><b>3,294,809</b></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 2020**

**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 29: *Parent Entity Disclosures*. The financial report was authorised for issue by the Board on 23 March 2021.

**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).

**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.

***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.

## **Note 1. Significant Accounting Policies (Continued)**

### **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 pronouncements which have become effective from 1 January 2020 and that have been adopted, do not have a significant impact on the Group's financial results or position.

### **New Accounting Standards and Interpretations Not Yet Mandatory**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### **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.

### **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.



## **Note 1. Significant Accounting Policies (Continued)**

### **Business Combinations (Continued)**

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.

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.

## **Note 1. Significant Accounting Policies (Continued)**

### **Revenue Recognition (Continued)**

#### *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.

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.

## **Note 1. Significant Accounting Policies (Continued)**

### **Income Tax (Continued)**

#### *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.

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".

## **Note 1. Significant Accounting Policies (Continued)**

### **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.

#### *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

## **Note 1. Significant Accounting Policies (Continued)**

### **Property, Plant and Equipment (Continued)**

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.

### *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).

## **Note 1. Significant Accounting Policies (Continued)**

### **Financial Instruments**

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.

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.

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.

## **Note 1. Significant Accounting Policies (Continued)**

### **Financial Instruments (Continued)**

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*

The Group makes use of a simplified approach in accounting for trade and other receivables 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**

#### ***The Group as a lessee***

For any new contracts, 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'.

## **Note 1. Significant Accounting Policies (continued)**

### **Leases (Continued)**

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 finance cost. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.



## **Note 1. Significant Accounting Policies (Continued)**

### **Leases (Continued)**

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

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.

#### *Measurement and recognition of leases as a lessor*

As a lessor, the Group classifies its leases as either operating or finance leases. A finance lease is 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.

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.

## **Note 1. Significant Accounting Policies (Continued)**

### **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.

#### *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.

## **Note 1. Significant Accounting Policies (Continued)**

### **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.

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.

## **Note 1. Significant Accounting Policies (Continued)**

### **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.

### **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.

#### *Allowance for Expected Credit Losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

**Osteopore Limited and its Controlled Entities**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 31 December 2020**

**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.

	<b>Country of Incorporation</b>	<b>Principal Activities</b>	<b>Ownership 2020 (%)</b>	<b>Ownership 2019 (%)</b>
Osteopore International Pte Ltd	Singapore	Manufacture and trade medical implants	100	100
Osteopore Medico Pte Ltd	Singapore	Manufacture and trade medical implants	100	100
Osteopore Australasia Pty Ltd *	Australia	Manufacture and trade medical implants	100	-

\* Company was incorporated on 7 September 2020

**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 Khoo 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.

	<b>17 Sep 2019</b>
	<b>\$</b>
Share value on 17 September 2019	0.20
Shares issued at acquisition date	71,027,008
<b>Total consideration</b>	<b>14,205,402</b>
<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)
<b>Total fair value of identifiable net liabilities</b>	<b>(710,049)</b>
<b>Common control reserve</b>	<b>14,915,451</b>

**Osteopore Limited and its Controlled Entities**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 31 December 2020**

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Sale of goods	1,504,578	411,600

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

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

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Korea	943,299	232,637
Vietnam	232,017	102,568
Singapore	105,020	25,865
Other countries	224,242	50,530
	<b>1,504,578</b>	<b>411,600</b>

Refer to concentration of customers within credit risk note 25.

**Note 5. Other Income**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
NAMIC grant	221,498	-
Government grant	269,514	-
Other grants	114,118	-
Other income	119,344	2,458
	<b>724,474</b>	<b>2,458</b>

**Note 6. Expenses**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
<i>Selling and distribution expenses mainly comprise of:</i>		
Marketing expense	252,280	112,537
Travel expense	64,887	94,803
<i>Administrative expenses mainly comprise of:</i>		
IPO costs	-	625,771
Legal and professional fees	553,792	216,182
Share-based payment expense	102,963	830,709
Depreciation expense	165,886	72,564
Insurance fees	150,419	57,298

**Osteopore Limited and its Controlled Entities**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 31 December 2020**

**Note 6. Expenses (Continued)**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
<i>Administrative expenses mainly comprise of:</i>		
<i>Employee expenses</i>		
<i>Key management personnel</i>		
Salaries and other related costs	604,924	395,971
Contributions to defined contribution plans	40,187	21,786
<i>Other personnel</i>		
Salaries and other related costs	693,287	54,001
Contributions to defined contribution plans	285,860	85,536

**Note 7. Income Tax**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
<i>The prima facie tax on loss before income tax is reconciled to the income tax as follows:</i>		
Loss before income tax	(1,945,886)	(2,382,341)
Prima facie tax payable on loss from ordinary activities before income tax at 27.5% (2019: 27.5%)	(799,716)	(714,702)
Non-assessable non-exempt	41,701	42,207
Non-deductible expenditure	30,889	249,213
Foreign tax rate differential (Singapore)	207,596	61,188
Movement in unrecognised deferred tax assets	519,530	362,094
<b>Income tax benefit</b>	<b>-</b>	<b>-</b>
<i>Unrecognised deferred tax assets have not been recognised in respect of the following items:</i>		
Carry forward tax losses – Australia (at 27.5%):	382,400	112,580
Carry forward tax losses – Singapore (at 17%):	719,937	457,902
<b>Total</b>	<b>1,102,337</b>	<b>570,482</b>

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.

**Osteopore Limited and its Controlled Entities**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 31 December 2020**

**Note 8. Cash and Cash Equivalents**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Cash in bank and on hand	9,027,016	3,294,809

The carrying amounts of cash and cash equivalents approximate their fair value and are denominated in the following currencies:

Australia dollar	8,757,809	2,836,173
Singapore dollar	266,680	457,620
United States dollar	2,527	1,016
	<b>9,027,016</b>	<b>3,294,809</b>

**Note 9. Trade Receivables**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	324,247	542,223
Less expected credit losses	(19,058)	-
	<b>305,189</b>	<b>542,233</b>

Trade receivables are non-interest bearing and generally on 30 days term (2019: 30 days). For allowance for expected credit losses analysis at the end of the reporting period, please refer to Note 25.

	<b>Expected credit loss</b>		<b>Carrying Amount (\$)</b>		<b>Allowance of expected</b>	
	<b>rate (%)</b>				<b>credit losses (\$)</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current	3	-	181,277	155,244	3,997	-
Past due 31 – 60 days	5	-	85,018	83,387	2,794	-
Past due 60 – 180 days	16	-	41,270	31,680	2,534	-
Past due 180 – 360 days	53	-	9,780	271,922	3,358	-
Past due over 360 days	100	-	6,902	-	6,375	-
			<b>324,247</b>	<b>542,233</b>	<b>19,058</b>	<b>-</b>

The Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as at 31 December 2020 and rates have increased in each category.



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**Note 9. Trade Receivables (Continued)**

Movements in the allowance for expected credit losses are as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Opening balance	-	-
Additional provisions recognised	19,058	-
Unused amounts reversed	-	-
<b>Closing balance</b>	<b>19,058</b>	<b>-</b>

**Note 10. Other Assets**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Prepayments	185,462	98,623
Deposits	16,396	15,793
Other receivable	56,236	-
	<b>258,094</b>	<b>114,416</b>

**Note 11. Inventories**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Raw materials	79,005	13,838
Work in progress	33,816	585
Finished goods	38,561	9,104
	<b>151,382</b>	<b>23,527</b>

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**Note 12. Property, Plant and Equipment**

	Computers \$	Furniture & Fittings \$	Consolidated Plant & Machinery \$	Leasehold Improvements \$	Total \$
Cost	118,944	96,511	482,928	392,986	1,091,369
Less accumulated depreciation	(87,683)	(60,484)	(239,370)	(220,294)	(607,831)
	<b>31,261</b>	<b>36,027</b>	<b>243,558</b>	<b>172,692</b>	<b>483,538</b>
<i>Cost</i>					
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
Additions	40,264	9,908	213,513	117,426	381,111
Disposals	(5,397)	(176)	-	-	(5,573)
Exchange rate movement	(6,690)	(6,905)	(21,438)	(21,927)	(56,960)
Balance at 31 Dec 2020	<b>118,944</b>	<b>96,511</b>	<b>482,928</b>	<b>392,986</b>	<b>1,091,369</b>
<i>Accumulated Depreciation</i>					
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
Depreciation	23,038	14,814	50,374	32,614	120,840
Disposals	(5,397)	(176)	-	-	(5,573)
Exchange rate movement	(5,573)	(3,640)	(15,039)	(14,935)	(39,187)
Balance at 31 Dec 2020	<b>87,683</b>	<b>60,484</b>	<b>239,370</b>	<b>220,294</b>	<b>607,831</b>

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**Note 13. Right-Of-Use Asset**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Cost	89,298	103,921
Less accumulated depreciation	(66,583)	(35,063)
	<b>22,715</b>	<b>68,858</b>
<i>Cost</i>		
Balance at the beginning of the year	103,921	-
Revaluation at balance date	(6,963)	-
Exchange rate movement	(7,660)	-
Adjustment on transition to AASB 16	-	103,921
Balance at the end of the year	<b>89,298</b>	<b>103,921</b>
<i>Accumulated depreciation</i>		
Balance at the beginning of the year	35,063	-
Depreciation	34,105	35,063
Exchange rate movement	(2,585)	-
Balance at the end of the year	<b>66,583</b>	<b>35,063</b>

The right-of-use assets relate to the leases for the office premises in Singapore.

**Note 14. Trade and Other Payables**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Trade payables	325,668	211,449
Accruals	401,495	383,327
Other payables	14,058	92,177
	<b>741,221</b>	<b>686,953</b>

Trade payables are due to third parties, unsecured, interest-free and repayable according to credit terms of 30 days (2019: 30 days). The carrying amounts of trade payables approximate their fair value and are denominated in the following currencies:

Singapore dollar	310,162	132,131
Australia dollar	15,506	79,318
	<b>325,668</b>	<b>211,449</b>

**Note 15. Employee Provisions**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Annual leave provision	56,375	34,086

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**Note 16. Borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Amounts due to directors (Note 23)	56,012	65,767
Amounts due to related party (Note 23)	288,546	311,507
Amounts due to third parties	46,815	113,371
Insurance premium funding	35,986	31,264
	<b>427,359</b>	<b>521,909</b>

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 17. Lease Liabilities**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Current	26,634	45,901
Non-Current	-	28,754
	<b>26,634</b>	<b>74,655</b>

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

Depreciation expense on right of use asset (Note 13)	34,105	35,063
Interest expense	5,415	8,497

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 were as follows:

	<b>Minimum Lease Payments</b>			
	<b>Within 1 Year</b>	<b>1-5 Years</b>	<b>After 5 Years</b>	<b>Total</b>
<b>2020</b>				
Lease payments	27,615	-	-	27,615
Finance charges	(981)	-	-	(981)
Net present value	<b>26,634</b>	<b>-</b>	<b>-</b>	<b>26,634</b>
<b>2019</b>				
Lease payments	59,062	36,999	-	96,061
Finance charges	(13,161)	(8,245)	-	(21,406)
Net present value	<b>45,901</b>	<b>28,754</b>	<b>-</b>	<b>74,655</b>

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**Note 18. Issued Capital**

	2020		2019	
	No. of Shares	\$	No. of Shares	\$
Fully paid ordinary shares	<b>117,268,238</b>	<b>26,066,131</b>	<b>101,230,502</b>	<b>19,190,063</b>

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 (\$)	\$
<b>Balance at 31 December 2018</b>		<b>3</b>		<b>3</b>
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 <sup>1</sup>	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)
<b>Balance at 31 December 2019</b>		<b>101,230,502</b>		<b>19,190,063</b>
Placement	28/8/2020	16,037,736	0.53	8,500,000
Share issue costs		-		(1,623,932)
<b>Balance at 31 December 2020</b>		<b>117,268,238</b>		<b>26,066,131</b>

<sup>1</sup> 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.

**Note 19. Reserves**

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Common control reserve (Note 3)	(14,915,451)	(14,915,451)
Share based payment reserve	2,271,810	1,108,302
Foreign currency translation reserve	(97,918)	(33,293)
	<b>(12,741,559)</b>	<b>(13,840,442)</b>

**Common Control Reserve**

In September 2019, the Company acquired 100% of OIS. 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 asset of OIS to a common control reserve in September 2019.

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**Note 19. Reserves (Continued)**

**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.

	<b>No. of Options</b>	<b>\$</b>
<b>Balance at 31 December 2018</b>	-	-
Options issued to key management personnel (Note 20)	7,200,000	830,709
Options issued to lead manager (Note 20)	2,500,000	277,593
<b>Balance at 31 December 2019</b>	<b>9,700,000</b>	<b>1,108,302</b>
Options issued to others (Note 20)	400,000	102,962
Options issued to lead manager (Note 20)	3,000,000	1,060,546
<b>Balance at 31 December 2020</b>	<b>13,100,000</b>	<b>2,271,810</b>

**Note 20. 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.

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.

On 5 May 2020, 300,000 options exercisable at \$1.00 expiring on 2 December 2022 were issued to an advisor of the Board as an incentive for ongoing performance. All options vested at grant date.

On 5 May 2020, 100,000 options exercisable at \$1.00 expiring on 31 December 2022 were issued to a contractor as an incentive for ongoing performance.

On 28 August 2020, 3,000,000 options exercisable at \$1.20 expiring on 28 August 2023 were issued to the Joint Lead Managers of the Placement. All options vested at grant date.

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**Note 20. Share Based Payment Expense (Continued)**

The Group has measured 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	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
05/05/2020	02/12/2022	\$0.595	\$1.00	101%	0%	0.235%	\$0.283
05/05/2020	31/12/2022	\$0.595	\$1.00	101%	0%	0.235%	\$0.288
28/08/2020	28/08/2023	\$0.60	\$1.20	120%	0%	0.29%	\$0.354

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

Grant Date	Expiry Date	31 Dec 2020 No. of Options	31 Dec 2019 No. of Options
23/06/2019	30/06/2022	7,200,000	7,200,000
17/09/2019	30/06/2022	2,500,000	2,500,000
05/05/2020	02/12/2022	300,000	-
05/05/2020	31/12/2022	100,000	-
28/08/2020	28/08/2023	3,000,000	-
		<b>13,100,000</b>	<b>9,700,000</b>

**Note 21. Loss per Share**

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

	Consolidated	
	31 Dec 2020	31 Dec 2019
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	No. of Shares	No. of Shares
	106,707,871	28,845,411
Loss for the year used in calculating operating basic and diluted loss per share	\$	\$
	(1,945,886)	(2,382,341)
Basic and diluted loss per share	Cents	Cents
	(1.82)	(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 13,100,000 share options (2019: 9,700,000) 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.

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**Note 22. Auditors' Remuneration**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
<i>Remuneration from Audit and Review of Financial Statements</i>		
Audit and review of financial statements ( <i>Grant Thornton Australia</i> )	52,188	37,000
<i>Other Services</i>		
Investigating accountant's report ( <i>Grant Thornton Australia</i> )	-	26,829
	<b>52,188</b>	<b>63,829</b>

**Note 23. Key Management Personnel Disclosures**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits	604,924	395,971
Post-employment benefits	40,187	21,786
Share based payment benefits	-	830,709
	<b>645,111</b>	<b>1,248,446</b>
<i>Loans to/from related parties</i>		
Amount due to director – Mr Goh Khoon Seng <sup>1</sup>	56,012	60,469
Amount due to director – Prof. Teoh <sup>1</sup>	-	5,298
Amount due to related party – Irenne Pte Ltd (director related entity of Prof. Teoh) <sup>1</sup>	288,546	311,507
	<b>344,558</b>	<b>377,274</b>

<sup>1</sup> Amounts due to directors and related party are non-trade, unsecured, interest-free and repayable on demand (Note 16).



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**Note 24. Segment Reporting**

The Group operated predominantly in one reportable business segment, managed by one segment manager and in one geographic location. The operations of the consolidated entity consist of the development, manufacture, and distribution of structurally similar 3D printed biomimetic, bioresorbable scaffolds for regenerative bone healing.

The information disclosed in the financial statements is the same information utilised in internal reporting by the chief operating decision maker (CODM). Accordingly, no additional quantitative or qualitative disclosures are required.

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Board of Directors of the Company.

Unless otherwise stated, all amounts reported to the Board of Directors as the CODM with respect to operating segments, are determined in accordance with AASB 8 Operating Segments.

**Note 25. 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.

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**Note 25. 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:

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>%</b>	<b>%</b>
Largest customer percentage of trade receivables	39	53
Largest customer percentage of customer sales	35	32

*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 identified \$19,058 of underperforming or non-performing financial assets during the year (2019: nil).

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.

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**Note 25. 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:

	2020		2019	
	Assets	Liabilities	Assets	Liabilities
	\$	\$	\$	\$
Singapore dollar	1,409,670	1,129,352	1,383,633	1,193,158
United States dollar	2,527	-	1,016	-
	<b>1,412,196</b>	<b>1,129,352</b>	<b>1,384,649</b>	<b>1,193,158</b>

The Group had net assets denominated in foreign currencies of \$282,844 (2019: \$191,491). At 31 December 2020, 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 \$28,284 lower (2019: \$19,149) and equity would have been \$28,284 higher (2019: \$19,149). 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 2020 was \$8,249 (2019: \$4,961).

*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.

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**Note 25. Financial Instruments (Continued)**

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 Maturing				Floating Interest Rate	Total	Weighted Average Interest Rate
	Non- Interest Bearing	< 1 Year	1 – 5 Years	> 5 years			
	\$	\$	\$	\$	\$	\$	
<b>2020</b>							
<i>Financial assets</i>							
Cash and cash equivalents	269,207	-	-	-	8,757,809	9,027,016	0.05%
<b>2019</b>							
<i>Financial assets</i>							
Cash and cash equivalents	458,636	-	-	-	2,836,173	3,294,809	1.29%

**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 26. 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 2020 (2019: nil).

**Note 27. Commitments**

There were no commitments noted as at 31 December 2020 (31 December 2019: nil).

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**Note 28. Subsequent Events**

The Directors are not aware of any 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.

**Note 29. 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.

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
<i>Financial Position</i>		
Total current assets	8,835,738	2,900,234
Total non-current assets	282,843	191,491
<b>Total assets</b>	<b>9,118,581</b>	<b>3,091,725</b>
Total current liabilities	122,237	124,445
<b>Total liabilities</b>	<b>122,237</b>	<b>124,445</b>
<b>Net assets</b>	<b>8,996,344</b>	<b>2,967,280</b>
Issued capital	26,066,131	19,190,063
Reserves	(12,643,640)	(13,807,149)
Accumulated losses	(4,426,146)	(2,415,634)
<b>Total equity</b>	<b>8,996,344</b>	<b>2,967,280</b>
<i>Financial Performance</i>		
Loss for the year	(2,010,512)	(2,415,634)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(2,010,512)</b>	<b>(2,415,634)</b>

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 2020**

In accordance with a resolution of the directors of Osteopore Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of Osteopore Limited for the financial year ended 31 December 2020 are in accordance with the Corporations Act 2001, including:


- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards; and

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

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2020.

On behalf of the board

  
Brett Sandercock  
Non-Executive Chairman  
23 March 2021

# 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 2020, 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 2020 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.

### 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.

**Key audit matter**
**How our audit addressed the key audit matter**
**Revenue recognition under AASB 15 Revenue from Contracts with Customers – Note 1 (Accounting policy note) 4 (Revenue and other income note)**

The Group recognised \$1,504,578 of revenue from contracts with customers for the period ended 31 December 2020.

The Group recognises revenue from the sale of its patent protected scaffolds. Revenue is recognised at the point the Groups customers receive their product orders.

Revenue recognition is a key audit matter due to the large amounts involved and nature of the Group’s contractual arrangements in applying revenue recognition.

Our procedures included, amongst others:

- Understanding and documenting the design and implementation of internal controls for the Group’s revenue streams;
- Understanding the Group’s contractual arrangements with customers, focusing on the identification of performance obligations for product sales;
- Testing on a sample basis revenue transactions to supporting documentation;
- Assessing the adequacy of Group’s presentation and disclosures in the financial statements under AASB 15.

**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 2020, 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](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 9 to 15 of the Directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Osteopore Limited, for the year ended 31 December 2020 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, 23 March 2021

**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 23 February 2021.

**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	7.92
MR TEOH SWEE HIN	7,030,309	6.00
MR GOH KHOON SENG	6,835,316	5.83
MR MICHAEL MARCUS LIEW	5,932,785	5.06
	<b>29,084,337</b>	<b>24.80</b>

**Distribution of Shareholders**

	Number of Holders	Number of Shares
100,001 and Over	78	92,416,693
10,001 to 100,000	575	18,284,591
5,001 to 10,000	458	3,771,799
1,001 to 5,000	899	2,435,951
1 to 1,000	478	359,204
<b>TOTAL</b>	<b>2,488</b>	<b>117,268,238</b>

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	11.90
MR MICHAEL MARCUS LIEW	5,932,785	7.60
BNP PARIBAS NOMS PTY LTD <DRP>	5,241,740	6.72
CHING-YUAN HUANG	4,211,529	5.40
THE RAIN MAKER MGMT SDN BHD	4,015,000	5.14
CITICORP NOMINEES PTY LIMITED	3,479,199	4.46
HO-CHWAN INVESTMENT CO LTD	3,158,647	4.05
MR HANRY YU	3,155,552	4.04
ROUND TABLE PARTNERS BERHAD	1,894,875	2.43
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,433,949	1.84
TAN SIOW KHOON	1,223,250	1.57
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	982,618	1.26
MR PAK LIM KONG	858,326	1.10
ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	633,019	0.81
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	542,453	0.70
BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP>	526,698	0.67
DR SALIM CASSIM	290,575	0.37
MR GARY THOMAS CUNNINGHAM & MRS LORILIE SUSAN CUNNINGHAM <GTC SUPERANNUATION FUND A/C>	277,000	0.35
MS GRACE HOW PEI YEN	261,538	0.34
ARIS NOMINEES PTY LTD <SHREEVE FAMILY A/C>	260,000	0.33
	<b>47,664,680</b>	<b>61.08</b>

**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:

<b>Name</b>	<b>Number of shares</b>	<b>%</b>
KHOON SENG GOH	3,500,000	36.08
	<b>3,500,000</b>	<b>36.08</b>

**Distribution of Option Holders**

	<b>Number of Holders</b>	<b>Number of Options</b>
100,001 and Over	7	9,500,000
10,001 to 100,000	4	190,000
5,001 to 10,000	1	10,000
1,001 to 5,000	0	0
1 to 1,000	0	0
<b>TOTAL</b>	<b>12</b>	<b>9,700,000</b>

The Company has 300,000 unquoted options exercisable at \$1.00 each, expiring on 2 December 2022.

**Option Holders**

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

<b>Name</b>	<b>Number of shares</b>	<b>%</b>
JOHN JAMES OMAHONY	300,000	100.00
	<b>300,000</b>	<b>100.00</b>

**Distribution of Option Holders**

	<b>Number of Holders</b>	<b>Number of Options</b>
100,001 and Over	1	300,000
10,001 to 100,000	-	-
5,001 to 10,000	-	-
1,001 to 5,000	-	-
1 to 1,000	-	-
<b>TOTAL</b>	<b>1</b>	<b>300,000</b>

The Company has 100,000 unquoted options exercisable at \$1.00 each, expiring on 31 December 2022.

**Option Holders**

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

<b>Name</b>	<b>Number of shares</b>	<b>%</b>
MEDEVICE MARKETING PTY TLD	100,000	100.00
	<b>100,000</b>	<b>100.00</b>

**Distribution of Option Holders**

	<b>Number of Holders</b>	<b>Number of Options</b>
100,001 and Over	1	100,000
10,001 to 100,000	-	-
5,001 to 10,000	-	-
1,001 to 5,000	-	-
1 to 1,000	-	-
<b>TOTAL</b>	<b>1</b>	<b>100,000</b>

**Osteopore Limited and its Controlled Entities**  
**ASX Additional Information**

The Company has 3,000,000 unquoted options exercisable at \$1.20 each, expiring on 28 August 2023.

**Option Holders**

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

<b>Name</b>	<b>Number of shares</b>	<b>%</b>
DIXON PRIVATE INVESTMENTS PTY LIMITED	1,500,000	50.00
MR SHANE HOEHOCK WEE <WEE FAMILY A/C>	1,000,000	33.33
	<b>2,500,000</b>	<b>83.33</b>

**Distribution of Option Holders**

	<b>Number of Holders</b>	<b>Number of Options</b>
100,001 and Over	4	3,000,000
10,001 to 100,000	-	-
5,001 to 10,000	-	-
1,001 to 5,000	-	-
1 to 1,000	-	-
<b>TOTAL</b>	<b>4</b>	<b>3,000,000</b>

**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:

<b>Restricted Securities</b>
42,385,990 ordinary fully paid shares, restricted for 24 months from 23 September 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 not 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.

Since listing the Company has received total cash receipts of approx. \$1.7m and grant funding receipts of approx. \$0.7m. Additionally, the Company undertook a secondary capital raising of \$8.5m and provided an updated use of funds in the investor presentation dated on 21 August 2020 (Investor Presentation) updating its proposed expenditure moving forward.

The Company expects to incur expenditure associated with regulatory approval for new products and markets. As set out in the Investor Presentation, the Company aims to enhance market penetration of Osteoplug, Osteomesh and Osteostrip products by i) building distribution networks into the US and key EU markets and ii) obtaining regulatory approvals to expand sales in additional target jurisdictions (Aust TGA, China FDA) and registering 2nd generation materials with US FDA and CE Mark.