TBG Diagnostics Limited

ABN 82 010 975 612

APPENDIX 4D – INTERIM FINANCIAL REPORT
RESULTS FOR ANNOUNCEMENT TO THE MARKET

Appendix 4D item 2.1 **Revenue from ordinary activities**.	Increased 30.3% from previous corresponding period to $1,762,020.
Appendix 4D item 2.2 **Profit (loss) from ordinary activities after tax attributable to members.**	Loss decreased 62% from previous corresponding period to $995,954.
Appendix 4D item 2.3 **Net profit (loss) for the period attributable to members.**	Loss decreased 62% from previous corresponding period to $995,954.
Appendix 4D item 2.4 and 2.5 **The amount per security and franked amount per security of final and interim dividends.**	No dividends have been paid or declared during the period and the directors do not recommend the payment of a dividend in respect of the half-year ended 30 June 2017. Dividends are not expected to be paid or declared in the immediate term.
Appendix 4D item 2.6 **A brief explanation of any figures in 2.1 to 2.4 necessary to enable the figures to be understood.**	See attached Directors' Report for an explanation of items 2.1, 2.2 and 2.3.
Appendix 4D item 3 **Net tangible assets per security**.	30 June 2017: 8.7 cents 31 December 2016: 9.0 cents
Appendix 4D item 4.1 **Entities over which control has been gained.**	N/A
Appendix 4D item 4.2 **The date of the gain of control.**	N/A
Appendix 4D item 4.3 **Contribution to profit from ordinary activities.**	N/A

Appendix 4D items 5, 6, 7, and 8 are not applicable.

TBG Diagnostics Limited

Interim Financial Report
For the half-year ended 30 June 2017

ASX HALF-YEAR INFORMATION – 30 June 2017
Lodged with the ASX under Listing Rule 4.2A. This report should be read in conjunction with TBG Diagnostics Limited's 31 December 2016 Annual Report.

Contents

DIRECTORS' REPORT

The Board of Directors of TBG Diagnostics Limited and its controlled entities ('TBG' or 'the Company') present their report on the Company for the half-year ended 30 June 2017.

Directors
The names of the company's directors in office during the half-year and until the date of this report are as below.

Mr Indrajit Arulampalam	(Executive Chairman)
Mr Eugene Cheng	(Chief Operating Officer – TBG Diagnostics Limited /Chief Executive Officer – TBG Inc)
Ms Emily Lee	(Non-Executive Director)
Dr Stanley Chang	(Non-Executive Director)
Mr Edward Chang	(Non-Executive Director)

Officer

Mr Justyn Stedwell	(Company Secretary)

Review of Operations

On 9 November 2016, it was announced that the Board resolved to change the financial year end date from 30 June to 31 December. Previously, the Company's financial year commenced on 1 July and ended on 30 June. The change was made to synchronise the Company's financial reporting with its operating subsidiaries in Taiwan, China and the United States, as well as its ultimate parent company, Medigen. The change in financial reporting will facilitate the delivery of consistent reporting to shareholders and other stakeholders. As such, the interim financial report will be for the 6 months ended 30 June 2017, with comparatives being as at and for the prior 6 months ended 31 December 2016.

The loss for the six months ended 30 June 2017 was $995,954 compared to a loss of $2,621,085 for the six months ended 31 December 2016. The favourable variance is primarily due to the Australia research and development tax incentive rebate pertaining to financial year 30 June 2016 received in January 2017 and increase in sales revenues. This was further coupled by some savings in administrative costs resulting from the group restructuring in 2016.

Administrative and Corporate Expenses

Administrative and corporate expenses decreased 6.9% to $2,009,880 (31 December 2016: $2,158,905) primarily due to costs incurred in relation to the group restructuring in 2016. Costs associated with the disposal of the drug development business in Australia were incurred in 2016. Furthermore, administrative costs associated to the company name change were also incurred in 2016, while 2017 corporate costs decreased due to reduced business size of the parent entity. These events occurred as part of the group's major restructure post acquisition of TBG Inc. and were the final steps prior to turning the group's focus into the In Vitro Diagnostics (IVD) business.

DIRECTORS' REPORT (continued)

Research and Development (R&D) Expenses

The primary activities of the R&D division during the period pertained to the development of various detection kits for various diseases which are as follows:

Transplantation

Clinical studies have clearly shown that HLA gene matching between the donor and recipients of organs and stem cell transplants are key prognostic markers of the transplant success rate including immediate rejection as well as long term survival of the transplanted organ/cell. The applications of HLA genotyping not only includes the traditional donor matching against transplant recipients, but also to establish a global database of HLA typed donors from healthy blood donors or donated cord bloods, determine potential adverse drug reactions, and lastly, the diagnostic of specific autoimmune diseases. IVD products are currently provided for both LOW and HIGH resolutions.

Blood Safety
Once blood has been collected by the blood bank, every unit of blood must be screened for the presence of specific pathogenic microorganisms. While each blood centre across the globe has adopted different screening protocols, most of them will screen for Hepatitis B virus (HBV), Hepatitis C virus (HCV), and Human Immunodeficiency Virus (HIV).

Oncology

Molecular diagnostics in the field of oncology are now growing rapidly. Oncology tests can be used for many different indications, including screening to identify patients at risk of developing cancer, screening for early detection of cancer, determining prognosis, predicting response to therapy and monitoring patients both during and after treatment.

Infectious Disease

Molecular diagnostics for infectious diseases has been widely used and it is currently the largest application for molecular diagnostics. The driving force behind future infectious IVD testing market expansion will be the detection of hospital acquired infection, sexually transmitted diseases and human papilloma virus (HPV).

Hereditary Genetics Testing

Genetic testing identifies specific inherited changes in a person's chromosomes, genes, or proteins. Genetic mutations can have harmful, beneficial, no effect, or cause uncertain effects on health. Genetic testing can confirm whether a condition is, indeed, the result of an inherited syndrome. Genetic testing is also performed to determine whether family members without obvious illness have inherited the same mutation as a family member who is known to carry a disease-associated mutation. We currently provide HLA B27 IVD products for Ankylosing Spongyditis as well as HLA-DQB IVD Products for Celiac and Narcolepsy.

DIRECTORS' REPORT (continued)

A total solution

In order to provide a "sample to answer" workflow, TBG is also developing a fully integrated automation system based on Real Time PCR technology. Built upon this system, we aim to advance efficiency and accelerate results, ultimately improving the quality of products, reducing laboratory costs, and operator safety.

The discontinued component of research and development expenditures at 22 August 2016 pertained to the Australian R&D as follows:

1. Nonclinical development of PG545;
2. Continuation of Phase 1a clinical trial of PG545;
3. Feasibility studies on possible combination of Phase 1b/2a clinical trial of PG545, and
4. Further development and testing of the manufacturing route for PG545.

Selling expenses

Selling expenses decreased 7.6% to $426,146 (31 December 2016: $460,978). At 31 December 2016, TBG incurred more marketing costs in relation to product launches, overseas exhibition participations, and related travel costs to initially introduce its products in Mainland China. Post product launch activities, the group's China subsidiary commenced its sales operations during 2017.

Loss on Discontinued Operations

Loss on discontinued operations of $313,985 at 31 December 2016 pertained to losses on disposal (sale) of the Australian drug development arm, Progen PG500 Series Pty Ltd.

Revenue and Other Income

Total revenues earned during the period increased 30.4% to $1,762,020 in 30 June 2017 (31 December 2016: $1,351,713) due to an increase in the sales volume by regular customers brought by seasonal variations. Of the sales revenue from customers $906,747 (56%) represented sales to its parent entity, Medigen (31 December 2016: $584,019, 43%).

Other income increased $780,226 to $1,625,132 mainly due to the research and development tax incentive rebate received of $1,012,341 pertaining to the 2016 financial year (31 December 2016: nil). At 31 December 2016, other income resulting from the reversal of the make good obligation pertaining to the former office premises at Darra, QLD was recognised.

Significant Changes in the State of Affairs

Exclusive licensing agreement

On 13 March 2017, the Company announced that in association with Taiwan based pharmaceutical company, Medigen Corp., it has entered into an Exclusive Licensing Agreement with the Taiwan National University Hospital (NTUH) for development and distribution of a patented product that is designed to evaluate adverse reactions to antithyroid drugs. With the signing of the agreement, the TBG – Medigen partnership will obtain the worldwide exclusive right to develop and distribute an InVitro Diagnostic (IVD) product that can identify and prevent patients suffering Grave's Disease (GD) from developing further life-threatening agranulocytosis after taking Thionamide drugs.

DIRECTORS' REPORT (continued)

ASHI accreditation of Xiamen facility

On 19 May 2017, the Company announced that its Xiamen laboratory has been accredited by the international recognised authority, American Society for Histocompatibility and Immunogenetics (ASHI). The accreditation ensures that the Xiamen facility produces results that are of a recognised high quality standard. The accreditation comes at the completion of a program that evaluates a number of important requirements for the HLA laboratory, including personnel, procedures facility presentation and clinical services.

This accreditation supports TBG in its endeavours to be the leading supplier of HLA products and services within the Asian region. The Xiamen and Taiwan facilities provide TBG with excellent portals to achieve the company's vision.

Significant Events After the Reporting Date

Grant of Taiwan FDA Approval and CE Mark for TBG Typing Kit ExProbe™ Product

On 24 July 2017, the Company announced that its product ***EXProbeT™ SE HLA ABCDRDQ (ExProbe™)*** Typing Kit has received the European CE-Mark as well as the Taiwan FDA market approval. Receiving these certifications immediately allows access to existing and new markets with a unique TBG Diagnostics product and signifies the following:

- *EXProbeT™* is one of fastest test products available for Human Leukocyte Antigen diagnostics
- ExProbe™ Typing Kits are also planned for production in TBG Xiamen facility and China FDA registration
- Key certification for a new TBG product line to enhance HLA IVD pipeline
- Global HLA market is worth roughly $700m AUD and growing rate at 7% CAGR

The ExProbe™ system is developed based on the real-time PCR (Polymerase Chain Reaction) technology platform. With less than 80 minutes from purified DNA to clinical report, this is one of the fastest molecular Human Leukocyte Antigen (HLA) testing products available.

Liquidity and Cash Resources

At 30 June 2017 cash and cash equivalents amounted to $9,234,873 compared to $10,642,000 at 31 December 2016. During the six months ending 30 June 2017, the Company disbursed $4,159,725 to fund its normal operations, collected $2,321,192 from its trade customers and received $1,012,341 research and development tax incentive rebate pertaining to 2016 financial year.

Rounding of Amounts

For the half year ended 30 June 2017 amounts contained in this report and in the financial report have been rounded to the nearest dollar.

DIRECTORS' REPORT (continued)

Auditor Independence
The independence declaration of the Company's auditors is on page 9 and forms part of this report.

This report has been made in accordance with a resolution of directors.

Jitto S. Arulampalam
Executive Chairman
Brisbane, 28 August 2017

AUDITOR INDEPENDENCE DECLARATION

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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF TBG DIAGNOSTICS LIMITED

As lead auditor for the review of TBG Diagnostics Limited for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of TBG Diagnostics Limited and the entities it controlled during the period.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 28 August 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2017

	Note	Consolidated 6 months ended 30 June 2017 $	Consolidated 6 months ended 31 December 2016 $
REVENUE FROM CONTINUING OPERATIONS	4(a)	**1,762,020**	**1,351,713**
Cost of Sales		470,904	407,796
Gross Profit		**1,291,116**	**943,917**
Other income	4(b)	1,625,132	844,906
Expenses			
Administrative and corporate expenses		(2,009,880)	(2,158,905)
Research and development expenses		(1,476,176)	(1,476,040)
Selling expenses		(426,146)	(460,978)
		(3,912,202)	**(4,095,923)**
Loss before income tax expense		**(995,954)**	**(2,307,100)**
Income tax expense		-	-
LOSS FROM CONTINUING OPERATIONS		**(995,954)**	**(2,307,100)**
DISCONTINUED OPERATIONS			
Loss from discontinued operation	5	-	(313,985)
NET LOSS FOR THE PERIOD		**(995,954)**	**(2,621,085)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation		(220,122)	309,710
OTHER COMPREHENSIVE INCOME		(220,122)	309,710
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,216,076)	(2,311,375)
Basic and diluted loss per share (cents per share)		(0.46)	(1.2)
Basic and diluted loss per share (cents per share) applicable to continuing operations		(0.46)	(1.1)

The accompanying notes form an integral part of this Statement of Profit or Loss and Other Comprehensive Income.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		Consolidated	
	Note	30 June 2017 $	31 December 2016 $
ASSETS			
Current assets			
Cash and cash equivalents	6	9,234,873	10,642,000
Trade and other receivables		889,016	819,680
Inventories		674,888	724,815
Prepayments and other current assets		715,868	788,014
Receivables and other assets	7	841,843	-
Total current assets		12,356,488	12,974,509
Non-current assets			
Receivables and other assets	7	4,272,292	4,524,824
Plant and equipment		2,931,065	3,316,307
Intangible assets		1,038,991	1,363,330
Total non-current assets		8,243,348	9,204,461
TOTAL ASSETS		**20,598,836**	**22,178,970**
LIABILITIES			
Current liabilities			
Trade and other payables	8	677,180	1,155,113
Provisions		20,491	21,071
Total current liabilities		697,671	1,176,184
Non-current liabilities			
Provisions		17,189	14,616
Total non-current liabilities		17,189	14,616
TOTAL LIABILITIES		**714,860**	**1,190,800**
NET ASSETS		**19,883,976**	**20,988,170**
EQUITY			
Contributed equity	9	36,211,120	36,211,120
Reserves		2,458,542	2,566,782
Accumulated losses		(18,785,686)	(17,789,732)
TOTAL EQUITY		**19,883,976**	**20,988,170**

The accompanying notes form an integral part of this Statement of Financial Position.

TBG DIAGNOSTICS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2017

Consolidated	Contributed equity $	Accumulated losses $	Employee option reserve $	Foreign currency translation $	Total $
At 1 July 2016	**36,211,120**	**(15,168,647)**	**27,970**	**2,117,220**	**23,187,663**
Loss for the period	-	(2,621,085)	-	-	(2,621,085)
Other Comprehensive Income	-	-	-	309,710	309,710
Total Comprehensive Income for the period	-	**(2,621,085)**	**-**	**309,710**	**(2,311,375)**
Transactions with owners in their capacity as owners:					
Share-based payments to employees	-	-	111,882	-	111,882
At 31 December 2016	**36,211,120**	**(17,789,732)**	**139,852**	**2,426,930**	**20,988,170**
At 1 January 2017	**36,211,120**	**(17,789,732)**	**139,852**	**2,426,930**	**20,988,170**
Loss for the period	-	(995,954)	-	-	(995,954)
Other Comprehensive Income	-	-	-	(220,122)	(220,122)
Total Comprehensive Income for the period	-	**(995,954)**	**-**	**(220,122)**	**(1,216,076)**
Transactions with owners in their capacity as owners:					
Share-based payments to employees	-	-	111,882	-	111,882
At 30 June 2017	**36,211,120**	**(18,785,686)**	**251,734**	**2,206,808**	**19,883,976**

The accompanying notes form an integral part of this Statement of Changes in Equity.

STATEMENT OF CASH FLOWS

For the half-year ended 30 June 2017

	Note	Consolidated 6 months ended 30 June 2017	31 December 2016
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,321,192	1,719,959
Payments to suppliers, employees and others		(4,159,725)	(4,541,312)
Research and development tax incentive received		1,012,341	-
Government grant		-	6,689
Interest received		32,637	41,841
Finance costs	4(f)	(4,773)	(4,433)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES		(798,328)	(2,777,256)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash outflow from sale of subsidiaries		-	(1,166,056)
Payments for plant and equipment		(115,310)	(110,154)
Payments of development costs		(132,006)	(201,911)
Proceeds from sale of equipment		-	25,553
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(247,316)	(1,452,568)
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net (decrease) in cash held		(1,045,644)	(4,229,824)
Net foreign exchange differences		(361,483)	309,955
Cash and cash equivalents at the beginning of period		10,642,000	14,561,869
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	9,234,873	10,642,000

The accompanying notes form an integral part of this Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2017

1. CORPORATE INFORMATION

The half-year consolidated financial report for TBG Diagnostics Limited and its controlled entities ('TBG' or 'the Company') for the period ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 28 August 2017.

On 9 November 2016, it was announced that the Board resolved to change the financial year end date from 30 June to 31 December. Previously, the Company's financial year commenced on 1 July and ended on 30 June. The change was made to synchronise the Company's financial reporting with its operating subsidiaries in Taiwan, China and the United States, as well as its ultimate parent company, Medigen. The change in financial reporting will facilitate the delivery of consistent reporting to shareholders and other stakeholders. As such, the interim financial report will be for the 6 months ended 30 June 2017, with comparatives being as at and for the prior 6 months ended 31 December 2016.

TBG Diagnostics Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and the OTCQB Market under the ticker symbols TDL and TDLAF respectively.

The nature of the operations and principal activities of the Company are described in Note 3.

2. BASIS OF PREPARATION

This general purpose interim financial report for the half year ended 30 June 2017 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual report of the Company for the year ended 31 December 2016 and any public announcements made by TBG Diagnostics Limited during the interim reporting period.

For the half year ended 30 June 2017, the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

The accounting policies and methods of computation applied in this interim financial report are consistent with those applied in the previous financial year and the corresponding interim reporting period. The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. This adoption has not resulted in any changes to the Company's accounting policies and has had no effect on the amounts reported in the current and prior periods.

Fair Values

The fair values of TBG's financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

3. OPERATING SEGMENTS

The Company operates in the biotechnology industry. The Company's activities comprise the research, development, and manufacture of biopharmaceuticals. The operating segments are identified by executive management (chief operating decision makers) based on the nature of the activity.

Accordingly, management currently identifies the Company as having one reportable segment, the InVitro Diagnostics segment which is engaged with the research of biological drugs and the retail and wholesale of veterinary drugs with operations mainly in Taiwan and China. All revenue derived from continuing operations is from the InVitro Diagnostics segment.

The previously identified segment of Pharmaceutical Development for the 6 months ended 31 December 2016, was considered as discontinued operations as it was disposed of on 22 August 2016, as such, this is no longer relevant.

4. REVENUE AND EXPENSES

Loss for the period includes the following specific items:

	Consolidated 6 Months ended	
	30 June 2017 $	**31 December 2016 $**
(a) Revenues		
Sales revenue	1,549,691	1,183,095
Technical services revenue	212,329	168,618
	1,762,020	1,351,713
(b) Other income		
Research & development tax incentive	1,012,341	-
Interest revenue	605,377	531,734
Foreign exchange gain	6,236	25,201
Government grant	-	6,689
Other	1,178	281,282
	1,625,132	844,906
c) Minimum lease payments – operating leases	217,512	199,065
(d) Depreciation & amortisation	571,878	514,132
(e) Employee benefits		
Wages and salaries	1,134,106	1,119,848
Long service leave provision	1,992	14,616
Share-based payments	111,882	111,882
(f) Finance costs		
Bank charges	4,773	4,433

5. DISCONTINUED OPERATIONS

(a) Description

Disposal of Progen PG500 Series Pty Ltd

On 22 August 2016, the Company announced that it had entered into a binding agreement to sell the PG500 assets to Zucero Therapeutics Ltd ('Zucero') for a total deferred consideration of $6,000,000 payable in August 2019. The Company has negotiated the right to be able to convert the deferred consideration into equity such that the Company will hold 20% of the total issued share capital of Zucero, under certain specific circumstances. In order to secure payment of the deferred consideration and protect the Company's interests, the parties have entered into security interest agreements and a guarantee.

Remaining losses applicable to the write down of the value of intangibles to recoverable amount were recognised as part of discontinued operations.

Disposal of Progen PG500 Series Pty Ltd

This transaction was the final step in the strategic review and company restructure which commenced in May 2015. Following the restructure, the Board and management will continue to focus on the Group's core competencies in the In Vitro Diagnostics ("IVD") industry as a result of the acquisition of TBG Inc. The Group's major emphasis will be on the development and expansion of product range and distribution throughout the high growth Asia region.

On 23 February 2017, a Deed of Variation was executed whereby the Company gave the buyer, Zucero, a right to make an early payment of the deferred payment, subject to occurrence of a $4 million capital raising event. This allows the buyer to pay the deferred payment by way of a $1,999,000 cash payment and $4 million in Zucero shares. This right must be exercised before 31 December 2017 or the original agreement is enforceable.

(b) Results of discontinued operations

	6 months ended 30 June 2017 $	6 months ended 31 December 2016 $
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Operating expenses	-	**(369,633)**
Results from operating activities	-	**(369,633)**
Gain on sale of operation before tax - (c)	-	**55,648**
Profit (loss) from discontinued operations	**-**	**(313,985)**
Basic and diluted loss per share – discontinued operations (cents per share)	**-**	**(0.14)**

5. DISCONTINUED OPERATIONS (continued)

(c) Details of the sale of Progen PG500 Series Pty Ltd at disposal date

	22 August 2016
Consideration received or receivable:	$
Cash	1,000
Present value of deferred consideration	2,778,999[1]
Total disposal consideration	**2,779,999**
Carrying amount of net assets sold - (e)	2,724,351
Gain (loss) on sale before income tax	**55,648**
Income tax expense	-
Gain (loss) on sale after income tax	**55,648**

[1] The balance of the deferred consideration of $5,999,000 is to be paid on the deferred payment date which is 36 months from completion date on 31 August 2019. As part of the Share Sale Agreement, the buyer granted the seller the right to convert the deferred consideration into buyer's shares representing 20% of the total capital of the buyer, under certain specific circumstances. These receivables have been discounted to the fair value at the time of sale. At 30 June 2017, the present value of the deferred consideration was $3,454,089 (31 December 2016: $3,044,691).

(d) Cash flows from discontinued operation

	6 months ended 30 June 2017 $	6 months ended 31 December 2016 $
Net cash inflow from operating activities	-	(32,944)
Net cash outflow from investing activities	-	(1,166,056)
Net cash flow for the period	**-**	(1,199,000)

(e) The carrying amounts of assets and liabilities as at the date of sale were:

	22 August 2016 $
Cash and cash equivalents	1,167,056
Receivables and prepayments	5,761
Property, plant and equipment	12,819
Patents	1,669,174
Total assets	**2,854,810**
Trade and other payables	45,771
Provisions	84,688
Total liabilities	**130,459**
Net assets – (c)	**2,724,351**
Cash received and disposed of in transaction	
Cash consideration received	1,000
Cash and cash equivalents disposed of	(1,167,056)
Net cash outflow	**(1,166,056)**

5. DISCONTINUED OPERATIONS (continued)

(f) Cumulative income or expense included in other comprehensive income

There are no cumulative income or expenses included in other comprehensive income relating to the discontinued operation.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents per the statement of financial position:

	30 June 2017 $	31 December 2016 $
Cash at banks and on hand	5,802,277	6,307,522
Short-term deposits	3,432,596	4,334,478
	9,234,873	10,642,000

7. RECEIVABLES AND OTHER ASSETS

	30 June 2017 $	31 December 2016 $
Receivables and other assets - Current		
Receivable from Luina Biotechnology Pty Ltd[1]	841,843	-
Receivables and other assets – Non-current		
Receivable[1]	4,010,432	4,277,156
Other non-current assets[2]	261,860	247,668
Receivables and other assets – Non Current	4,272,292	4,524,824

[1] The receivables relate to the disposal of Progen PG500 Series Pty Ltd and Pharmasynth Pty Ltd to Zucero and Luina Biotechnology Pty Ltd ('Luina') respectively.

The Company had entered into a Share sale and Purchase Agreement (SSPA) to sell its wholly owned biopharmaceutical manufacturing subsidiary, Pharmasynth to Luina in 4 March 2016 for a total consideration of $2.200,000, of which $100,000 was received as upfront initial payment. The balance of the deferred consideration is to be paid in two remaining instalments, $1,000,000 on 4 March 2018 and $1,100,000 on 4 March 2020. The two amounts have been discounted to their fair value at the time of sale. At 30 June 2017, the present value of the current portion of the deferred consideration was $841,843, and the non-current portion was $556,343.

The remaining portion of the non-current receivable relates to the deferred consideration arising from the disposal of Progen PG500 Series Pty Ltd, as described in note 5(a). Details of the deferred consideration and the present value of this is detailed in note 5(c).

[2] Includes bank guarantee held for the purpose of a vendor agreement for outsourced production services in Taiwan. The restricted assets have a carrying value of $171,276 (TWD $4 million) with an expiry date of 15 April 2021.

8. TRADE AND OTHER PAYABLES

	30 June 2017 $	31 December 2016 $
Trade creditors	270,401	450,407
Other creditors	406,779	704,706
Trade and other payables	677,180	1,155,113

9. CONTRIBUTED EQUITY

	30 June 2017		31 December 2016	
	Number of shares	Amount $	Number of Shares	Amount $
Beginning of the financial year	217,587,289	36,211,120	217,587,289	36,211,120
Issued during the period	-	-	-	-
End of the financial period	**217,587,289**	**36,211,120**	**217,587,289**	**36,211,120**

10. RELATED PARTY TRANSACTIONS

Related party transactions to ultimate parent, Medigen Biotechnology Corporation, a company incorporated in Taiwan*

	30 June 2017 $	31 December 2016 $
Revenues		
- Sale of goods	**906,747**	584,019
Purchases		
- Purchases of inventories	**-**	-
Receivables from related party		
- Trade receivables	**551,737**	300,867
Payables to related party		
- Trade and other payables	**-**	1,578

*An executive director and one staff member performs services for the Group but are directly employed by Medigen. There is no existing agreement for any intercompany charges for said services between the Group and Medigen. No related party liabilities in relation to this were recognised at 30 June 2017 and 31 December 2016.

11. SUBSEQUENT EVENTS

There have been no events that occurred after reporting date.

12. CONTINGENT LIABILITIES AND ASSETS

There was no change in contingent liabilities or assets from those disclosed in the 31 December 2016 annual report.

DIRECTORS' DECLARATION

In the director's opinion:

(a) the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

(b) the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial half-year ended on that date; and

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

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors.

Jitto S. Arulampalam
Executive Chairman

Brisbane
28 August 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of TBG Diagnostics Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of TBG Diagnostics Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

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 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 consolidated entity's financial position as at 30 June 2017 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 TBG Diagnostics 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of TBG Diagnostics Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TBG Diagnostics Limited is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit Pty Ltd

T R Mann
Director

Brisbane, 28 August 2017