

Singular Health Group Ltd

ACN 639 242 765

Annual Report - 30 June 2020

Singular Health Group Ltd Financial Statements
Directors' report
30 June 2020

The directors present their report, together with the financial statements, of the company for the period 12 September 2019 to 30 June 2020.

Directors

The following persons were directors of the company during the whole of the financial period and up to the date of this report, unless otherwise stated:

- Denning Sang-Tatt Chong
- Thomas Sylvanus Hanly
- Kwang Guan Tay

Principal activities

During the financial period the principal continuing activities of Singular Health Group Ltd was that of a medical technology company focussing on the development of medical software for the visualisation, manipulation and transfer of medical imaging data in 3D and virtual reality.

Dividends

No dividends were paid during the financial.

Review of operations

The loss for the company amounted to \$707,588

The company achieved several significant milestones during the period to 30 June 2020, including the following:

- Commercialisation of technology resulting in both "one off sales" as well as the development of rental model.
- Successfully raised cash in of \$795,000 via direct equity investment of \$500,000 and the issue of convertible notes having a face value of \$295,000.

Product development continued throughout the period to 30 June 2020. As at 30 June 2020 the company was in the process of completing an R&D Tax Incentive Scheme Claim.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial period, other than as noted above.

Matters subsequent to the end of the financial period

The following significant matters have occurred subsequent to 30 June 2020;

Since the period end the company has raised additional funds from the issue of convertible notes and entered into a number of agreements with various parties as explained in Note 19 of the financial statements.

On 6 March 2020 PAC Partners were appointed to act as Lead Manager in relation to the company's proposed Initial Public Offering (IPO). On IPO the company intends to convert all convertible notes to ordinary shares and make a minimum public offering of 25,000,000 new shares, with a maximum of 30,000,000 new shares at \$0.20/share.

There were no other matters or circumstance that have arisen since 30 June 2020 that have significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial periods.

Likely developments and expected results of operations

Further information as to likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors

Denning Chong – Chairman and Non-Independent Non-Executive Director

Denning Chong has been the principal of James Chong Lawyers since 2004. Denning has had the opportunity to assist across a broad spectrum of the community - from ASX listed companies and cross border type transactions, to local communities.

Denning holds directorships with various prominent property development companies, including currently being a director of the Australian subsidiaries of a prominent SGX listed property developer, with a portfolio of over \$1 billion.

He is also a director of a boutique venture capital business focusing on property, financial and medical technology sectors.

Denning is one of the founders of Singular Health and was involved in the early stage funding and governance of Singular Health since its incorporation.

Thomas Hanly – Managing Director and Chief Executive Officer

Holding a Bachelor's degree in resource and environmental economics, Thomas' early career saw him work as an economic analyst for AgricultureNZ before moving to the United States where he obtained his Series 7 and was employed in private banking with Merrill Lynch.

With a strong understanding of capital markets and an interest in technology, he was heavily involved in the early 2000's driving the development and commercialisation of a financial services start-up in the United States before returning to Australia.

Prior to joining Singular Health, Thomas has held a number of board positions of privately held companies in Australia and Singapore and has acted as an independent consultant assisting with the funding and commercialisation of innovative technologies. Recently, Thomas provided strategic technology transfer advice for the development of new acid leach membrane technology from Monash University and helped to develop carbon tax offset strategies with Calibre Group in Perth.

Prof. Kwang Guan Tay – Executive Director of Innovation and Education

Holding a PhD from the Centre for Molecular Immunology and Instrumentation at the University of Western Australia for work completed at the Department of Clinical Immunology, Royal Perth Hospital, an MBA and Bachelor of Science (Biotechnology and Biological Sciences Double Major) with Honours (BSc(Hons)) from Murdoch University, Guan is highly respected in the medical and educational sectors.

Currently an Adjunct Associate Professor at the Faculty of Health and Medical Sciences at the University of Western Australia, Dr Tay has held various academic positions over the past 20 years (primarily in an adjunct or visiting capacity) at the University of Western Australia, as well as Edith Cowan University. Dr Tay has also managed significant projects at Khalifa University, the premier research-intensive university in Abu Dhabi, the United Arab Emirates.

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30 June 2020

Company Secretary

Steven Wood – Company Secretary

Steven Wood is a chartered accountant and corporate advisor with Grange Consulting Group. Steven started his career in the Perth office of Pitcher Partners where he spent several years in their corporate re-structuring division, working with listed and unlisted companies.

Steven provides corporate advisory, capital raising, company secretarial and financial management services to a number of listed and unlisted businesses with projects in Australia and internationally.

He has been involved in various private and seed capital raisings, successful ASX listings, and a variety of equity raising for ASX-listed entities.

Meetings of Directors

The number of meetings of the Company's Board of Directors ("the Board") and of each Board committee held during the period ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Denning Chong	1	1
Thomas Hanly	1	1
Kwang Guan Tay	1	1

Indemnity and insurance of auditor

The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on 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.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Director

Dated 3 December 2020

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SINGULAR HEALTH GROUP LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- a) no contraventions of the auditor independence requirements as set out in 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.


GREG GODWIN
PARTNER
MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 3rd day of December 2020.

Singular Health Group Ltd Financial Statements

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General information

The financial statements cover Singular Health Group Ltd and its subsidiaries. The financial statements are presented in Australian dollars, which is Singular Health Group Ltd's functional and presentation currency.

Singular Health Group Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

c/o – Grange Consulting Pty Ltd
945 Wellington Street,
WEST PERTH WA 6005

Principal place of business

Suite 23
2 McCourt Street
WEST LEEDERVILLE WA 6007

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 December 2020.

Singular Health Group Ltd Financial Statements
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2020

	Note	2020
		\$
Revenue	3	103,865
Other Income		24,066
		127,931
Expenses		
Salaries & Wages		(204,008)
Consultants		(348,691)
Operating, general and administration expenses		(188,157)
Amortisation and depreciation		(32,395)
Loss on foreign exchange		(7,658)
Interest on Convertible Notes		(54,610)
Loss before income tax expense		(707,588)
Income Tax		-
Loss after income tax for the period		(707,588)
Other comprehensive income		-
Total comprehensive income for the period attributable to the owners of Singular Health Group Ltd		(707,588)

The above statement should be read in conjunction with the accompanying notes

Singular Health Group Ltd Financial Statements
Statement of Financial Position
As at 30 June 2020

	Note	2020 \$
Current Assets		
Cash at bank	4	130,552
Trade and other receivables	5	70,391
Prepaid Interest on Convertible Notes	10	<u>240,390</u>
Total Current Assets		<u>441,333</u>
Non-Current Assets		
Plant and equipment	6	27,691
Intangible assets	8	<u>199,245</u>
Total Non-Current Assets		<u>226,936</u>
Total Assets		<u>668,269</u>
Liabilities		
Current Liabilities		
Trade payables	7	110,160
Directors Loans	9	155,941
Convertible notes		590,000
Other current liabilities		<u>40,754</u>
Total Current Liabilities		<u>881,855</u>
Total Liabilities		<u>881,855</u>
Net Liabilities		<u>(213,586)</u>
Equity		
Issued Capital	11	500,000
Reserves		(5,998)
Accumulated losses		<u>(707,588)</u>
Total Equity		<u>(213,586)</u>

The above statement should be read in conjunction with the accompanying notes

Singular Health Group Ltd Financial Statements
Statement of Changes in Equity
For the period ended 30 June 2020

	Issued capital \$	Foreign Currency Reserves \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2019	-	-	-	-
Shares issued during the period	500,000			500,000
Loss for the period	-	-	(707,588)	(707,588)
Foreign currency reserve	-	(5,998)		(5,998)
Total comprehensive income for the period	500,000	-	(707,588)	(213,586)
<i>Transactions with owners in their capacity as owners:</i>	-	-	-	-
Balance at 30 June 2020	500,000	(5,998)	(707,588)	(213,586)

The above statement should be read in conjunction with the accompanying notes

Singular Health Group Ltd Financial Statements
Statement of Changes in Cashflow
For the period ended 30 June 2020

	Note	2020 \$
Receipts from customers (inclusive of GST)		32,520
Payments to suppliers and employees (inclusive of GST)		<u>(580,689)</u>
Net cash used in operating activities	13	<u>(548,169)</u>
Cash flows from investing activities		
Payments for plant and equipment		(31,603)
Payments for intangible asset		<u>(227,708)</u>
Net cash used in investing activities		<u>(259,311)</u>
Cash flows from financing activities		
Proceeds from issue of shares		500,000
Proceeds from Director Loan		155,692
Proceed from convertible notes		<u>295,000</u>
Net cash from financing activities		<u>950,692</u>
Net increase/(decrease) in cash and cash equivalents		143,212
Effect of exchange rate fluctuation		(12,660)
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	4	<u><u>130,552</u></u>

The above statement should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

General Information

The Company was incorporated on 20 February 2020. The principal activity of the Company is investment holding. The Company was incorporated to be the holding company for the restructured group pursuant to the Restructuring Exercise disclosed below

Singular Health Pte Ltd (incorporated in Singapore) and Singular Health Pty Ltd (incorporated in Australia) were incorporated in September 2019. Singular Health Pte Ltd acquired the intellectual property and software development associated with the MedVR technology from MedVR Pty Ltd for cash of \$230,000 effective 30 September 2020.

Restructuring Exercise

The Company was incorporated to act as the holding company for the Group for purposes of undertaking an initial public offering and listing on ASX.

As a result of the restructuring exercise the Company became the holding company of Singular Health Pte Ltd and Singular Health Pty Ltd. The restructuring exercise described above resulted in a business combination involving common control entities and accordingly the accounting treatment is outside the scope of AASB 3.

For such common control business combinations the financial statement items of the combined entities for the year in which the common control combination occurs are included in the financial statements of the Group as if the combination had occurred from the date when the combined entities first came under control of the controlling parties. Accordingly, these financial statements cover the period from 12 September 2019 to 30 June 2020, notwithstanding that the Company was incorporated on 20 February 2020.

A single uniform set off accounting policies has been adopted by the Group, with all assets and liabilities recognised at book values at the time of the common control transaction with no recognition of goodwill or fair value uplifts to the acquirees' assets or liabilities at the time of the common control transaction.

Going Concern Basis of Preparation

As disclosed in the financial statements, the Consolidated Group has incurred losses for the year ended 30 June 2020 of \$707,588 and had net cash outflows from operating activities of \$548,169. As at 30 June 2020 the Consolidated Group had cash assets of \$130,552 and net liabilities of \$213,586.

The Company has assessed its ability to continue as a going concern, taking into account all available information, for a period of 12 months from the date of issuing of the financial report.

The Company's financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities, including the realisation of assets and settlement of liabilities in the normal course of business.

The Directors believe that the Company's ability to continue as a going concern and meet its debts and commitments as they fall due is dependent upon the following factors:

- As disclosed in Note 19, subsequent to the end of the financial year the Company has raised additional funds of \$1,055,000 by way of the issue of additional convertible notes;
- The Directors being successful in obtaining future funding to meet the Company's objectives and payment obligations as and when they fall due by engaging with parties in raising additional capital or issuing debt;
- The ability of the Company to scale down its operations in order to conserve cash in the event that sufficient cash is not available to meet projected expenditure.

After consideration of the above factors, the Directors are of the opinion that it is appropriate for the Company to prepare the financial statements on a going concern and, as a result, the financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not be able to continue as a going concern basis

Note 1. Significant accounting policies (continued)

Notwithstanding this assessment, there exists a material uncertainty that may cast doubt on the Company's ability to continue as a going concern for at least the next 12 months and, if this was to be the case, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Basis of preparation

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

Critical accounting estimates

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is Singular Health Group Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Revenue is recognised in the statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably. The following criteria must also be met before turnover is recognized

Sale of goods

Turnover from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company has transferred the significant risks and rewards of ownership to the buyer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due under the transaction; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due under the contract;
- The stage of completion of the contract at the end of the reporting period can be measured reliably; and
- The costs incurred and the costs to complete the contract can be measured reliably.

Note 1. Significant accounting policies (continued)

Income tax

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

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

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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 company'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 company'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 includes 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment.

Other receivables are recognised at amortised cost, less any allowance for impairment.

Note 1. Significant accounting policies (continued)

Investments and other financial assets

Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Property, plant and equipment

Property, Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Plant and equipment under lease	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets

Intellectual property and software development

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

These intangible assets have finite lives and are subject to amortisation on a straight-line basis. The useful lives for these assets are as follows:

- Software 4 years

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 1. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

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

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

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

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

Issued capital

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

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.

Note 1. Significant accounting policies (continued)

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2020. Any such standards are not expected to have a significant impact on the financial statements of the Group in future periods.

Note 2 (a). Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

Income tax

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company'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.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Convertible notes

The convertible notes are valued and recorded in the accounts having regard to the conversion features attributable to the notes including the discount on conversion to the ASX listing price (which is assumed to be 20 cents per share). The implicit cost of the conversion discount described as "prepaid interest on Convertible Notes" is amortised to profit and loss over the estimated period it will take the company to complete its IPO and list on the ASX.

Note 2 (b). Segment reporting

Based on the information used for internal reporting purposes by the chief operating decision maker (being the Board), the company operated in one reportable segment during the period ended 30 June 2020, being provision of Information Communication and Technology (ICT) services.

The reportable segment financial information is therefore the same as the statement of financial position and the statement of profit or loss and other comprehensive income.

Singular Health Group Ltd
Notes to the financial statements
30 June 2020

Note 3. Revenue	2020
	\$
Product Sales	103,865
	<u>103,865</u>

Note 4. Current assets - cash and cash equivalents

	2020
	\$
Cash at bank	130,552
Cash and cash equivalents	<u>130,552</u>

Note 5. Current assets - trade and other receivables

	2020
	\$
Trade debtors	95,391
Less provision for doubtful debts	<u>(25,000)</u>
	<u>70,391</u>

Note 6. Non-current assets - property, plant and equipment

	2020
	\$
Office equipment at cost	31,623
Less: Accumulated depreciation	<u>(3,932)</u>
	<u>27,691</u>

Singular Health Group Ltd
Notes to the financial statements
30 June 2017

Note 7. Current liabilities - trade and other payables

	2020 \$
Trade payables	<u>110,160</u>

Note 8. Intangible assets

Intellectual property and software development – at cost	227,708
Less : Accumulated amortisation	<u>(28,463)</u>
Balance at the end of the period	<u><u>199,245</u></u>

Note 9. Directors loans

	2020 \$
Current .	<u>155,941</u>
Directors loans are unsecured, bear interest at 5%pa, with no fixed terms of repayment	

Note 10. Convertible notes

	2020 \$
Balance brought forward	-
Convertible notes issued during the period	<u>590,000</u>
Balance at 30 June 2020	<u><u>590,000</u></u>

The terms of the various convertible notes are as follows:

Conversion Period	A period of 22 months commencing from the date of issue
Conversion Event	The day Singular Health group shares are Listed on the Australian Stock Exchange ("ASX")
Conversion Price	The Convertible Notes are converted at a discount of 50% of the price the shares are listed on the ASX.
Interest	Interest accrues on the Convertible Notes at the rate of 10% pa. Prepaid interest of \$240,390 will be amortised to profit and loss over the period from the date the notes are issued and the estimated date of listing on the ASX.

Note 11. Equity - issued capital

	2020 \$
Opening balance	-
New shares issued during the period (55,000,000 ordinary shares)	<u>500,000</u>
Closing balance (55,000,000 ordinary shares)	<u><u>500,000</u></u>

Note 12. Equity – reserves and retained profits

Reserves represents foreign currency translation reserve.

All net gains and losses and transactions with owners (e.g. dividends) from current and prior periods not recognized elsewhere.

Movement schedule of reserves and retained profits is included in the statement of changes in equity.

Note 13. Reconciliation of profit after income tax to net cash from operating activities

	2020 \$
Profit after income tax expense for the period	(707,588)
Adjustments for:	
Depreciation and amortisation	32,395
Convertible note interest	54,610
Director loan interest	6,911
Change in operating assets and liabilities:	
Increase in trade and other receivables	(70,411)
Increase in trade and other payables	135,914
	<u>(548,169)</u>
Net cash from operating activities	<u><u></u></u>

Note 14. Financial Instruments

Financial assets and financial liabilities

	2020 \$
Financial assets	
Cash and cash equivalents	130,552
Trade and other receivables	70,391
	<u>200,943</u>
Financial liabilities	
Trade payables	95,160
Convertible notes	590,000
Directors loans	155,941
	<u>841,101</u>

Financial risk management objectives

The company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits.

Market risk, price risk and interest rate risk

The company is not exposed to any significant market risk, price risk and interest rate risk.

Note 14. Financial Instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The company does not hold any collateral.

The company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the company based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 period.

Liquidity risk

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments

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

Note 15. Key management personnel

Compensation

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

	2020
	\$
Short-term employee benefits	250,912
Post-employment benefits	-
Long-term benefits	-
	<u>250,912</u>

Note 16. Commitments

2020
\$

Capital commitments

There were no significant capital commitments as at 30 June 2020

Note 17. Related party transactions

The following amounts were paid or payable to related parties during the year;

2020
\$

Research Equity Pty Ltd (included in Note 15)
JDE Capital Pty Ltd

174,996
3,300

Research Equity Pty Ltd is a company controlled by Mr Thomas Hanly. JDE
Capital Pty Ltd is a company controlled by Denning Sang-Tatt Chong

Directors loans payable at year end (see Note 9) to Denning Sang-Tatt Chong

155,941

Note 18. Remuneration of Auditors

The following fees were paid or payable to Moore Australia Audit (WA);

\$

Audit of the financial statements
Other services

15,000

-

15,000

Note 19. Events after the reporting date

Subsequent to 30 June 2020 the following events occurred:

Convertible Note Agreements

- Subsequent to the period end the company entered into convertible note agreements with 30 seed capitalists (together the Noteholders) pursuant to which the Noteholders subscribed for notes (Notes) in the Company at \$0.10 per Note for the aggregate principal amount of \$1,055,000 (Convertible Note Agreements). The Convertible Note Agreement contains terms and conditions that are considered standard for an agreement of this nature

Independent Contractor Agreement – Dr Jason Tan

- Singular Health Pty Ltd (a wholly owned subsidiary of the Company) has entered into a contractor agreement with Dr. Jason Tan (who originated the idea on which the Company's technology is based) dated 1 October 2020. Pursuant to the agreement, the Company, from time to time, may request that Dr Jason Tan provide the various services:

Research Agreement

- On 30 September 2020, Singular Health Pty Ltd (a wholly owned subsidiary of the Company) and Commonwealth Scientific and Industrial Research Organisation ABN 41 687 119 230 (CSIRO), entered into a research agreement pursuant to which CSIRO will assist the Company to further develop a novel solution to aid in the planning of spine surgeries. The Company will provide funds up to \$100,000 under the project.

Note 19. Events after the reporting date (continued)

Global3D Binding Heads of Agreement

- Singular Health Pty Ltd (a wholly owned subsidiary of the Company) has entered into a binding Heads of Agreement with Global3D Pty Ltd (ABN 46 625 469 034) (Global3D) dated 10 September 2020 (Heads of Agreement). Global3D is engaged in the business of providing 3D printing services for rapid prototyping and general manufacturing purposes. Pursuant to the Heads of Agreement, Singular Health Pty Ltd and Global3D have agreed to incorporate a new company under the name 'Medufacture Pty Ltd' (Medufacture), for the purpose of developing and utilising advanced manufacturing technologies, including additive manufacturing for medical and educational applications. The Company has agreed to provide an initial loan to Medufacture Pty Ltd of \$500,000.

Non-binding memorandum of understanding

- Singular Health South East Asia Pte Ltd ("SHSEA"), being an entity in which the Company is a 50% shareholder, entered into a non-binding memorandum of understanding with the National University of Singapore, a company limited by guarantee incorporated in Singapore (NUS) dated 1 September 2020. SHSEA and NUS have agreed to collaborate on various projects, which will see SHSEA contribute up to \$200,000 in cash contributions..

Singular Health Group Ltd Financial Statements
Director's declaration
30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a series of loops and a final horizontal stroke, positioned above a thin horizontal line.

Director

3 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGULAR HEALTH GROUP LIMITED

Opinion

We have audited the financial report of Singular Health Group Limited (the Company) and its controlled entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, other explanatory information and the declaration by those charged with governance.

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

- i. giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the period then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter - Uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Group's ability to continue as a going concern. As disclosed in Note 1 the Group is dependent on various funding initiatives in order to fund working capital and discharge its liabilities in the ordinary course of business. At this time we are uncertain as to whether or not the required funding can be raised and the timing of such, which may cast doubt as to the Group's ability to continue as a going concern. The financial statements do not include any adjustments that may be required if the Group were unable to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SINGULAR HEALTH GROUP LIMITED (CONTINUED)**

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 *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility 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 include the economic decisions of the 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 Standard Board website at https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our audit report.


GREG GODWIN
PARTNER
MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 8th day of December 2020.