Empowering Natural Tissue Regeneration

OSTEOPORE LIMITED
AND ITS CONTROLLED ENTITIES

ACN 630 538 957

CONSOLIDATED ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

CORPORATE INFORMATION

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Mark Leong
Professor Teoh Swee Hin
Daniel Ow

Company Secretary
Deborah Ho

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Letter from the Chairman

On behalf of the Board, I am pleased to present the 2021 Annual Report to shareholders.

Osteopore Limited ("Osteopore" or the "Company") is an Australian / Singaporean medical device company that develops, manufactures, and distributes world leading biomimetic implants that facilitate bone and tissue regeneration. Our underlying technology has been developed in collaboration with leading research institutions and is supported by granted patents.

The Company operates in the highly exciting regenerative medicine sector, whereby treatments are being developed for injuries and diseases by harnessing the body's own regenerative capabilities. Osteopore is focused on the bone, cartilage and tendon sectors and is the only company using biomimetic scaffolds that dissolve over time leaving only healthy bone and tissue.

Osteopore's technology is centred around a novel foundational platform that empowers tissue regeneration, and we are continuously building an economic moat around this platform. To achieve this, we are systematically increasing our applications and product pipeline, enhancing our technology through research and development, and collaborating with world leading partners.

Our scalable and customisable manufacturing process continues to be refined through Industrie 4.0 initiatives, as well as expanding our intellectual property and trade secrets. During the year, Osteopore successfully improved its manufacturing margins which will ultimately become a major contributor towards the Company achieving profitability as revenue scales.

Global regulatory expansion is currently underway and distribution partners have been secured in most major markets. Osteopore's CE Mark was extended to include 7 new designs, and we received Hong Kong approval allowing for the free sale of products. Patents were also granted in both China and Europe for our Smart' 3D biomimetic scaffolds.

Osteopore differentiates itself significantly from many other medical technology platforms peers in that its feasibility and proof of concept is beyond doubt. We have superior, commercially ready products that have been used in over 60,000 procedures globally, and have significant data illustrating our products improve patient outcomes, simplify surgical tasks, and reduce health care costs.

2021 was challenging year for the company due to the on-going disruption to global healthcare eco-systems caused by COVID-19. However, significant progress and milestones were achieved across many areas of the business, which continue to create a solid foundation for our global expansion and ability to gradually return revenues to its pre-COVID levels with increased momentum.

The Company secured cross-promotion sales agreements, product development partnerships and complementary technology research programs. This strong focus on innovation is driving Osteopore further towards developing new geometric shapes suitable for applications in new areas of regenerative bone treatment, and investigating the viability of new materials to accelerate bone and tissue growth.

Despite challenging healthcare and hospital conditions due to COVID-19, Osteopore achieved revenue of $1,113,009 for the year. The Company experienced suppressed demand in its key Asian markets during the year, however, this was somewhat offset by securing sales in new territories which include the USA, additional countries in Europe and the Middle East.

Looking forward, we will continue building an economic moat around the Company's technology platform by executing additional collaborative partnerships, gaining further regulatory clearances, and launching complementary products for additional bone regeneration applications. We expect revenue to grow organically as a result of this strategy.

We also have a fully dedicated sales team ready to take advantage of the backlog of elective surgeries which have been disrupted by the pandemic. Access to hospitals and surgeons is also increasing as the pandemic resides, allowing our sales team to further engage with healthcare decision makers to drive sales.

Yours faithfully
Mark Leong
Executive Chairman
Osteopore Limited

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 2021.

Directors

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

Name	Position	Date Appointed	Date Resigned
Mark Leong	Non-Executive Chairman	1 August 2021	28 December 2021
Mark Leong	Executive Chairman	28 December 2021	-
Daniel Ow	Non-Executive Director	7 October 2021	-
Vlado Bosanac	Non-Executive Director	28 December 2021	14 February 2022
Professor Teoh Swee Hin	Non-Executive Director	24 June 2019	-
Brett Sandercock	Non-Executive Chairman	24 June 2019	1 August 2021
Geoff Pocock	Non-Executive Director	24 June 2019	7 October 2021
Stuart Carmichael	Non-Executive Director	11 December 2018	7 October 2021

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 2021.

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 other counties, the pandemic continues to be disruptive for Osteopore's business in most major markets. Despite these challenging global macroeconomic conditions, Osteopore continued to see consistent sales for the year ended 31 December 2021 with revenue of $1,113,009.

This is the second 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. Importantly, Osteopore has been included as an "essential service" in Singapore, allowing it to remain open and operational during the pandemic.

2021 saw the Company sign a cooperation agreement with Terumo Blood and Cell Technologies to promote and sell both companies complementary regenerative products in Asia-Pacific. Osteopore also entered into a binding MOU with Singular Health to validate their AI model and to conduct a comparative study between Osteopore's existing cranial implant design process and the new design process in a clinical environment.

Our progress towards developing new geometric shapes suitable for applications in new areas of regenerative bone treatment advanced greatly this year. Osteopore signed an agreement with a renowned Queensland plastic and reconstructive surgeon to conduct two ground-breaking human clinical trials that will validate novel techniques to treat cranial or lower limb bone defects.

Osteopore also secured a lead role in Clinical-industrial Partnership with National Dental Centre Singapore and A*STAR research institutes through A$19m project, to develop a next generation jaw implant. The project encompasses the development of a combination product with patented biological additives and polymer compound to enhance the bone regeneration capability and clinical outcomes. Expected outcomes include shorter surgical procedures and faster recovery time for patients.

Osteopore's CE Mark was extended to include 7 new designs, all sizes of Osteoplug, Osteomesh and Osteostrip, and extended product shelf-life. The Company estimates that the serviceable available market value of the incremental access afforded by this extension exceeds A$115 million. Hong Kong's regulatory body also provided approval for the free sale of our regenerative bone scaffolds into the Hong Kong craniofacial market.

Granted patents in Europe and China for our 'Smart' 3D biomimetic scaffolds demonstrates Osteopore's commitment to product innovation that continuously improves the performance of our regenerative implants. These patents will support Osteopore's competitive position in Europe, the fastest growing region which accounts for roughly one third of global cranial procedures and create research and development opportunities in China.

Coinciding with Mr Brett Sandercock's resignation as Osteopore's non-executive Chairman in August 2021, Osteopore appointed corporate executive Mark Leong as Osteopore's Executive Chairman and Director. Mr Leong has more than 22 years of corporate, management and directorship experience in a broad range of functions in a diverse range of industries having undertaken several C-suite roles (CEO, COO, & CFO) in several private as well as listed companies and presently serves as Independent Director in 3 Singapore listed companies.

Further changes to the board during the year included the resignations of non-executive Directors, Stuart Carmichael and Geoff Pocock, in October 2021. Coinciding with the resignations of Mr Carmichael and Mr Pocock, Osteopore appointed corporate executive Daniel Ow as an independent non-executive Director. In December 2021, Osteopore also appointed corporate executive Vlado Bosanac as the Non-Executive Senior Independent Director.

Likely Developments and Expected Results of Operations

The outlook for the business remains positive. Osteopore has proven, superior products that empower tissue regeneration with a significant opportunity to regain revenue momentum as the effects of COVID-19 diminish. Our fully trained and dedicated sales team are working towards driving growth in the near term and are operating with global regulatory clearances and distribution partners secured in most major markets. The Company is also working on a complementary pipeline of products being developed for additional bone regeneration applications.

Review of Results

The net loss for the year ended 31 December 2021 was $3,620,898 (2020: $1,945,886). The Group had a net asset position as at 31 December 2021 of $5,372,891 (2020: $8,996,345). Net operating cash outflows were $3,805,634 (31 December 2020: $1,757,723). Osteopore ends the financial year with a cash balance of $4,530,175 (31 December 2020: $9,027,016).

The Company confirms that during the financial year ended 31 December 2021, 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.

Directors' Details

Mark Leong	**Non-Executive Chairman (Appointed 01 August 2021 – 28 December 2021)** **Executive Chairman (Appointed 28 December 2021)**
Experience *Fellow of ACCA & Chartered Accountant of the Institute of Singapore Chartered Accountants*	Mr Leong is a Fellow of the Association of Chartered Certified Accountants (ACCA), Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA) and Member of the Singapore Institute of Directors (SID). Mr Leong has more than 22 years of corporate, management and directorship experience in a broad range of functions in a diverse range of industries having undertaken several C-suite roles (CEO, COO, & CFO) in several private as well as listed companies and presently serves as Independent Director in 3 Singapore listed companies.
Interest in Shares & Options	Nil
Other Listed Entity Directorships	*Current* Non-Executive Director of MDR Limited (SGX:Y3D) Non-Executive Director of HS Optimus Holdings Limited (SGX:504) Non-Executive Director of Viking Offshore and Marine Limited (SGX:1Y1) Non-Executive Director of LMIRT Management Ltd (SGX:D5IU): *Previous* Non-Executive Director of LCT Holdings Limited (SGX:delisted December 2020)
Vlado Bosanac	**Non-Executive Director (Appointed 28 December 2021, resigned 14 February 2022)**
Experience	Mr Bosanac combines over 30 years' experience in capital markets, deal origination, negotiation, corporate advisory, strategy, project implementation, leveraged and management buy-outs, as well as private and public investment. Over the past 20 years he has focussed on bio-medical, medical device and pharmaceutical development. Over his career, Mr Bosanac has contributed towards several listing and liquidity events for numerous companies.
Interest in Shares & Options	Nil
Other Listed Entity Directorships	*Current* Mr Bosanac has no other current listed entity directorships in the last three years. *Previous* Advanced Human Imaging Ltd (ASX:AHI / NASDAQ:AHI) (resigned February 2022)

Daniel Ow	**Non-Executive Director (Appointed 7 October 2021)**
Experience *B Com, C.P.A (Aust)* *Graduate Certificate in Financial Planning (FINSIA)*	Mr Ow, an Australian qualified CPA, has over twenty years' international experience across multiple industries, including infrastructure, resources, property and fast-moving consumer goods. Mr Ow has held several accounting and management roles with large multinational corporations and is currently Manager Financial Business Partners at Perth Airport. Along with professional experience in investor relations, he also served as Trustee Director on the Rio Tinto Staff Superannuation Fund (now merged with Equip Super).
Interest in Shares & Options	Nil
Other Listed Entity Directorships	Mr Ow has no other current and has had no previous listed entity directorships in the last three years.
Professor Teoh Swee Hin	**Non-Executive Director (Appointed 24 June 2019)**
Experience *B Eng (1st Hons), PhD Materials Engineering (Singapore)*	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 mechno 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 Directorships	Prof. Teoh has no other current and has had no previous listed entity directorships in the last three years.

Brett Sandercock	**Non-Executive Chairman (Appointed 24 June 2019, resigned 1 August 2021)**
Experience *B Econ, C.A. (Aust)*	Mr Sandercock was appointed Chief Financial Officer of Resmed Limited (NYSE: RMD, ASX: RMD) in January 2006. Previously he served as Resmed's Vice President of Treasury and Finance from November 2004 until December 2005, and group accountant and controller from 1998 to 2004. Before joining ResMed, Mr Sandercock was Manager of Financial Accounting and Group Reporting at Norton Abrasives from 1996 to 1998. He also held finance and accounting roles from 1994 to 1996 at Health Care of Australia. From 1989 to 1994, he worked at PriceWaterhouse Coopers in Sydney, specialising in audits of clients across distribution and manufacturing financial services, technology, and other industries. Mr Sandercock holds a bachelor's in economics from Macquarie University in Sydney and is a Chartered Accountant.
Interest in Shares & Options	155,039 fully paid ordinary shares 500,000 unlisted options exercisable at $0.25 per option, expiring 30 June 2022
Other Listed Entity Directorships	Mr Sandercock has no other current and has had no previous listed entity directorships in the last three years.
Geoff Pocock	**Executive Director (Appointed 24 June 2019 – 2 November 2020)** **Non-Executive Director (From 2 November 2020, resigned 7 October 2021)**
Experience *B Sc (1st Hons), B. LLB Postgraduate Diploma in Applied Finance and Investment from the Securities Institute of Australia*	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) Executive Director of Argenica Therapeutics Limited (ASX:AGN) *Previous* Managing Director of Hazer Group Ltd (ASX: HZR) (Resigned April 2018)

Stuart Carmichael	**Non-Executive Director (Appointed 11 December 2020, resigned 7 October 2021)**
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 Directorships	*Current* 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 Harvest Technologies Limited (ASX:HTG) Non-Executive Director of Orexplore Technologies Limited (ASX:OXT) *Previous* Non-Executive Director of Swick Mining Services Limited (ASX:SWK) (resigned February 2022)

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 2021 and the number of meetings attended by each director were:

	Board Meeting		Audit & Compliance Committee Meetings*	
	Eligible to Attend	**Attended**	**Eligible to Attend**	**Attended**
Mark Leong	5	5	-	-
Vlado Bosanac	-	-	-	-
Daniel Ow	3	3	-	-
Prof. Teoh Swee Hin	13	13	-	-
Brett Sandercock	7	7	-	-
Geoff Pocock	10	10	-	-
Stuart Carmichael	10	10	-	-

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

The Board also approved 8 circular resolutions during the year ended 31 December 2021 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:

- Mark Leong (Executive Chairman – appointed 1 August 2021)
- Daniel Ow (Non-Executive Director – appointed 7 October 2021)
- Vlado Bosanac (Non-Executive Senior Independent Director – appointed 28 December 2021, resigned 14 February 2022)
- Professor Teoh Swee Hin (Non-Executive Director)
- Brett Sandercock (Non-Executive Chairman – resigned 1 August 2021)
- Geoff Pocock (Non-Executive Director – resigned 7 October 2021)
- Stuart Carmichael (Non-Executive Director – resigned 7 October 2021)
- Goh Khoon Seng (Chief Executive Officer)
- Lim Jing (Chief Technology Officer)
- Carl Runde (Chief Financial Officer – resigned 11 February 2022)

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 or equivalent. 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 marketplace.

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.

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

Mark Leong *Executive Chairman*	Commenced: 28 December 2021 Term: Indefinite term until terminated Remuneration: Base salary of AU$150,000 per annum
Goh Khoon Seng *Chief Executive Officer*	Commenced: 23 September 2019 Term: Indefinite term until terminated Remuneration: Base salary of SG$195,000 per annum (exclusive of CPF),
Lim Jing *Chief Technology Officer*	Commenced: 17 November 2014 Term: Indefinite term until terminated Remuneration: Base salary of SG$8,000 per month (exclusive of CPF)
Carl Runde *Chief Financial Officer*	Commenced: 2 November 2020 Terminated: 11 February 2022 (resignation) Term: Indefinite term until terminated Remuneration: Base salary of AU$165,000 per annum (exclusive of superannuation), 375,000 options exercisable at $0.63 with 5-year expiry (to be granted 3 months subsequent to employment commencement)

Details of Remuneration

	Fixed Remuneration		**At Risk – STI**		**At Risk – LTI**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Directors						
Mark Leong [1]	100%	-	-	-	-	-
Daniel Ow [2]	100%	-	-	-	-	-
Vlado Bosanac [3]	100%	-				
Brett Sandercock [4]	100%	100%	-	-	-	-
Geoff Pocock [5]	100%	100%	-	-	-	-
Prof. Teoh Swee Hin	100%	100%	-	-	-	-
Stuart Carmichael [6]	100%	100%	-	-	-	-
Key Management Personnel						
Goh Khoon Seng	100%	100%	-	-	-	-
Lim Jing	100%	100%	-	-	-	-
Carl Runde [7]	100%	100%	-	-	-	-

[1] Appointed on 1 August 2021
[2] Appointed on 7 October 2021
[3] Appointed on 28 December 2021, resigned 14 February 2022
[4] Resigned on 1 August 2021
[5] Resigned on 7 October 2021
[6] Resigned on 7 October 2021
[7] Resigned on 11 February 2022

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		
	Salary and fees	**Cash bonus**	**Non-monetary**	**Superannuation or equivalent**	**Equity-settled shares**	**Equity-settled options**	**Total**
2021	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Directors							
Mark Leong [1]	21,045	-	-	2,000	-	-	23,045
Daniel Ow [2]	8,310	-	-	831	-	-	9,141
Vlado Bosanac [3]	-	-	-	-	-	-	-
Brett Sandercock [4]	28,000	-	-	2,680	-	-	30,680
Geoff Pocock [5]	27,690	-	-	2,679	-	-	30,369
Prof. Teoh Swee Hin	36,000	-	-	3,510	-	-	39,510
Stuart Carmichael [6]	27,690	-	-	2,679	-	-	30,369
Key Management Personnel							
Goh Khoon Seng	193,146	-	-	8,706	-	-	201,852
Lim Jing	118,463	-	-	13,673	-	-	132,136
Carl Runde [7]	165,000	-	-	16,088	-	73,538	254,626
	625,344	-	-	52,846	-	73,538	751,728

[1] Appointed on 1 August 2021
[2] Appointed on 7 October 2021
[3] Appointed on 28 December 2021, resigned 14 February 2022
[4] Resigned on 1 August 2021
[5] Resigned on 7 October 2021
[6] Resigned on 7 October 2021
[7] Resigned on 11 February 2022

Details of Remuneration (Continued)

	Short-term benefits			Post-employment benefits	Share-based payments		
	Salary and fees	Cash bonus	Non-monetary	Superannuation or equivalent	Equity-settled shares	Equity-settled options	Total
2020	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Directors							
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
Key Management Personnel							
Goh Khoon Seng	204,896	-	-	11,884	-	-	216,780
Lim Jing	109,278	-	-	14,290	-	-	123,568
Carl Runde [1]	27,500	-	-	2,613	-	-	30,113
	604,924	-	-	40,187	-	-	645,111

[1] Appointed on 2 November 2020

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.

2021	Number of Options Granted	Grant Date	Vesting Date	Expiry Date	Exercise Price ($)	Fair Value per Option ($)
Directors						
Mark Leong	-	-	-	-	-	-
Daniel Ow	-	-	-	-	-	-
Vlado Bosanac	-	-	-	-	-	-
Brett Sandercock	-	-	-	-	-	-
Geoff Pocock	-	-	-	-	-	-
Prof. Teoh Swee Hin	-	-	-	-	-	-
Stuart Carmichael	-	-	-	-	-	-
Key Management Personnel						
Goh Khoon Seng	-	-	-	-	-	-
Jing Lim	-	-	-	-	-	-
Carl Runde [1]	187,500	27-Jun-21	2-Nov-21	2-Nov-25	0.624	0.284
Carl Runde [1]	187,500	27-Jun-21	2-Nov-22	2-Nov-25	0.624	0.284

[1] The options were granted as an incentive for ongoing performance with an underlying service condition requiring continuous employment until the respective vesting dates for each tranche to vest.

There were no options granted to key management personnel in the 2020 financial year.

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

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

Share-based Compensation (Continued)

Options Issued as Remuneration (Continued)

	Value of options Granted/vested during the period $	Value of options exercised during the period $	Value of options lapsed during the period $	Remuneration consisting of options for the period %
Directors				
Mark Leong	-	-	-	-
Daniel Ow	-	-	-	-
Vlado Bosanac	-	-	-	-
Brett Sandercock	-	-	-	-
Geoff Pocock	-	-	-	-
Prof Teoh Swee Hin	-	-	-	-
Stuart Carmichael	-	-	-	-
Key Management Personnel				
Goh Khoon Seng	-	-	-	-
Lim Jing	-	-	-	-
Carl Runde	73,538	-	-	29

Additional Disclosures Relating to Key Management Personnel

Shareholding

The number of shares in the Company held during the financial years ended 31 December 2021 and 2020 by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

2021	Balance at the start of the year	Received as part of remuneration	Additions	Disposals / Other	Balance at the end of the year / at resignation
Directors					
Mark Leong	-	-	-	-	-
Daniel Ow	-	-	-	-	-
Vlado Bosanac	-	-	-	-	-
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
Key Management Personnel					
Goh Khoon Seng	6,835,317	-	-	-	6,835,317
Lim Jing	2,360,000	-	-	-	2,360,000
Carl Runde	-	-	-	-	-
	17,549,205	**-**	**-**	**-**	**17,549,205**

Additional Disclosures Relating to Key Management Personnel (Continued)

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

Option holding

The number of options over ordinary shares in the company held during the financial years ended 31 December 2021 and 2020 by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

2021	Balance at the start of the year	Granted	Exercised	Expired / Forfeited / Other	Balance at the end of the year / at resignation
Directors					
Mark Leong	-	-	-	-	-
Daniel Ow	-	-	-	-	-
Vlado Bosanac	-	-	-	-	-
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
Key Management Personnel					
Goh Khoon Seng	3,500,000	-	-	-	3,500,000
Lim Jing	-	-	-	-	-
Carl Runde	-	375,000	-	-	375,000
	7,200,000	**375,000**	**-**	**-**	**7,575,000**

Additional Disclosures Relating to Key Management Personnel (Continued)

Option holding (Continued)

2020					
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
Key Management Personnel					
Goh Khoon Seng	3,500,000	-	-	-	3,500,000
Lim Jing	-	-	-	-	-
Carl Runde	-	-	-	-	-
	7,200,000	**-**	**-**	**-**	**7,200,000**

Other Equity-related Key Management Personnel Transactions
There have been no other transactions involving equity instruments apart from those described in the tables above relating to shareholdings and options.

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

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

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Mark Leong – Expense reimbursements	323	-
Brett Sandercock – Travel reimbursements	-	69
Polaris Consulting (WA) Pty Ltd (director related entity of Mr Pocock) – Travel reimbursements	-	16,361
Ventnor Capital Pty Ltd (director related entity of Mr Carmichael) – Corporate advisory (IPO and acquisition), company secretarial and registered office services	109,199	88,307
Khoon Seng – Expense reimbursements	5,670	5,917
Lim Jing – Expense reimbursements	20,009	13,516
Carl Runde – Expense reimbursements	2,471	-
	137,672	**124,170**

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

Loans to/from related parties

	Consolidated	
	31 Dec 2021	31 Dec 2020
	$	$
Amount due to key management personnel – Mr Goh Khoon Seng [1]	-	56,012
Amount due to related party – Irenne Pte Ltd (director related entity of Prof. Teoh) [1]	-	288,546
	-	**344,558**

[1] Amounts due to key management personnel 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.

Number of Options Granted	Grant Date	Expiry Date	Exercise Price ($)	Fair Value per Option ($)
7,200,000	23/06/2019	30/06/2022	$0.25	$0.115
2,500,000	17/09/2019	30/06/2022	$0.25	$0.111
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
187,500	2/06/2021	02/11/2025	$0.624	$0.284

Non-Audit Services
No non-audit services were provided by the entity's auditor, Grant Thornton Audit Pty Ltd during the year ended 31 December 2021.

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 2021.

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 the 4th 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.

Mark Leong
Executive Chairman
31 March 2022

Grant Thornton

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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 2021, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth. 31 March 2022

Osteopore Limited and its Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

		Consolidated	
	Note	**31 Dec 2021**	**31 Dec 2020**
		$	**$**
Revenue	3	1,113,009	1,504,578
Cost of sales		(301,366)	(549,252)
Gross profit		**811,643**	**955,326**
Other income	4	291,453	724,474
Selling and distribution expenses	5	(504,686)	(327,184)
Administrative expenses	5	(4,203,005)	(3,280,900)
Operating loss		**(3,604,595)**	**(1,928,284)**
Finance costs		(16,303)	(17,602)
Loss before income tax		**(3,620,898)**	**(1,945,886)**
Income tax benefit	6	-	-
Loss after income tax		**(3,620,898)**	**(1,945,886)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation loss		(86,039)	(64,625)
Total comprehensive loss attributable to the owners		**(3,706,937)**	**(2,010,511)**
Basic and diluted loss per share (cents)	20	(3.09)	(1.82)

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 2021

	Note	Consolidated 31 Dec 2021 $	Consolidated 31 Dec 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	4,530,175	9,027,016
Trade receivables	8	400,737	305,189
Other assets	9	285,925	258,094
Inventories	10	201,625	151,382
Total Current Assets		**5,418,462**	**9,741,681**
Non-Current Assets			
Property, plant and equipment	11	483,383	483,538
Right-of-use asset	12	104,446	22,715
Total Non-Current Assets		**587,829**	**506,253**
TOTAL ASSETS		**6,006,291**	**10,247,934**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	450,795	741,221
Employee provisions	14	75,896	56,375
Borrowings	15	-	427,359
Lease liabilities	16	37,808	26,634
Total Current Liabilities		**564,499**	**1,251,589**
Non-Current Liabilities			
Lease liabilities	16	68,901	-
Total Non-Current Liabilities		**68,901**	**-**
TOTAL LIABILITIES		**633,400**	**1,251,589**
NET ASSET		**5,372,891**	**8,996,345**
EQUITY			
Issued capital	17	26,066,131	26,066,131
Reserves	18	(12,744,115)	(12,741,559)
Accumulated losses		(7,949,125)	(4,328,227)
TOTAL EQUITY		**5,372,891**	**8,996,345**

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 2021

	Issued Capital $	Share Based Payment Reserve $	Common Control Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 31 December 2019	**19,190,063**	**1,108,302**	**(14,915,451)**	**(33,293)**	**(2,382,341)**	**2,967,280**
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 17)	8,500,000	-	-	-	-	8,500,000
Share issue costs (Note 17)	(563,386)	-	-	-	-	(563,386)
Options issued (Note 18)	(1,060,546)	1,163,508	-	-	-	102,962
Balance at 31 December 2020	**26,066,131**	**2,271,810**	**(14,915,451)**	**(97,918)**	**(4,328,227)**	**8,996,345**
Loss after income tax	-	-	-	-	(3,620,898)	(3,620,898)
Other comprehensive loss	-	-	-	(86,039)	-	(86,039)
Total comprehensive loss for the year	-	-	-	(86,039)	(3,620,898)	(3,706,937)
Options issued (Note 18)	-	83,483	-	-	-	83,483
Balance at 31 December 2021	**26,066,131**	**2,355,293**	**(14,915,451)**	**(183,957)**	**(7,949,125)**	**5,372,891**

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 2021

	Note	Consolidated	
		31 Dec 2021	**31 Dec 2020**
		$	**$**
Cash flows from operating activities			
Loss before income tax		(3,620,898)	(1,945,886)
Adjustments for			
Depreciation expense		225,468	165,886
Share based payment expense	5	83,483	102,962
Finance costs		16,303	2,621
Interest income		(1,886)	(17,602)
Gain on assets disposed		(15)	(67)
Operating cash flows before changes in working capital		(3,297,545)	(1,692,086)
Changes in trade receivables		(57,061)	256,102
Changes in other assets		(131,040)	(249,258)
Changes in inventory		(50,243)	(127,855)
Changes in trade and other payables		(274,849)	18,104
Changes in provisions		19,521	22,289
Interest paid		(16,303)	(2,621)
Interest received		1,886	17,602
Net cash (used in) operating activities		**(3,805,634)**	**(1,757,723)**
Cash flows from investing activities			
Acquisition of plant and equipment		(194,616)	(381,044)
Net cash (used in) investing activities		**(194,616)**	**(381,044)**
Cash flows from financing activities			
Proceeds from issue of shares		-	8,500,000
Payment of share issue costs		-	(563,386)
Repayment of borrowings		(442,936)	(58,386)
Repayment of lease principal		(42,941)	(41,058)
Net cash (used in) / provided by financing activities		**(485,877)**	**7,837,170**
Net (decrease) / increase in cash and cash equivalents		(4,486,127)	5,698,403
Cash and cash equivalents at the beginning of the year		9,027,016	3,294,809
Effects of exchange rate changes on cash		(10,714)	33,804
Cash and cash equivalents at the end of the year	7	**4,530,175**	**9,027,016**

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

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 28: *Parent Entity Disclosures*. The financial report was authorised for issue by the Board on 31 March 2022.

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).

Going concern assumption

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue trading, realise its assets and discharge its liabilities in the ordinary course of business for a period of at least 12 months from the date that these financial statements are approved.

The Directors note that the Group generated a loss after tax for the year of $3,620,898 (2020: $1,945,886), had net operating cash outflows for the year of $3,805,634 (2020: $1,757,723).

In assessing the appropriateness of using the going concern assumption, the Directors:

- have considered that the Group has expenditure commitments of $1.8m over 3 years representing the required contribution to a research project developing jaw implants under a clinical-industrial partnership agreement signed in December 2021;
- are confident of the sales pipeline post-COVID will trend upwards allowing the Group to achieving revenue targets in line with management's forecasts;
- are confident of managing all costs in line with management's forecasts; and
- remain confident that, if required, the Group will be able to access further working capital through either a debt or equity raise.

After considering the above factors, the Directors have concluded that the use of the going concern assumption is appropriate.

These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

Note 1. Significant Accounting Policies (Continued)

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.

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 2021 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 2021 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.

Note 1. Significant Accounting Policies (Continued)

Principles of Consolidation (Continued)
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 interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

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

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

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

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

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

Note 1. Significant Accounting Policies (Continued)

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 Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

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

Interest

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

Other revenue

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

Government Grants

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

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

Income Tax

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

Note 1. Significant Accounting Policies (Continued)

Income Tax (Continued)
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.

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.

Note 1. Significant Accounting Policies (Continued)

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”.

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.

Note 1. Significant Accounting Policies (Continued)

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

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 Group'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 Group 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.

Note 1. Significant Accounting Policies (Continued)

Impairment of Non-Financial Assets (Continued)
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).

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

Note 1. Significant Accounting Policies (Continued)

Financial Instruments (Continued)

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.

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.

Note 1. Significant Accounting Policies (Continued)

Financial Instruments (Continued)

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 Group 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'.

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.

Note 1. Significant Accounting Policies (Continued)

Leases (Continued)
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.

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.

Note 1. Significant Accounting Policies (Continued)

Borrowings

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

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

Borrowing costs

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

Employee Benefits

Short-Term Benefits

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

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.

Note 1. Significant Accounting Policies (Continued)

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

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

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

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group 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.

Note 1. Significant Accounting Policies (Continued)

Share-Based Payments (Continued)

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

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

Issued Capital

Ordinary shares are classified as equity. Issued and paid-up capital is recognised at the fair value of the consideration received by the Group. 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.

Note 1. Significant Accounting Policies (Continued)

Critical Accounting Judgements, Estimates and Assumptions (Continued)

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 8, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Note 2. Controlled Entities

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

	Country of Incorporation	Principal Activities	Ownership 2021 (%)	Ownership 2020 (%)
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 [1]	Australia	Manufacture and trade medical implants	100	100
Osteopore (Suzhou) Medical Technologies Pte Ltd. [2]	China	Sale of Class III medical devices and the provision of technology services, research and development.	100	-

[1] Company was incorporated on 7 September 2020

[2] Company was incorporated on 7 July 2021 (dormant in the period since incorporation)

Note 3. Revenue

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Sale of goods	1,113,009	1,504,578

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

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

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Korea	566,404	943,299
Singapore	123,218	105,020
Vietnam	107,834	232,017
Germany	56,125	7,331
Australia	53,375	57,669
USA	51,281	8,636
Italy	22,066	7,378
Taiwan	21,922	5,807
Other countries	110,784	137,421
	1,113,009	**1,504,578**

Refer to concentration of customers within credit risk note 24.

Note 4. Other Income

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
NAMIC grant	-	221,498
Government grant	34,957	269,514
Other grants	256,481	114,118
Other income	15	119,344
	291,453	**724,474**

Note 5. Expenses

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Selling and distribution expenses mainly comprise of:		
Marketing expense	444,410	252,280
Travel expense	54,302	64,887
Administrative expenses mainly comprise of:		
Legal and professional fees	395,946	553,792
Share-based payment expense	83,483	102,963
Depreciation expense	225,468	165,886
Regulatory audit and testing expenses	317,951	-
Insurance fees	184,662	150,419
Employee expenses		
Key management personnel		
Salaries and other related costs	625,344	604,924
Contributions to defined contribution plans	52,846	40,187
Other personnel		
Salaries and other related costs	919,958	693,287
Contributions to defined contribution plans	321,654	285,860

Note 6. Income Tax

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
The prima facie tax on loss before income tax in reconciled to the income tax as follows:		
Loss before income tax	(3,620,898)	(1,945,886)
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2020: 30%)	(1,086,269)	(583,766)
Non-assessable non-exempt	20,725	41,701
Other non-deductible expenditure	-	77,433
Other non-assessable income	-	(43,129)
Share based payments	25,045	30,889
Foreign tax rate differential (Singapore)	309,441	114,018
Movement in unrecognised deferred tax assets	731,058	362,854
Income tax benefit	**-**	**-**
Deferred tax assets have not been recognised in respect of the following items:		
Carry forward tax losses – Australia (at 30%):	770,769	417,164
Carry forward tax losses – Singapore (at 17%):	516,696	114,796
Total	**1,287,465**	**531,960**

Note 6. Income Tax (Continued)

The Group has 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 Group has not carried forward the pre-acquisition tax losses of the Singapore-based entities pending approval from the Singaporean tax authorities under relevant continuity of ownership test taxation provisions in that jurisdiction.

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

Note 7. Cash and Cash Equivalents

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Cash in bank and on hand	4,530,175	9,027,016

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

Australia dollar	4,412,125	8,757,809
Singapore dollar	107,128	266,680
United States dollar	10,922	2,527
	4,530,175	**9,027,016**

Note 8. Trade Receivables

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Trade receivables	439,225	324,247
Less expected credit losses	(38,488)	(19,058)
	400,737	**305,189**

Trade receivables are non-interest bearing and generally on 30 days term (2020: 30 days). For allowance for expected credit losses analysis at the end of the reporting period, please refer to Note 24.

Note 8. Trade Receivables (Continued)

	Expected credit loss rate (%)		Carrying Amount ($)		Allowance of expected credit losses ($)	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Current	7	3	239,979	181,277	13,790	3,997
Past due 31 – 60 days	11	5	69,300	85,018	14,180	2,794
Past due 60 – 180 days	34	16	111,705	41,270	6,131	2,534
Past due 180 – 360 days	98	53	16,021	9,780	2,167	3,358
Past due over 360 days	100	100	2,220	6,902	2,220	6,375
			439,225	**324,247**	**38,488**	**19,058**

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 2021 and rates have increased in each category.

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

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Opening balance	19,058	-
Additional provisions recognised	19,430	19,058
Unused amounts reversed	-	-
Closing balance	**38,488**	**19,058**

Note 9. Other Assets

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Prepayments	268,876	185,462
Deposits	17,049	16,396
Other receivables	-	56,236
	285,925	**258,094**

Note 10. Inventories

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Raw materials	85,584	79,005
Work in progress	78,421	33,816
Finished goods	37,620	38,561
	201,625	**151,382**

Note 11. Property, Plant and Equipment

			Consolidated		
	Computers	Furniture & Fittings	Plant & Machinery	Leasehold Improvements	Total
	$	$	$	$	$
Cost	183,140	106,680	609,939	408,627	1,308,386
Less accumulated depreciation	(147,238)	(74,511)	(332,315)	(270,939)	(825,003)
	35,902	**32,169**	**277,624**	**137,688**	**483,383**
Cost					
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	**118,944**	**96,511**	**482,928**	**392,986**	**1,091,369**
Additions	61,757	8,189	117,105	7,580	194,631
Disposals	(207)	-	-	-	(207)
Exchange rate movement	2,646	1,980	9,906	8,061	22,593
Balance at 31 Dec 2021	**183,140**	**106,680**	**609,939**	**408,627**	**1,308,386**
Accumulated Depreciation					
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	**87,683**	**60,484**	**239,370**	**220,294**	**607,831**
Depreciation	57,757	12,787	88,035	46,126	204,705
Disposals	(207)	-	-	-	(207)
Exchange rate movement	2,005	1,240	4,910	4,519	12,674
Balance at 31 Dec 2021	**147,238**	**74,511**	**332,315**	**270,939**	**825,003**

Note 12. Right-Of-Use Asset

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Cost	214,145	89,298
Less accumulated depreciation	(109,699)	(66,583)
	104,446	**22,715**
Cost		
Balance at the beginning of the year	89,298	103,921
Revaluation at balance date	123,016	(6,963)
Exchange rate movement	1,831	(7,660)
Balance at the end of the year	**214,145**	**89,298**
Accumulated depreciation		
Balance at the beginning of the year	66,583	35,063
Depreciation	41,750	34,105
Exchange rate movement	1,366	(2,585)
Balance at the end of the year	**109,699**	**66,583**

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

Note 13. Trade and Other Payables

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Trade payables	279,328	325,668
Accruals	151,394	401,495
Other payables	20,074	14,058
	450,796	**741,221**

Trade payables are due to third parties, unsecured, interest-free and repayable according to credit terms of 30 days (2020: 30 days). The carrying amounts of trade payables approximate their fair value and are denominated in the following currencies:

Singapore dollar	275,722	310,162
Australia dollar	3,606	15,506
	279,328	**325,668**

Note 14. Employee Provisions

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Annual leave provision	75,896	56,375

Note 15. Borrowings

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Amounts due to directors (Note 22)	-	56,012
Amounts due to related party (Note 22)	-	288,546
Amounts due to third parties	-	46,815
Insurance premium funding	-	35,986
	-	**427,359**

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 16. Lease Liabilities

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Current	37,808	26,634
Non-Current	68,901	-
	106,709	**26,634**

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

Depreciation expense on right of use asset (Note 12)	41,750	34,105
Interest expense	5,692	5,415

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:

	Minimum Lease Payments			
	Within 1 Year	**1-5 Years**	**After 5 Years**	**Total**
2021				
Lease payments	47,569	75,317	-	122,886
Finance charges	(9,761)	(6,416)	-	(16,177)
Net present value	37,808	68,901	-	106,709
2020				
Lease payments	27,615	-	-	27,615
Finance charges	(981)	-	-	(981)
Net present value	26,634	-	-	26,634

Note 17. Issued Capital

	2021		2020	
	No. of Shares	$	No. of Shares	$
Fully paid ordinary shares	**117,268,238**	**26,066,131**	**117,268,238**	**26,066,131**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. There is no current on-market share buy-back.

Movements in ordinary share capital

	Date	No. of Shares	Issue price ($)	$
Balance at 31 December 2019		**101,230,502**		**19,190,063**
Placement	28/8/2020	16,037,736	0.53	8,500,000
Share issue costs		-		(1,623,932)
Balance at 31 December 2020		**117,268,238**		**26,066,131**
Balance at 31 December 2021		**117,268,238**		**26,066,131**

Note 18. Reserves

	Consolidated	
	31 Dec 2021 $	31 Dec 2020 $
Common control reserve	(14,915,451)	(14,915,451)
Share based payment reserve	2,355,293	2,271,810
Foreign currency translation reserve	(183,957)	(97,918)
	(12,744,115)	**(12,741,559)**

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.

Note 18. 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.

	No. of Options	$
Balance at 31 December 2019	**9,700,000**	**1,108,302**
Options issued to others (Note 19)	400,000	102,962
Options issued to lead manager (Note 19)	3,000,000	1,060,546
Balance at 31 December 2020	**13,100,000**	**2,271,810**
Vesting of contractor options (Note 19)	-	9,945
Issue of employee options (Note 19)	375,000	73,538
Balance at 31 December 2021	**13,475,000**	**2,355,293**

Note 19. Share Based Payment Expense

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.

On 30 June 2021, 375,000 options exercisable at $0.624 expiring on 2 November 2025 were issued to an employee as an incentive for ongoing performance. Subsequent to the reporting date, 187,500 of these options lapsed unvested on resignation of the employee.

The following table illustrates the number and weighted average exercise price and movements in share options:

	31 Dec 2021		**31 Dec 2020**	
	Number	**Weighted average exercise price $**	**Number**	**Weighted average exercise price $**
Outstanding at the beginning of year	13,100,000	0.49	9,700,000	0.25
Granted during the year	375,000	0.624	3,400,000	1.19
Outstanding at the end of year	13,475,000	0.49	13,100,000	0.49
Exercisable at the end of year	13,475,000	0.49	13,100,000	0.49

Note 19. Share Based Payment Expense (Continued)

The fair value of the options issued was estimated at the date of grant using the Black-Scholes option pricing model below:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Expected Volatility	Dividend Yield	Risk-Free Interest Rate	Fair Value at Grant Date
23/06/2019	30/06/2022	$0.20	$0.25	100%	0%	0.89%	$0.115
17/09/2019	30/06/2022	$0.20	$0.25	100%	0%	0.85%	$0.111
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
27/06/2021	02/11/2025	$0.47	$0.624	89%	0%	0.82%	$0.284

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

Grant Date	Expiry Date	31 Dec 2021 No. of Options	31 Dec 2020 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	300,000
05/05/2020	31/12/2022	100,000	100,000
28/08/2020	28/08/2023	3,000,000	3,000,000
27/06/2021	02/11/2025	375,000	-
		13,475,000	**13,100,000**

Note 20. Loss per Share

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

	Consolidated	
	31 Dec 2021 No. of Shares	**31 Dec 2020 No. of Shares**
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	117,268,238	106,707,871
	$	**$**
Loss for the year used in calculating operating basic and diluted loss per share	(3,620,898)	(1,945,886)
	Cents	**Cents**
Basic and diluted loss per share	(3.09)	(1.82)

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 13,475,000 share options (2020: 13,100,000) 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.

Note 21. Auditors' Remuneration

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Remuneration from Audit and Review of Financial Statements		
Audit and review of financial statements *(Grant Thornton Australia)*	52,500	52,188
Other Services		
None	-	-
	52,500	**52,188**

Note 22. Related Parties

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Key Management Personnel Disclosures		
Short term employee benefits	631,355	604,924
Post-employment benefits	53,278	40,187
Share based payment benefits	73,538	-
	758,171	**645,111**
Transactions with Key Management Personnel and their Related Parties		
Mark Leong – Expense reimbursements	323	-
Brett Sandercock – Travel reimbursements	-	69
Polaris Consulting (WA) Pty Ltd (director related entity of Mr Pocock) – Travel reimbursements	-	16,361
Ventnor Capital Pty Ltd (director related entity of Mr Carmichael) – Corporate advisory (IPO and acquisition), company secretarial and registered office services	109,199	88,307
Khoon Seng – Expense reimbursements	5,670	5,917
Lim Jing – Expense reimbursements	20,009	13,516
Carl Runde – Expense reimbursements	2,471	-
	137,672	**124,170**
Loans to/from related parties		
Amount due to key management personnel – Mr Goh Khoon Seng [1]	-	56,012
Amount due to related party – Irenne Pte Ltd (director related entity of Prof. Teoh) [1]	-	288,546
	-	**344,558**

[1] Amounts due to key management personnel and related party are non-trade, unsecured, interest-free and repayable on demand (Note 15).

Note 23. Segment Reporting

The Company has identified its operating segments based on the internal reports that are used by the Board in assessing performance and in determining the allocation of resources. Given the Company's operations since incorporation, the Board has identified two relevant business segments based on the Group's geographical presence – Singapore and Australia. The following tables are an analysis of the Group's revenue and results by reportable segment for the year ended 31 December 2021 and 2020.

	Singapore $	Australia $	Consolidated $
2021			
Revenue from customers	1,113,009	-	1,113,009
Intersegment revenue	-	-	-
Gross revenue	**1,113,009**	**-**	**1,113,009**
Other income	290,084	1,369	291,453
Total revenue	**1,403,093**	**1,369**	**1,404,462**
Loss for the year	**(2,370,918)**	**(1,249,980)**	**(3,620,898)**

	Singapore $	Australia $	Consolidated $
2021			
Current assets	916,888	4,501,575	5,418,463
Non-current assets	586,692	1,138	587,830
Total assets	**1,503,580**	**4,502,713**	**6,006,293**
Total liabilities	**538,587**	**94,814**	**633,401**
2020			
Revenue from customers	1,504,578	-	1,504,578
Intersegment revenue	-	-	-
Gross revenue	**1,504,578**	**-**	**1,504,578**
Other income	721,853	2,621	724,474
Total revenue	**2,226,431**	**2,621**	**2,229,052**
Loss for the year	**(877,058)**	**(1,068,828)**	**(1,945,886)**
Current assets	905,943	8,835,738	9,741,681
Non-current assets	506,253	-	506,253
Total assets	**1,412,196**	**8,835,738**	**10,247,934**
Total liabilities	**1,129,352**	**122,237**	**1,251,589**

Revenues from external customers in the Group's domicile, Australia, as well as its major markets, Singapore have been identified on the basis of the customer's geographical location and are disclosed in Note 3.

Note 24. 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.

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

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

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	%	**%**
Largest customer percentage of trade receivables	30	39
Largest customer percentage of customer sales	35	35

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 $38,488 of underperforming or non-performing financial assets during the year (2020: $19,058).

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 it financial instruments as most of its trade receivables are historical clients that have no bad debt history.

Note 24. Financial Instruments (Continued)

Credit Risk (Continued)
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.

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:

	2021		2020	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	$	**$**	**$**	**$**
Singapore dollar	1,492,658	538,587	1,409,670	1,129,352
United States dollar	10,922	-	2,526	-
	1,503,580	**538,587**	**1,412,196**	**1,129,352**

The Group had net assets denominated in foreign currencies of $964,993 (2020: $282,844). At 31 December 2021, 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 $96,499 lower (2020: $28,284) and equity would have been $96,499 higher (2020: $28,284). 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 2021 was $2,458 (2020: $8,249).

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.

Note 24. Financial Instruments (Continued)

Market Risk (Continued)

Interest Rate Risk (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					
	Non-Interest Bearing	< 1 Year	1 – 5 Years	> 5 years	Floating Interest Rate	Total	Weighted Average Interest Rate
2021	**$**	**$**	**$**	**$**	**$**	**$**	
Financial assets							
Cash and cash equivalents	118,050	-	-	-	4,412,125	4,530,175	0.10%
2020							
Financial assets							
Cash and cash equivalents	269,207	-	-	-	8,757,809	9,027,016	0.05%

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 25. 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 2021 (2020: nil).

Note 26. Commitments

The Group has expenditure commitments of $1.8m over 3 years representing the required contribution to a research project developing jaw implants under a clinical-industrial partnership agreement signed in December 2021.

There were no other commitments noted as at 31 December 2021 (31 December 2020: nil).

Note 27. 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 28. 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.

	Consolidated	
	31 Dec 2021	**31 Dec 2020**
	$	**$**
Financial Position		
Total current assets	4,501,575	8,835,738
Total non-current assets	256,080	282,843
Total assets	**4,757,655**	**9,118,581**
Total current liabilities	94,814	122,237
Total liabilities	**94,814**	**122,237**
Net assets	**4,662,841**	**8,996,344**
Issued capital	26,066,131	26,066,131
Common control reserve	(14,915,451)	(14,915,451)
Share based payment reserve	2,355,293	2,271,810
Accumulated losses	(8,843,132)	(4,426,146)
Total equity	**4,662,841**	**8,996,344**
Financial Performance		
Loss for the year	(4,416,986)	(2,010,512)
Other comprehensive income	-	-
Total comprehensive loss	**(4,416,986)**	**(2,010,512)**

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 2021

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 2021 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 2021 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 2021.

On behalf of the board

Mark Leong
Executive Chairman
31 March 2022

Grant Thornton

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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 2021, 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 2021 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 (including Independence Standards)* (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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of $3,620,898 during the year ended 31 December 2021, had net operating cash outflows for the year of $3,805,634. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition under AASB 15 *Revenue from Contracts with Customers* – Note 1 (Accounting policy note) 3 (Revenue and other income note)	
The Group recognised $1,113,009 of revenue from contracts with customers for the period ended 31 December 2021. 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 in line with AASB 15 *Revenue from Contracts with Customers*. Revenue recognition is a key audit matter due to the significance of the balance to the financial statements and the significance of our effort applied in assessing revenue recognition.	Our procedures included, amongst others: • Understanding and documenting the design and implementation of internal controls for the Group's revenue streams; • Assessing 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 2021, 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: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.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 12 to 21 of the Directors' report for the year ended 31 December 2021.

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 31 March 2022

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 25 March 2022.

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	%
CITICORP NOMINEES PTY LIMITED	21,662,055	18.47
MR MICHAEL MARCUS LIEW	15,662,862	13.36
MR PATRICK JOHN MCHALE	7,248,150	6.18
BNP PARIBAS NOMS PTY LTD	6,126,311	5.22
	50,699,378	**43.23**

Distribution of Shareholders

	Number of Shares	Number of Holders
100,001 and Over	97,082,389	67
10,001 to 100,000	14,701,804	478
5,001 to 10,000	3,021,645	371
1,001 to 5,000	2,188,994	807
1 to 1,000	273,406	380
Total	**117,268,238**	**2,103**

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	%
CITICORP NOMINEES PTY LIMITED	21,662,055	18.47
MR MICHAEL MARCUS LIEW	15,662,862	13.36
MR PATRICK JOHN MCHALE	7,248,150	6.18
BNP PARIBAS NOMS PTY LTD	6,126,311	5.22
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,852,854	4.14
CHING-YUAN HUANG	4,211,529	3.59
LIM THIAM CHYE	3,676,740	3.14
HO-CHWAN INVESTMENT CO LTD	3,158,647	2.69
MR HANRY YU	3,155,552	2.69
MR LIM JING	2,360,000	2.01
DIETMAR HUTMACHER	2,213,500	1.89
ANNIKA WALTER SCHANTZ	2,097,000	1.79
ROUND TABLE PARTNERS BERHAD	1,534,500	1.31
DR RUSSELL KAY HANCOCK	1,500,000	1.28
BNP PARIBAS NOMS PTY LTD	1,225,698	1.05
TAN SIOW KHOON	1,223,250	1.04
MR EVAN PHILIP CLUCAS & MS LEANNE JANE WESTON	981,351	0.84
CELERY PTY LTD	966,279	0.82
MR FRANKIE WEI SENG LEE	938,500	0.80
SBV CAPITAL PTY LTD	875,000	0.75
	85,669,778	**73.05**

UNQUOTED OPTIONS

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

Option Holders

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

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

Distribution of Option Holders

	Number of Holders	Number of Options
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
TOTAL	**12**	**9,700,000**

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:

Name	Number of shares	%
JOHN JAMES OMAHONY	300,000	100.00
	300,000	**100.00**

Distribution of Option Holders

	Number of Holders	Number of Options
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	-	-
TOTAL	**1**	**300,000**

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:

Name	Number of shares	%
MEDEVICE MARKETING PTY TLD	100,000	100.00
	100,000	**100.00**

Distribution of Option Holders

	Number of Holders	Number of Options
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	-	-
TOTAL	**1**	**100,000**

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:

Name	Number of shares	%
DIXON PRIVATE INVESTMENTS PTY LIMITED	1,500,000	50.00
MR SHANE HOEHOCK WEE <WEE FAMILY A/C>	1,000,000	33.33
	2.500,000	**83.33**

Distribution of Option Holders

	Number of Holders	Number of Options
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	-	-
TOTAL	**4**	**3,000,000**

The Company has 187,500 unquoted options exercisable at $0.624 each, expiring on 2 November 2025.

Option Holders

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

Name	Number of shares	%
CARL PETER RUNDE	187,500	100.00
	187,500	**100.00**

Distribution of Option Holders

	Number of Holders	Number of Options
100,001 and Over	1	187,500
10,001 to 100,000	-	-
5,001 to 10,000	-	-
1,001 to 5,000	-	-
1 to 1,000	-	-
TOTAL	**1**	**187,500**

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 does not have any restricted securities (including voluntary restricted securities).