

Osteopore Limited and its Controlled Entities
Appendix 4D

1. Name of Entity

Osteopore Limited (ABN 65 630 538 957)

Reporting Period

Half-year ended 30 June 2021

Previous Corresponding Reporting Period

Half-year ended 30 June 2020

2. Results for Announcement to Market

Financial results	Up / Down	Change %	2021 \$	2020 \$
Revenue from ordinary activities	Down	8%	619,340	672,774
(Loss) after tax from ordinary activities attributable to members	Up	102%	(1,357,767)	(670,861)
(Loss) attributable to members	Up	97%	(1,398,426)	(708,912)
Final and interim dividends	It is not proposed that either a final or interim dividend be paid.			
Record date for determining entitlements to the dividend	N/A			
Brief explanation of any of the figures reported above	<p>The net loss after tax from ordinary activities during the half-year ended 30 June 2021 is mainly attributable to an increase in operational expenditure, including associated employee and marketing costs, to pursue the Company's global strategy to penetrate new markets.</p> <p>The net loss after tax from ordinary activities during the half-year ended 30 June 2020 includes substantially higher grant and other income than that received in the current reporting period.</p>			

3. Net Tangible Asset Backing per Ordinary Share

Cents

Net tangible asset backing per ordinary share – current reporting period	6.49
Net tangible asset backing per ordinary share – previous reporting period	2.26

4. Control Gained Over Entities

Details of entities over which control has been gained or lost

N/A

5. Dividends Paid and Payable

Details of dividends or distribution payments

No dividends or distributions are payable.

6. Dividend Reinvestment Plans

Details of dividend or distribution reinvestment plans	N/A
--	-----

7. Details of Associates

Details of associates and joint venture entities	N/A
--	-----

8. Foreign Entities

Foreign entities to disclose which accounting standards are used in compiling the report	All entities within the Group comply with International Financial Reporting Standards.
--	--

9. Review Opinion

Details of any audit dispute or qualification	There are no audit disputes or qualifications to the review opinion.
---	--



Mark Leong
Non-Executive Chairman
30 August 2021



Empowering Natural Tissue Regeneration

**OSTEOPORE LIMITED
AND ITS CONTROLLED ENTITIES**

ACN 630 538 957

**CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

Osteopore Limited and its Controlled Entities
Consolidated Interim Financial Report
For the half-year ended 30 June 2021

CONTENTS

CORPORATE INFORMATION	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	4
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOWS	8
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9
DIRECTORS' DECLARATION	19
INDEPENDENT AUDITOR'S REVIEW REPORT	20

**Osteopore Limited and its Controlled Entities
Consolidated Interim Financial Report
For the half-year ended 30 June 2021**

CORPORATE INFORMATION

Directors

Mark Leong
Geoff Pocock
Professor Teoh Swee Hin
Stuart Carmichael

Company Secretary

Deborah Ho

Registered Office / Principal Place of Business

Ground Floor, 16 Ord Street
West Perth WA 6005

Telephone: +61 8 9482 0500

Share Register

Link Market Services
1A Homebush Bay Drive
Rhodes NSW 2138

Auditor

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

Solicitors

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

Website

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

DIRECTORS' REPORT

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 half-year ended 30 June 2021.

DIRECTORS

The names of Directors in office at any time during or since the end of the half-year ended 30 June 2021 were as follows:

Name	Position	Date Appointed	Date Resigned
Brett Sandercock	Non-Executive Chairman	24 June 2019	1 August 2021
Geoff Pocock	Non-Executive Director	24 June 2019	—
Professor Teoh Swee Hin	Non-Executive Director	24 June 2019	—
Stuart Carmichael	Non-Executive Director	11 December 2018	—
Mark Leong	Non-Executive Chairman	1 August 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 over time to leave only natural healthy bone tissue, significantly reducing post-surgery complications that are commonly associated with permanent bone implants.

REVIEW OF OPERATIONS

Despite the challenging global macroeconomic conditions due to COVID-19 restrictions, particularly in the Group's key Asian markets, Osteopore continued to generate sales during the period to 30 June 2021 with revenue of \$619,340. The difference between the headline contraction in Group sales revenues and the underlying constant currency growth rate of 3.3% over the corresponding period last year lies in the strengthening of the period average Australian dollar to Singapore dollar exchange rate of around 11%.

The Company continued to realise sales in its core Asian geographic territories, as well as making some progress into the USA and European markets, with increased engagement in EU markets including Germany, the Netherlands and the UK. During the period, Osteopore engaged with distributors in Switzerland and the United Arab Emirates and continues to engage with its distribution partners to ensure sales teams are educated and supported to drive adoption and sales.

The Company continued to receive non-dilutive government funding in Singapore for business support due to COVID-19 and other grant schemes. Non-dilutive grant funding, tax incentives, and industry consulting fees billed totalled \$194,755 for the half-year. Osteopore also continued to be included as an "essential service" in Singapore, allowing it to remain open and operational while executing its growth strategy.

Important steps were taken on the path to establishing a market presence in China. Osteopore has established a subsidiary in the Suzhou Industrial Park as a prerequisite to obtaining regulatory clearance for our products. The company is registered with an office address in the A-Star Partner Centre. In addition, the Hainan Provincial Drug Administration has approved the use of Osteomesh at the Boao Yiling Life Care Centre located in the Hainan Boao Lecheng International Medical Tourism Pilot Zone. The approval is for Chinese clinical validation only and is limited to the use of Osteomesh by a team of plastic reconstruction surgeons at the Centre. This development is strategically significant as it represents our first step in securing Chinese FDA clearance for Osteopore's products.

Osteopore was granted European and Australian Patents for 'Smart' 3D Biomimetic Scaffolds, comprised of a polymetric matrix and a magnesium filler, to improve implant performance. The development recognises the benefits of combining biomimetic structures with trace elements and biologics to improve cell regeneration and complements Osteopore's collaboration with Terumo BCT.

Osteopore Limited and its Controlled Entities
Consolidated Interim Financial Report
For the half-year ended 30 June 2021

DIRECTORS' REPORT

Osteopore's CE Mark was extended to include 7 new designs, all sizes of Osteoplug, Osteomesh and Osteostrip, and extended product shelf-life. The number of listed shape variants in Osteopore products has increased from 3 to 10, these additional designs allow for access to an estimated 100,000 craniotomy cases per annum to bridge fresh craniotomy cuts created with associated surgical instruments, as well as to accommodate standard therapeutic devices. In addition, the shelf-life of Osteopore products has been extended from 2 years to 3 years, allowing distributors to carry more stock to support both high and low volume hospitals. Based on market research by CETAS Healthcare on annual cranial procedures, Osteopore estimates that the serviceable available market value of the incremental access afforded by the extension exceeds A\$115 million.

RESULTS FOR THE PERIOD

The Group incurred a net loss after tax for the half-year ended 30 June 2021 of \$1,357,767 (30 June 2020: \$670,861). As at 30 June 2021, the Group recorded a net asset position of \$7,605,279 (31 December 2020: \$8,996,345). Net operating cash outflows were \$1,518,118 (30 June 2020: cash outflows of \$829,161). Osteopore ends the half-year with a cash balance of \$7,262,478 (31 December 2020: \$9,027,016).

EVENTS SUBSEQUENT TO REPORTING PERIOD

On 1 August 2021, coinciding with Brett Sandercock's resignation as Non-Executive Chairman, Mark Leong was appointed as Non-Executive Director and Chairman of the Company.

No other matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

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.

Signed in accordance with a resolution of the Directors



Mark Leong
Non-Executive Chairman
30 August 2021

Auditor's Independence Declaration

To the Directors of Osteopore Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Osteopore Limited for the year ended 30 June 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 review;
and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 30 August 2021

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

		Consolidated	
		30 June	30 June
	Note	2021	2020
		\$	\$
Revenue	10	619,340	672,774
Cost of sales		(165,627)	(228,539)
Gross profit		453,713	444,235
Grant income	11	1,841	506,874
Other income		192,914	1,572
Selling and distribution expenses		(256,777)	(203,241)
Administrative expenses		(1,743,114)	(1,413,214)
Operating loss		(1,351,423)	(663,774)
Finance costs		(6,344)	(7,087)
Loss before income tax		(1,357,767)	(670,861)
Income tax		–	–
Loss after income tax		(1,357,767)	(670,861)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(40,659)	(38,051)
Total comprehensive loss		(1,398,426)	(708,912)
Basic and diluted loss per share (cents)	12	(1.16)	(0.66)

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

		Consolidated	
		30 June	31 December
		2021	2020
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		7,262,478	9,027,016
Trade and other receivables	3	473,979	305,189
Other assets		215,408	258,094
Inventories		199,149	151,382
Total Current Assets		8,151,014	9,741,681
Non-Current Assets			
Property, plant and equipment	4	503,301	483,531
Right-of-use asset	5	4,544	22,715
Total Non-Current Assets		507,845	506,253
TOTAL ASSETS		8,658,859	10,247,934
LIABILITIES			
Current Liabilities			
Trade and other payables		684,806	741,221
Employee provisions		56,822	56,375
Borrowings	6	308,339	427,359
Lease liabilities	7	3,613	26,634
Total Current Liabilities		1,053,580	1,251,589
Non-Current Liabilities			
Total Non-Current Liabilities		–	–
TOTAL LIABILITIES		1,053,580	1,251,589
NET ASSETS		7,605,279	8,996,345
EQUITY			
Issued capital	8	26,066,131	26,066,131
Reserves	9	(12,774,858)	(12,741,559)
Accumulated losses		(5,685,994)	(4,328,227)
TOTAL EQUITY		7,605,279	8,996,345

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2021

		Issued Capital	Share Based Payment Reserve	Common Control Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	Note	\$	\$	\$	\$	\$	\$
Balance at 1 January 2020		19,190,063	1,108,302	(14,915,451)	(33,293)	(2,382,341)	2,967,280
Loss after income tax		-	-	-	-	(670,861)	(670,861)
Other comprehensive loss		-	-	-	(38,051)	-	(38,051)
Total comprehensive loss for the period		-	-	-	(38,051)	(670,861)	(708,912)
Share-based payments	9	-	24,025	-	-	-	24,025
Balance at 30 June 2020		19,190,063	1,132,327	(14,915,451)	(71,344)	(3,053,202)	2,282,393
Balance at 1 January 2021		26,066,131	2,271,810	(14,915,451)	(97,918)	(4,328,227)	8,996,345
Loss after income tax		-	-	-	-	(1,357,767)	(1,357,767)
Other comprehensive loss		-	-	-	(40,659)	-	(40,659)
Total comprehensive loss for the period		-	-	-	(40,659)	(1,357,767)	(1,398,426)
Share-based payments	9	-	7,360	-	-	-	7,360
Balance as at 30 June 2021		26,066,131	2,279,170	(14,915,451)	(138,577)	(5,685,994)	7,605,279

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

		Consolidated	
		30 June	30 June
		2021	2020
	Note	\$	\$
Cash flows from operating activities			
Loss before income tax		(1,357,767)	(670,861)
<i>Adjustments for</i>			
Depreciation expense		103,724	73,808
Share based payment expense	9	7,360	24,025
Operating cash flows before changes in working capital		(1,246,683)	(573,028)
Changes in trade receivables		(168,791)	(4,508)
Changes in other assets		42,687	(157,163)
Changes in inventory		(47,767)	(37,001)
Changes in trade and other payables		(97,564)	(57,461)
Net cash (used in) operating activities		(1,518,118)	(829,161)
Cash flows from investing activities			
Purchases of plant and equipment		(105,301)	(281,193)
Net cash (used in) investing activities		(105,301)	(281,193)
Cash flows from financing activities			
(Repayment) / Proceeds from borrowings (net)		(119,020)	39,451
Repayment of lease principal		(22,099)	(17,824)
Net cash (used in) / provided by financing activities		(141,119)	21,627
Net (decrease) in cash and cash equivalents		(1,764,538)	(1,088,727)
Cash and cash equivalents at the beginning of the half-year		9,027,016	3,294,809
Cash and cash equivalents at the end of the half-year		7,262,478	2,206,082

The accompanying notes form part of this financial report

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

General Information and Basis of Preparation

These half-year financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

The consolidated interim financial report has been approved and authorised for issue by the Board of Directors on 30 August 2021.

Going Concern Assumption

The Group has net assets of \$7,605,279 as at 30 June 2021 (31 December 2020: \$8,996,345), incurred a net loss for the half-year of \$1,357,767 (30 June 2020: \$670,861), and net operating cash outflow of \$1,518,118 for the period ended 30 June 2021 (30 June 2020: \$829,161).

The financial report has been prepared on a going concern basis. In reaching their conclusion that the going concern assumption is appropriate, the Directors have considered the ability of the Group to achieve the financial performance and cash flow forecasts prepared by management. Moreover, the Company has, or in the Directors' opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of more than twelve months from the date of this report. Management is not aware of any event or condition that may materially undermine its going concern assumptions.

New, Revised or Amended Accounting Standards and Interpretations

During the half-year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 January 2021. 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.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical Accounting Judgements, Estimates and Assumptions

When preparing the Interim Financial Report, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Interim Financial Report, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2020. The only exceptions are the estimate of income tax liabilities which is determined in the Interim Financial Statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

NOTE 2: DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

NOTE 3. TRADE RECEIVABLES

	Consolidated	
	30 June	31 December
	2021	2020
	\$	\$
Trade receivables	491,139	324,247
Less expected credit losses	(17,160)	(19,058)
	473,979	305,189

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	30 June	31 December
	2021	2020
	\$	\$
Cost	1,203,101	1,091,369
Less accumulated depreciation	(699,800)	(607,831)
	503,301	483,538

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computers \$	Furniture & Fittings \$	Consolidated Plant & Machinery \$	Leasehold Improvements \$	Total \$
Cost	137,310	103,408	566,286	396,097	1,203,101
Less accumulated depreciation	(111,493)	(66,863)	(279,108)	(242,336)	(699,800)
	25,817	36,545	287,178	153,761	503,301
<i>Cost</i>					
Balance at 1 January 2021	118,944	96,511	482,928	392,987	1,091,370
Additions	17,425	6,133	79,536	–	103,094
Disposals	–	–	(15)	–	(15)
Exchange rate movement	941	764	3,837	3,110	8,652
Balance at 30 June 2021	137,310	103,408	566,286	396,097	1,203,101
<i>Accumulated Depreciation</i>					
Balance at 1 January 2021	87,683	60,484	239,370	220,294	607,831
Depreciation expense	23,117	5,900	37,844	20,298	87,159
Disposals	–	–	(15)	–	(15)
Exchange rate movement	693	479	1,910	1,743	4,825
Balance at 30 June 2021	111,493	66,863	279,109	242,335	699,800

NOTE 5. RIGHT-OF-USE ASSET

	Consolidated 30 June 2021 \$	31 December 2020 \$
Cost	90,005	89,298
Less accumulated depreciation	(85,461)	(66,583)
	4,544	22,715
<i>Cost</i>		
Balance at the beginning of the period	89,298	103,921
Revaluation at balance date	–	(6,963)
Exchange rate movement	707	(7,660)
Balance at the end of the period	90,005	89,298
<i>Accumulated depreciation</i>		
Balance at the beginning of the period	66,583	35,063
Depreciation expense	18,350	34,105
Exchange rate movement	528	(2,585)
Balance at the end of the period	85,461	66,583

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. BORROWINGS

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
Amounts due to director – Mr Goh Khoon Seng	–	56,012
Amounts due to related party – Irenne Pte Ltd (director related entity of Prof Teoh Swee Hin)	290,830	288,546
Amounts due to third parties	17,509	46,815
Insurance premium funding	–	35,986
	308,339	427,359

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

NOTE 7. LEASE LIABILITIES

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
Current	3,613	26,634
Non-Current	–	–
	3,613	26,634

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. ISSUED CAPITAL

	30 June 2021		31 December 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 2018		<u>3</u>		<u>3</u>
Issue of shares – seed capital raise	6/6/2019	2,000,000	0.001	2,000
Issue of shares – pre-IPO raise	19/6/2019	1,953,491	0.129	252,000
Shares issued – consideration offer ¹	23/9/2019	71,027,008	0.20	14,205,402
Shares issued – public offer	23/9/2019	26,250,000	0.20	5,250,000
Share issue costs		–		(519,342)
Balance at 31 December 2019		<u>101,230,502</u>		<u>19,190,063</u>
Placement	28/8/2020	16,037,736	0.53	8,500,000
Share issue costs		–		(1,623,932)
Balance at 31 December 2020		<u>117,268,238</u>		<u>26,066,131</u>
Shares Issued		–	–	–
Balance at 30 June 2021		<u>117,268,238</u>		<u>26,066,131</u>

¹ Shares were issued to shareholders of Osteopore International Pte Ltd upon completion of acquisition.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. RESERVES

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
Common control reserve	(14,915,451)	(14,915,451)
Share based payment reserve	2,279,170	2,271,810
Foreign currency translation reserve	(138,577)	(97,918)
	(12,774,858)	(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 assets of OIS to a common control reserve in September 2019.

Share Based Payment Reserve

	No. of Options	\$
Share-based payment reserve as at 30 June 2021	13,475,000	2,279,170
<i>Movements in share-based payment reserve</i>		
Balance at 1 January 2021	13,100,000	2,271,810
Options issued to executives	375,000	1,574
Vesting expense for options issued in prior periods	—	5,786
Balance at 30 June 2021	13,475,000	2,279,170

On 30 June 2021, 375,000 options exercisable at \$0.624 expiring on 2 November 2021, were issued to an executive as an incentive for ongoing performance. 50% of the options will vest and become exercisable on 2 November 2021 and remaining 50% of the options will vest and become exercisable on 2 November 2022.

The Group has measured the fair value of the options granted during the current period by adapting a Black-Scholes option pricing model using the following inputs:

Grant Date	Expiry Date	Exercise Price	Share Price	Volatility	Dividend Yield	Risk Free Rate	Fair Value at Grant Date
27 Jun 2021	2 Nov 2025	\$0.624	\$0.47	89%	0%	0.82%	\$0.28

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. REVENUE

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Sale of goods	619,340	672,774

All sale of goods is recognised at a point in time. The Group's revenue disaggregated by primary geographical markets is as follows:

	30 June 2021	30 June 2020
	\$	\$
Korea	336,565	413,765
Vietnam	58,691	124,990
Germany	51,657	–
Australia	39,338	19,073
Singapore	36,009	46,587
Taiwan	21,921	–
USA	19,015	3,300
Other countries	56,144	65,059
	619,340	672,774

NOTE 11. GRANT INCOME

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
NAMIC grant	–	229,262
Government grant	–	216,240
Other grant	1,841	61,372
	1,841	506,874

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. LOSS PER SHARE

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Loss after income tax	(1,357,767)	(670,861)
	No.	No.
Weighted average number of ordinary shares	117,268,238	101,230,502
	Cents	Cents
Basic and diluted loss per share	(1.16)	(0.66)

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 (30 June 2020: 10,100,000) 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 13. SEGMENT REPORTING

The Group 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 Group's operations since incorporation, the Board has identified two relevant business segments based on the Group's geographical office – Singapore and Australia. The following tables are an analysis of the Group's revenue and results by reportable segment for the half-year ended 30 June 2021 and 2020.

	Singapore	Australia	Consolidated
Profit and Loss	\$	\$	\$
30 June 2021			
Revenue from customers	619,340	–	619,340
Gross revenue	619,340	–	619,340
Grant income	1,841	–	1,841
Other income	192,320	594	192,914
Total revenue	813,501	594	814,095
Loss for the half-year ended 30 June 2021	(804,488)	(553,279)	(1,357,767)
30 June 2020			
Revenue from customers	672,774	–	672,774
Gross revenue	672,774	–	672,774
Grant income	506,874	–	506,874
Other income	696	876	1,572
Total revenue	1,180,344	876	1,181,219
Loss for the half-year ended 30 June 2020	(185,833)	(485,028)	(670,861)

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. SEGMENT REPORTING (CONTINUED)

Financial Position	Singapore \$	Australia \$	Consolidated \$
30 June 2021			
Current assets	1,047,198	7,103,816	8,151,014
Non-current assets	507,845	—	507,845
Total assets	1,555,043	7,103,816	8,658,859
Total liabilities	853,009	200,571	1,053,580
31 December 2020			
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, have been identified based on the customer's geographical location, are disclosed in Note 10.

NOTE 14. CONTINGENT ASSETS AND LIABILITIES

There were no contingent liabilities or contingent assets as at 30 June 2021 (31 December 2020: nil).

NOTE 15. COMMITMENTS

There were no commitments as at 30 June 2021 (31 December 2020: nil).

NOTE 16. EVENTS SUBSEQUENT TO REPORTING PERIOD

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.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17. FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and financial liabilities in each category are as follows:

30 June 2021	Amortised Cost \$	Total \$
<i>Financial assets</i>		
Cash and cash equivalents	7,262,478	7,262,478
Trade and other receivables	689,387	689,387
Total financial assets	7,951,865	7,951,865
<i>Financial liabilities</i>		
Trade and other payables	741,628	741,628
Borrowings	308,339	308,339
Lease liabilities	3,613	3,613
Total financial liabilities	1,053,580	1,053,580
31 December 2020	Amortised Cost \$	Total \$
<i>Financial assets</i>		
Cash and cash equivalents	9,027,016	9,027,016
Trade and other receivables	563,283	563,283
Total financial assets	9,590,299	9,590,299
<i>Financial liabilities</i>		
Trade and other payables	797,596	797,596
Borrowings	427,359	427,359
Lease liabilities	26,634	26,634
Total financial liabilities	1,251,589	1,251,589

Osteopore Limited and its Controlled Entities
Consolidated Interim Financial Report
For the half-year ended 30 June 2021

DIRECTORS' DECLARATION

In the opinion of the Directors of Osteopore Limited and its controlled entities:

1. The financial statements and notes, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Mark Leong

Non-Executive Chairman
30 August 2021

Independent Auditor's Report

To the Members of Osteopore Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Osteopore Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Osteopore Limited does not give a true and fair view of the financial position of the Group as at 30 June 2021, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 audit of the annual 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 review report.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Osteopore Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 30 August 2021