

Osteopore Limited
Interim Financial Report to Shareholders
For the Half Year Ended 30 June 2019

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CORPORATE INFORMATION

Directors

Brett Sandercock
Professor Teoh Swee Hin
Stuart Carmichael
Geoff Pocock

Company Secretary

Deborah Ho

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Website

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Share Register

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Rhodes NSW 2138

Auditor

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

Solicitors

Bellanhuse Lawyers
Level 19, Alluvion
58 Mounts Bay Road
Perth WA 6000

DIRECTORS REPORT

The Directors of Osteopore Limited ("the Company") present their report for the half-year ended 30 June 2019.

DIRECTORS

The names of Directors in office at any time during or since the end of the period were as follows:

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

PRINCIPAL ACTIVITIES

Osteopore Limited was incorporated as a holding company to complete the acquisition of 100% of the issued capital of Osteopore International Pte Ltd ("**Acquisition**").

REVIEW OF OPERATIONS AND RESULTS

On 17 May 2019, the Company and Osteopore International entered into an implementation agreement to complete the Acquisition, which was amended on 12 June 2019 and then extended on 30 August 2019.

Since incorporation, the Company has incurred corporate and acquisition-related costs.

OPERATING RESULTS FOR THE PERIOD

The Company incurred a net loss after tax for the half-year ended 30 June 2019 of \$913,969. As at 30 June 2019, the Company recorded a net current asset position of \$137,154.

DIVIDENDS

There were no dividends paid, recommended or declared during the period.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Since incorporation of the Company on 11 December 2019, there has been no significant changes in the state of affairs of the Company.

DIRECTORS REPORT

EVENTS SUBSEQUENT TO REPORTING PERIOD

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

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

A Replacement Prospectus was subsequently lodged on 25 July 2019.

In accordance with the Company's Replacement Prospectus, the Company is in the process of completing the Acquisition and anticipates issuing the following securities:

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

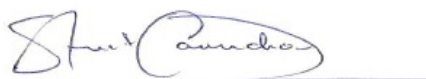
Once completion occurs, the Company anticipates admission to the official list of the Australian Securities Exchange (ASX).

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 Company, the results of those operations or the state of affairs of the Company 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



Stuart Carmichael
Director

Perth
17 September 2019



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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 review of Osteopore Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 17 September 2019

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2019**

	Note	30 June 2019 \$
Other income		7
Acquisition expenses		76,424
Finance costs		5,178
Other expenses		1,004
Share-based payment expense		831,370
Total Expenses		913,976
Loss before income tax expenses		
Income tax expense		-
Loss after income tax for the half-year		(913,969)
Other comprehensive income for the half-year		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Other comprehensive income for the half-year, net of income tax		-
Total comprehensive loss for the half-year		(913,969)
Basic and Diluted Loss per share (cents per share)	7	(236.75)

The accompanying notes form part of this financial report.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	30 June 2019 \$
ASSETS		
Current Assets		
Cash and cash equivalents	3	254,007
Trade and other receivables		11,899
Other assets		95,328
Total Current Assets		361,234
TOTAL ASSETS		361,234
LIABILITIES		
Current Liabilities		
Trade and other payables		120,286
Borrowings	4	103,794
Total Current Liabilities		224,080
TOTAL LIABILITIES		224,080
NET ASSETS		137,154
EQUITY		
Issued capital	5	219,628
Reserves	6	831,370
Accumulated losses		(913,969)
TOTAL EQUITY		137,029

The accompanying notes form part of this financial report.

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2019

		Issued	Share- based Payment Reserve	Accumulated	Total
	Note	Capital \$		Losses \$	Equity \$
Balance as at 1 January 2019		3	-	-	3
Loss for the period		-	-	(913,969)	(913,969)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		-	-	(913,969)	(913,969)
Shares issued	5	254,000	-	-	254,000
Share issue costs	5	(34,375)	-	-	(34,375)
Share-based payments	6	-	831,370	-	831,370
Balance as at 30 June 2019		219,628	831,370	(913,969)	137,029

The accompanying notes form part of this financial report.

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

30 June
2019
\$

CASH FLOWS FROM OPERATING ACTIVITIES

Interest received

7

Net cash provided by operating activities

7

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issue of shares

254,000

Net cash provided by financing activities

254,000

Net increase in cash and cash equivalents

254,007

Cash and cash equivalents at the beginning of the half year

-

Cash and cash equivalents at the end of the half-year

254,007

The accompanying notes form part of this financial report

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Osteopore Limited was incorporated in December 2018 as a holding company to complete the acquisition of 100% of the issued capital of Osteopore International Pte Ltd ("**Acquisition**").

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'.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report. For the purpose of preparing the interim financial report, the half-year has been treated as a discrete reporting period. Since incorporation in December 2018, the Directors have determined that the accounting policies adopted below are appropriate and meet the needs of the owners of the Company.

The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

The interim financial statements have been approved and authorised for issue by the Board of Directors on the 17 September 2019.

Going Concern Assumption

The Company incurred a net loss for the half-year ended 30 June 2019 of \$913,969. These factors indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern.

The Directors believe that there are reasonable grounds to believe that the Company will be able to continue as going concern after consideration of the following factor:

- The Directors have commenced the process of listing on the Australian Securities Exchange ("ASX"). On the successful listing, the Directors anticipate that there will be an additional \$5,250,000 capital raised and injected into the Company.

In the event that the listing is unsuccessful or further capital is not raised, and as a result the Company are unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Company may have to reclassify non-current assets and non-current liabilities as current. No such adjustments have been made to these financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of its goods to a customer.

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the specific location agreed with 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 relation to the goods, as either the customer has accepted the goods in accordance with the sales contract, the acceptance provision have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

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

Expenses

Expenses are recognised in profit and loss upon utilisation of service or at the date of their origin. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

Impairment of Non-Financial Assets

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

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

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

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

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company 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).

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

- Amortised cost
- Fair value through profit or loss (FVPL)
- Equity instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments at fair value through other comprehensive income (FVOCI)

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

Classifications are determined by both:

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

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

Financial assets at amortised cost

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

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

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

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

There are no FVPL and FVOCI instruments for the Company.

Impairment of Financial assets

AASB 9's impairment requirements use more forward-looking information to recognise 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 Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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

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

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

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

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company 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 Company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

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

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). 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.

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and other payables

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

Borrowings

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

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; held primarily for the purpose of trading; 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; held primarily for the purpose of trading; 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.

Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary share are deducted against the share capital account.

Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Leases

Operating Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

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 entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-Based Payments (Continued)

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

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

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

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

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

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

If the non-vesting condition is within the control of the entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the entity 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.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New, Revised or Amended Accounting Standards and Interpretations Applicable

In the half-year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2019.

The Company adopted AASB 16 *Leases* using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Comparative information and retained earnings are not restated at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 117 *Leases* and Interpretation 4 at the date of initial application. No leases were noted as part of the review of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Company's accounting policies.

New, Revised or Amended Accounting Standards and Interpretations Not Yet Mandatory

Any new and revised Standards and Interpretations issued but not yet mandatory, have not been early adopted by the Company for the half-year reporting period 30 June 2019. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations most relevant to the Company are set out below.

AASB 17 Insurance Contracts

The Company has yet to undertake a detailed assessment of the impact of AASB 17. However, based on the Company's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2022.

Critical Accounting Judgements, Estimates and Assumptions

When preparing the interim financial statements, 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. There were no critical accounting judgements, estimates and assumptions applied in the interim financial statements, other than the below.

Share-Based Payments

Equity-settled share-based payments are measured at fair value at the date of grant. Judgement is required in determining the most appropriate valuation for the shares granted, depending on the terms and conditions of the grant. The assumptions and model used are disclosed in Note 6 of the financial statements

NOTE 2: DIVIDENDS

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

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 3: CASH AND CASH EQUIVALENTS

	30 June 2019 \$
Cash at bank and on hand	254,007

NOTE 4: BORROWINGS

	30 June 2019 \$
Premium funding ¹	103,794

¹ Relates to premium funding on Directors and Officers insurance

NOTE 5: ISSUED CAPITAL

	Shares #	\$
Issued and Paid Up Capital		
Fully paid ordinary shares as at 30 June 2019	3,953,494	219,628
<i>Movements in fully paid shares on issue</i>		
Balance as at 1 January 2019	3	3
Issue of shares – 6 June 2019 ²	2,000,000	2,000
Issue of shares – 19 June 2019 ³	1,953,491	252,000
Share issue costs	-	(34,375)
Balance as at 30 June 2019	3,953,494	219,628

¹ Shares were issued at \$1 per share, on incorporation of the Company.

² Shares were issued at \$0.001 per share, pursuant to a seed capital raise.

³ Shares were issued at \$0.129 per share, pursuant to a pre-IPO capital raise.

NOTE 6: RESERVES

	Options #	\$
Share-based payment reserve as at 30 June 2019	7,200,000	831,370
<i>Movements in share-based payment reserve</i>		
Balance as at 1 January 2019	-	-
Issue of options – 23 June 2019	7,200,000	831,370
Balance as at 30 June 2019	7,200,000	831,370

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 6: RESERVES (CONTINUED)

The Company 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	Risk Free Rate
23 June 2019	30 June 2022	\$0.25	\$0.20	100%	1.25%

NOTE 7: LOSS PER SHARE

	30 June 2019
	\$
Loss after income tax	(913,969)
	#
Weighted average number of ordinary shares	386,050
	Cents
Basic and diluted loss per share	(236.75)

As the Company is making a loss, there is no diluted loss per share calculated.

NOTE 8: CONTINGENT ASSETS AND LIABILITIES

There were no contingent liabilities or contingent assets as at 30 June 2019.

NOTE 9: COMMITMENTS

There were no commitments as at 30 June 2019.

NOTE 10: EVENTS SUBSEQUENT TO REPORTING PERIOD

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

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

A Replacement Prospectus was subsequently lodged on 25 July 2019.

NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 10: EVENTS SUBSEQUENT TO REPORTING PERIOD (CONTINUED)

In accordance with the Company's Replacement Prospectus, the Company is in the process of completing the Acquisition and anticipates issuing the following securities:

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

Once completion occurs, the Company anticipates admission to the official list of the Australian Securities Exchange (ASX).

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 Company, the results of those operations or the state of affairs of the Company in future financial periods.

NOTE 11: SEGMENT REPORTING

The Company has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources. Given the Company's operations since incorporation, the Board has identified only one relevant business segment. The Company is domiciled in Australia.

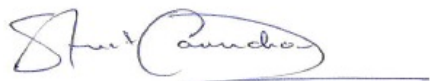
DIRECTORS' DECLARATION

In the opinion of the Directors of Osteopore Limited:

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 Company's financial position as at 30 June 2019 and its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Company 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

A handwritten signature in blue ink, appearing to read 'Stuart Carmichael', is written over a horizontal line.

Stuart Carmichael
Director

Perth
17 September 2019

Independent Auditor's Review 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 (the Company), which comprises the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

Basis for Conclusion

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 Company as at 30 June 2019, 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*.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of \$913,969 during the half year ended 30 June 2019. 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 significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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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 Company's financial position as at 30 June 2019 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 17 September 2019