TBG Diagnostics Limited

ABN 82 010 975 612

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

Appendix 4D item 1.1 **Revenue from continuing operations**.	Revenues increased 21.2% from previous corresponding period to $1,558,390.
Appendix 4D item 1.2 **Profit (loss) from continuing operations after tax attributable to members.**	Loss decreased 10.3% from previous corresponding period to $1,373,586
Appendix 4D item 1.3 **Net profit (loss) from discontinued operations for the period attributable to members.**	Profit increased 1857.2% from previous corresponding period to $11,986,928
Appendix 4D item 1.4 **Net profit (loss) for the period attributable to members.**	Profit increased 579.6% from previous corresponding period to $10,613,342
Appendix 4D item 1.5 and 1.6 **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 2019. Dividends are not expected to be paid or declared in the immediate term.
Appendix 4D item 1.7 **A brief explanation of any figures in 1.1 to 1.6 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 2 **Net tangible assets per security**.	30 June 2019: 8.2 cents 31 December 2018: 5.3 cents
Appendix 4D item 3.1 **Entity (or group of entities) over which control has been gained.** **Entity (or group of entities) over which control has been lost**	*Entity control was gained:* TBG Biotechnology (HuNan) *Entities control was lost:* TBG Biotechnology (Xiamen) Inc. including: • XiaDe (Xiamen) Biotechnology Co, Ltd • BioBay Medical Health Ltd • TBG Biotechnology (HuNan)
Appendix 4D item 3.2 **The date of the loss of control.**	3 May 2019
Appendix 4D item 3.3 **Contribution to profit(loss) for the current period to 3 May 2019.** **The profit or loss of such entities during the whole of the previous corresponding period** [1] Represents contribution of the TBG Xiamen Group to profit for the period. [2] Represents contribution of the TBG Xiamen Group to profit for the previous corresponding period.	*Entity control was gained:* TBG Biotechnology (HuNan) Loss contribution: $nil *Entities control was lost:* Loss contribution: Loss: $912,509[1] Previous corresponding period: Loss: $983,423[2]

Appendix 7D item 4.1 **Details of associates and joint venture**	TBG Biotechnology (Xiamen) Inc. including: • XiaDe (Xiamen) Biotechnology Co, Ltd • BioBay Medical Health Ltd • TBG Biotechnology (HuNan) • Zhangsha ZhangYe Medical Laboratory Corp • Zhangsha ZhangYe Medical Technology Corp • Zhangsha ZhangYe Medical Laboratory
Appendix 7D item 4.2 **The date of the interest acquisition**	3 May 2019
Appendix 7D item 4.3 **Acquired percentage of shareholding** Refer to note 12 for further details.	46.65% of group entities including: • TBG Biotechnology (Xiamen) Inc Current Period: 46.65% Previous corresponding period: 100% • XiaDe (Xiamen) Biotechnology Co, Ltd Current Period: 46.65% Previous corresponding period: 100% • BioBay Medical Health Ltd Current Period: 27.99% Previous corresponding period: 60% • TBG Biotechnology (HuNan) Current Period: 37.32% Previous corresponding period: nil • Zhangsha ZhangYe Medical Laboratory Corp Current Period: 46.65% Previous corresponding period: nil • Zhansha ZhangYe Medical Technology Corp Current Period: 46.65% Previous corresponding period: nil • Zhangsha ZhangYe Medical Laboratory Current Period: 46.18% Previous corresponding period: nil
Appendix 7D item 4.4 **Group's aggregate share of associates and joint venture entities' profit (loss) from 1 May to 30 June 2019** Refer to note 12 for details.	Loss contribution: $514,780 Previous corresponding period: $nil

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

Interim Financial Report
For the half-year ended 30 June 2019

ASX HALF-YEAR INFORMATION – 30 June 2019
Lodged with the ASX under Listing Rule 4.2A. This report should be read in conjunction with TBG Diagnostics Limited's 31 December 2018 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 2019.

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), resigned 1 February 2019 (Non-Executive Director), appointed 1 February 2019
Ms Emily Lee	(Non-Executive Director)
Dr Stanley Chang	(Non-Executive Director)
Mr Hsi Kai (C.K.) Wang	(Non-Executive Director), appointed 1 February 2019

Officer

Mr Justyn Stedwell	(Company Secretary)

Review of Operations

The net profit for the six months ended 30 June 2019 was $10,468,540 compared to a net loss of $2,303,646 for the six months ended 30 June 2018. The huge improvement is primarily due to gain on discontinued operations relating to the disposal of the China group, TBG Xiamen and its subsidiaries. Furthermore, income was also realised pertaining to the early settlement of the deferred consideration of PG500 assets that were sold in 2016.

Administrative and Corporate Expenses

Administrative and corporate expenses decreased 26.5% to $874,114 (2018: $1,188,828). During 2019, the deferred receivable pertaining to PG500 assets were settled in full as described in note 6. Due to final settlement, there were no impairment losses recognised during the period as opposed to prior year where impairment losses of $528,000 were recognised corresponding to the full interest and other income recognised during that period. Furthermore, Mr Eugene Cheng, the Group's Chief Operating Officer/Non-executive Director resigned during the period resulting to savings in employee costs.

DIRECTORS' REPORT (continued)

Research and Development (R&D) Expenses
Research and development expenditure decreased 1.5% to $1,002,103 (2018: $1,017,851) during the six months ended 30 June 2019. In 2017, European CE-Mark certification was granted for the product *ExProbe™ SE HLA ABCDRDQ* (ExProbe™) Typing Kit as well as regulatory approval in Taiwan. CFDA approval was also received for a portfolio of HLA genotyping kits in China. In 2018, TBG continuously focused on the development of molecular diagnostics in Immunogenetics. Based on multiplex PCR technology, the Group is also developing products for infectious disease diagnostics. Of the twenty-four (24) products currently being developed, six (6) products in transfusion, immunity and infectious diseases have entered clinical trials and IVD approval processes. These stages of product development were continued to the current six-months period.

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).

DIRECTORS' REPORT (continued)

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.

The partly discontinued research and development expenditures pertaining to the disposal group in China are as follows:

1. Manufacture and clinical trial stages including regulation submission of a series of products that were developed by TBG Taiwan which is currently under licensing agreement with TBG Xiamen;
2. Technology development of infectious diseases, oncology, blood screening and genetic testing products; and
3. Provision of genetic testing services in transplantation, blood and platelets transfusion, cancer and genetic diagnostics in Xiamen City, Fujian Region and other neighbouring provinces of China.

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.

Selling expenses

Selling expenses decreased 29.2% to $321,557 (2018: $453,958). Due to seasonal changes, there were less promotional campaigns and related marketing costs incurred during the period.

Gain on Discontinued Operations

Gain on discontinued operations significantly increased to $11,842,126 (2018: $772,934 loss). During the period, the Group completed the disposal of its subsidiaries in China, TBG Xiamen and its subsidiaries, resulting to a gain of $5,843,126. Concurrently, during the period, income of $5,999,000 was recognised relating to the full settlement of the deferred receivable relating to the PG500 assets that were sold in 2016.

Refer to *note 6* for further details.

Revenue and Other Income

Total revenues earned during the period increased 21.2% to $1,558,390 in 30 June 2019 (2018: $1,285,689) due to increase in sales resulting from new customers. Related party sales to the parent, Medigen Biotechnology Corp. amounted to $425,619 (2018: $391,788) representing 27% (2018: 30%) of total revenues.

Other income decreased 15.1% to $101,747 (2018: $119,804) mainly due to the impact of foreign currency fluctuations.

Significant Changes in the State of Affairs

Completion of the acquisition of Zhangsha Zhang-Ye Medical Laboratory

On 3 May 2019, TBG Diagnostics Ltd (the 'Group' or the 'Company') announced that it has completed the acquisition of Zhangsha ZhangYe Medical Laboratory Corp. ("ZhangYe") through its subsidiary TBG Biotechnology Xiamen ("TBG Xiamen") in accordance with the terms announced to ASX on 17 December 2018.

After completion of the transactions, the Company currently holds 46.65% of the equity in TBG Xiamen and TBG Xiamen holds 100% of the equity in ZhangYe, such that the Company indirectly holds an interest of 46.65% in ZhangYe.

TBG Xiamen was incorporated in 2014 to address the government requirements of Haicang, China, for foreign entities operating genetic testing businesses in the Xiamen region of China and carries on a business of research and development and manufacturing molecular diagnostic kits and instruments.

ZhangYe is a company incorporated in China which conducts a business of providing medical laboratory testing services to hospitals and the community, and which is based in the city of Zhangsha in Hunan Province.

As part of the agreement, DongYuan Huaxin (Beijing) Capital Management Co Ltd ("DongYuan"), one of the parties in the agreement, provided capital investment of $2,252,252 (CNY 10,680,000) into TBG Xiamen. DongYuan, a private equity firm incorporated in China, is a consulting and advisory company which aims to strategically grow the reach of many of the businesses it invests in, including by leveraging off its relationships in China and Asia Pacific to expand its portfolio companies' capabilities.

The acquisition allows the Company to draw on the capabilities and resources of ZhangYe and Dongyuan in order to develop synergies between each of the businesses of ZhangYe and Dongyuan and the TBG Xiamen Business, and to expand the TBG Xiamen Business further within the China and Asia Pacific markets.

Refer to *note 12* for further details of the investment in associates accounted for under the equity method.

Settlement of the deferred consideration for the Sale of PG500 Assets

As announced on 22 August 2016, the Company 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.

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 $4,000,000 capital raising event. This allows the buyer to pay the deferred payment by way of a $1,999,000 cash payment and $4,000,000 in Zucero shares. This right had to be exercised before 31 December 2017 or the original agreement is enforceable. This did not occur during the period.

On 7 May 2018, the Company accepted and signed an agreement deed with Zucero Therapeutics whereby the Company granted irrevocable rights to Zucero to satisfy the deferred payment prior to 31 December 2018, the conversion end date, by converting the Convertible Deferred Payment portion of $4 million into QF Shares, subject to the buyer completing a qualified Financing Event and other relevant conditions; and

Significant Changes in the State of Affairs (cont'd)

Settlement of the deferred consideration for the Sale of PG500 Assets (cont'd)

pay the seller the Cash Deferred Payment portion of $1,999,000. This did not occur during the period, however, further extension of the Conversion End Date to 31 March 2019 was approved on 21 February 2019.

On 3 May 2019, the Company announced that it has entered into a Deed of Settlement for the full settlement of the $5,999,000 deferred consideration whereby the Company received cash settlement of $1,999,000 and 10,000,000 preference shares in Zucero at an issue price of $0.40 per share with a total value of $4,000,000. Following the issuance of the preference shares, the Company currently holds 7.89% in the capital of Zucero.

Changes to board of directors

On 1 February 2019, Mr Eugene Cheng resigned as Group Chief Operating Officer but remained in his capacity as non-executive director of the group until his subsequent resignation on 28 May 2019.

Significant Events After the Reporting Date

There were no significant events that have occurred after the reporting date.

Liquidity and Cash Resources

At 30 June 2019 cash and cash equivalents amounted to $6,920,214 compared to $6,734,791 at 31 December 2018. During the six months ending 30 June 2019, the Company disbursed $4,474,240 to fund its normal operations, collected $2,793,387 from its trade customers. The parent entity received an amount of $1,999,000 from Zucero as the cash consideration component of the total deferred consideration settled in full during the period. The group also received $2,252,252 from DongYuan being its capital contribution as part of the ZhangYe acquisition. This formed part of the total outflow of $2,579,786 pertaining to the disposal of TBG Xiamen relating to the same transaction.

Rounding of Amounts

For the half year ended 30 June 2019 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 11 and forms part of this report.

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

Jitto S. Arulampalam
Executive Chairman
Brisbane, 29 August 2019

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DECLARATION OF INDEPENDENCE 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 2019, 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, 29 August 2019

STATEMENT OF PROFIT OR LOSS
For the half-year ended 30 June 2019

		Consolidated	
		6 months ended 30 June 2019	**6 months ended 30 June 2018**
	Note	**$**	**$**
REVENUE FROM CONTINUING OPERATIONS	5(a)	**1,558,390**	**1,285,689**
Cost of Sales		321,169	275,568
Gross Profit		**1,237,221**	**1,010,121**
Other income	5(b)	101,747	119,804
Expenses			
Research expenses		(1,002,103)	(1,017,851)
Administrative and corporate expenses		(874,114)	(1,188,828)
Selling expenses		(321,557)	(453,958)
Share of net loss of associates accounted for under the equity method	12 (b)	(514,780)	-
		(2,712,554)	**(2,660,637)**
Income (Loss) before income tax expense		**(1,373,586)**	**(1,530,712)**
Income tax expense		-	-
LOSS FROM CONTINUING OPERATIONS		**(1,373,586)**	**(1,530,712)**
DISCONTINUED OPERATIONS			
Gain from discontinued operation	6 (i)	11,842,126	(772,934)
NET PROFIT (LOSS) FOR THE PERIOD		**10,468,540**	**(2,303,646)**
Net profit (loss) attributable to:			
- Equity holders of the Company		10,613,342	(2,212,865)
- Non-controlling interest		(144,802)	(90,781)
Basic and diluted (loss) per share (cents per share) – continuing operations attributable to equity holders of the Company		(0.63)	(0.70)
Basic and diluted earnings (loss) per share (cents per share)		4.88	(1.02)

The accompanying notes form an integral part of this Statement of Profit or Loss.

STATEMENT OF OTHER COMPREHENSIVE INCOME
For the half-year ended 30 June 2019

	Note	Consolidated 6 months ended 30 June 2019 $	Consolidated 6 months ended 30 June 2018 $
NET PROFIT (LOSS) FOR THE PERIOD		**10,468,540**	**(2,303,646)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation		362,367	410,113
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**10,830,907**	**(1,893,533)**
Total comprehensive income (loss) attributable to:			
- Equity holders of the Company		10,969,237	(1,800,823)
- Non-controlling interest		(138,330)	(92,710)
Total comprehensive income (loss) for the period attributable to owners of TBG Diagnostics Limited arises from			
- Continuing operations		(882,525)	(1,017,750)
- Discontinued operations		11,851,762	(783,073)

The accompanying notes form an integral part of this Statement of Other Comprehensive Income.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	Consolidated 30 June 2019 $	31 December 2018 $
ASSETS			
Current assets			
Cash and cash equivalents	7 (a)	6,920,214	5,647,021
Trade and other receivables		910,150	620,084
Inventories		825,218	811,152
Prepayments and other current assets		141,192	103,319
Assets classified as held for sale	6 (f)	-	4,433,361
Total current assets		8,796,774	11,614,937
Non-current assets			
Receivables and other assets		199,386	217,867
Plant and equipment		1,255,996	1,445,079
Right-of-use assets		407,500	-
Financial assets measured at fair value through other comprehensive income	8	4,000,000	-
Investment in associates accounted for under the equity method	12	8,940,938	-
Total non-current assets		14,803,820	1,662,946
TOTAL ASSETS		**23,600,594**	**13,277,883**
LIABILITIES			
Current liabilities			
Trade and other payables	9	813,944	743,823
Provisions		44,785	15,901
Lease liabilities		308,759	-
Liabilities directly associated with assets classified as held for sale	6 (f)	-	643,502
Total current liabilities		1,167,488	1,403,226
Non-current liabilities			
Lease liability		88,455	-
Provisions		-	25,515
Total non-current liabilities		88,455	25,515
TOTAL LIABILITIES		**1,255,943**	1,428,741
NET ASSETS		**22,344,651**	**11,849,142**

STATEMENT OF FINANCIAL POSITION (cont'd)
As at 30 June 2019

	Note	30 June 2019 $	31 December 2018 $
EQUITY			
Contributed equity	10	36,211,120	36,211,120
Reserves		4,000,097	3,543,593
Accumulated losses		(17,866,566)	(28,479,908)
Capital and reserves attributable to owners of TBG Diagnostics Ltd		22,344,651	11,274,805
Non-controlling interests		-	574,337
TOTAL EQUITY		**22,344,651**	**11,849,142**

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

STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2019

	Attributable to owners of TBG Diagnostics Limited						
Consolidated	**Contributed Equity $**	**Accumulated losses $**	**Other reserves $**	**Foreign currency translation reserve $**	**Total $**	**Non-controlling interests $**	**Total equity $**
At 1 January 2018	36,211,120	(24,330,122)	363,616	2,360,044	14,604,658	389,078	14,993,736
Loss for the year	-	(2,212,865)	-	-	(2,212,865)	(90,781)	(2,303,646)
Other Comprehensive Income	-	-	-	412,042	412,042	(1,929)	410,113
Total Comprehensive Income for the year	-	(2,212,865)	-	412,042	(1,800,823)	(92,710)	(1,893,533)
Transactions with owners in their capacity as owners:							
Contribution of capital – non-controlling interest	-	-	-	-	-	412,692	412,692
Cost of share-based payments	-	-	98,151	-	98,151	-	98,151
At 30 June 2018	**36,211,120**	**(26,542,987)**	**461,767**	**2,772,086**	**12,901,986**	**709,060**	**13,611,046**
At 1 January 2019	**36,211,120**	**(28,479,908)**	**321,740**	**3,221,853**	**11,274,805**	**574,337**	**11,849,142**
Income (Loss) for the year	**-**	**10,613,342**	**-**	**-**	**10,613,342**	**(144,802)**	**10,486,540**
Other Comprehensive Income	**-**	**-**	**-**	**355,895**	**355,895**	**6,472**	**362,367**
Total Comprehensive Income for the year	**-**	**10,613,342**	**-**	**355,895**	**10,969,237**	**(138,330)**	**10,830,907**
Transactions with owners in their capacity as owners:							
Cost of share-based payments	**-**	**-**	**100,609**	**-**	**100,609**	**-**	**100,609**
Disposal of non-controlling interest	**-**	**-**	**-**	**-**	**-**	**(436,007)**	**(436,007)**
At 30 June 2019	**36,211,120**	**(17,866,566)**	**422,349**	**3,577,748**	**22,344,651**	**-**	**22,344,651**

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 2019

	Note	Consolidated 6 months ended 30 June 2019 $	 6 months ended 30 June 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,793,387	2,334,044
Payments to suppliers, employees and others		(4,474,240)	(5,251,881)
Government grant		-	63,636
Interest received		56,049	36,810
Finance costs	5(f)	(10,190)	(10,296)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES		(1,634,994)	(2,827,687)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts of deferred settlement of discontinued operations	6	1,999,000	1,800,000
Payments for the sale of TBG Xiamen	6	(327,534)	-
Payments for plant and equipment		(194,677)	(1,037,484)
Payments of development costs		-	(125,479)
NET CASH FLOWS FROM INVESTING ACTIVITIES		1,476,789	637,037
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(88,005)	-
Capital contribution from non-controlling interests in former subsidiary		-	412,692
NET CASH FLOWS (USED IN)/PROVIDED BY FINANCING ACTIVITIES		(88,005)	412,692
Net (decrease) in cash held		(246,210)	(1,777,958)
Net foreign exchange differences		431,633	311,917
Cash and cash equivalents at the beginning of period		6,734,791	7,918,213
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	6,920,214	6,452,172

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 2019

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 2019 was authorised for issue in accordance with a resolution of the directors on 29 August 2019.

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 4.

2. BASIS OF PREPARATION

This general purpose interim financial report for the half year ended 30 June 2019 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 2018 and any public announcements made by TBG Diagnostics Limited during the interim reporting period.

For the half year ended 30 June 2019, 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 except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the group
The following standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting the following standards:

- AASB 16 *Leases*

The impact of the adoption of this standard and the new accounting policies are disclosed in Note 3 below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

3. CHANGES IN ACCOUNTING POLICIES

The following shows any new accounting policies which have been applied from 1 January 2019.

AASB 16 Leases

The company has adopted AASB 16 Leases from 1 January 2019 using the modified retrospective approach. Accordingly, the information presented for 2018 has not been restated and is presented, as previously reported, under AASB 117 Leases.

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

AASB 16 Leases (cont'd)

Impact of Adoption

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.31%.

	2019 $
Operating lease commitments disclosed as at 31 December 2018	455,403
Discounted using the lessee's incremental borrowing rate at 1 January 2019	(77,000)
Lease liability recognised as at 1 January 2019	**378,403**
Of which are:	
Current lease liabilities	184,887
Non-current lease liabilities	193,516

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate site leases.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:
- right-of-use assets – increase by $378,403.
- lease liabilities – increase by $378,403.

There was no impact on accumulated losses on 1 January 2019.

In applying AASB 16 for the first time, the company used the following practical expedients permitted by the standard: the use of a single discount rate to a portfolio of leases with reasonably similar characteristics, reliance on previous assessments on whether leases are onerous, the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

***AASB 16 Leases* - Accounting policies applied from 1 January 2019**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case The Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

***AASB 16 Leases* - Accounting policies applied from 1 January 2019 (cont'd)**

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of The Group if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where The Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When The Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Investment in Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

Significant estimates

AASB 10 Consolidated Financial Statements

Loss of control

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

4. 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. All revenue derived from continuing operations is from the InVitro Diagnostics segment and this is what has been reported in the financial statements.

5. REVENUE AND EXPENSES

Income (loss) for the period includes the following specific items:

	Consolidated	
	6 months ended 30 June 2019 $	**6 months ended 30 June 2018 $**
(a) Revenue from contracts with customers		
Sales revenue	1,428,598	1,124,052
Technical services revenue	129,792	161,647
	1,558,390	1,285,699
(b) Other income		
Interest revenue	43,250	32,928
Foreign exchange gain	57,226	86,377
Other	1,271	499
	101,747	119,804
c) Minimum lease payments – operating leases		
- Low value/short-term leases	64,479	-
(d) Depreciation & amortisation		
- Continuing operations	377,682	288,784
- Discontinued operations	245,505	283,094
(e) Employee benefits		
Wages and salaries	819,320	1,034,692
Long service leave provision	3,370	(2,431)
Share-based payments	100,609	61,101
(f) Finance costs		
Bank charges		
- Continuing operations	4,208	8,916
- Discontinued operations	137	1,380
(g) Share of net loss of associates accounted for under the equity method	514,780	-

6. DISCONTINUED OPERATIONS

(i) Summary of gains and losses from discontinued operations

	Consolidated	
	30 Jun 2019	30 Jun 2018
	$	$
Loss of control of TBG Biotechnology Co. (Xiamen) Inc.- (ii)	**5,843,126**	(983,423)
Disposal of Progen PG500 Series Pty Ltd – (iii)		
- Interest revenue	**445,565**	528,000
- Reversal of impairment losses	**5,064,314**	
- Gain from early settlement	**489,121**	-
- Impairment of receivables	**-**	(528,000)
	5,999,000	-
Disposal of PharmaSynth Pty Ltd - (iv)	**-**	210,489
Total gain/(loss) from discontinued operations	**11,842,126**	**(772,934)**

(ii) Disposal of TBG Biotechnology Co. (Xiamen) Inc.

(a) Description

On 17 December 2018, TBG Diagnostics Limited (the "Company") has entered into an agreement (through its wholly owned subsidiary TBG Biotechnology Xiamen ("TBG Xiamen")) to acquire Zhangsha ZhangYe Medical Laboratory Corp. ("ZhangYe"), a company incorporated in China which conducts a business of providing medical laboratory testing services to hospitals and the community, and which is based in the city of Zhangsha in Hunan Province. This has been completed on 3 May 2019.

TBG Xiamen was incorporated in 2014 to address the government requirements of Haicang, China, for foreign entities operating genetic testing businesses in the Xiamen region of China and carries on a business of research and development and manufacturing molecular diagnostic kits and instruments. In consideration for the acquisition of 100% issued capital in ZhangYe the Company will transfer shares constituting 42.1% of TBG Xiamen to the founding shareholders of Zhangsha ZhangYe Medical Laboratory Corp.

Dongyuan Huaxin (Beijing) Capital Management Co Ltd ("Dongyuan"), one of the parties in the agreement, is a private equity firm incorporated in China and will provide capital investment into TBG Xiamen. Dongyuan is a consulting and advisory company which aims to strategically grow the reach of many of the businesses it invests in, including by leveraging off its relationships in China and Asia Pacific to expand its portfolio companies' capabilities.

Under the agreement with Dongyuan, shares equaling 11.25% of TBG Xiamen's share capital will be issued to Dongyuan for cash consideration of RMB 10,680,000, which will be reinvested in TBG Xiamen ("Dongyuan Investment").

After completion of the transactions, the Company holds 46.65% of the equity in TBG Xiamen and TBG Xiamen will hold 100% of the equity in ZhangYe, such that the Company will indirectly hold an interest of 46.65% in ZhangYe.

This results in a fair value of the remaining 46.65% interest in TBG Xiamen (post completion of transaction) in AUD terms of $8,806,877 and the elimination of the carrying value of individual assets, liabilities and equity related to TBG Xiamen including any goodwill recognised. Any amounts owed by TBG Xiamen to group companies will be accounted for in accordance with relevant standards and not eliminated.

The proceeds of disposal exceeded the net carrying amount of the assets and liabilities, and accordingly, no impairment loss has been recognised on the results of discontinued operations.

6. DISCONTINUED OPERATIONS (Cont'd)

(b) Results of discontinued operations – TBG Xiamen

	30 Jun 2019 $	30 Jun 2018 $
Revenue	**193,463**	384,706
Cost of sales	**(99,949)**	(184,081)
Gross profit	**93,514**	200,625
Other income	**64,241**	67,890
Operating expenses		
Selling expenses	**(158,314)**	(136,116)
Administrative expenses	**(531,745)**	(748,201)
Research and development expenses	**(380,205)**	(367,621)
	(1,070,264)	(1,251,938)
Results from operating activities	**(912,509)**	(983,423)
Income tax	**-**	-
Loss before income tax	**(912,509)**	(983,423)
Gain on sale of discontinued operations – 6 (c)	**6,755,635**	-
Net loss from discontinued operations	**5,843,126**	(983,423)
Other comprehensive income	**16,108**	107,640
Total comprehensive income (loss) from discontinued operations	**5,859,234**	(875,783)
Net loss attributable to non-controlling interest	**(144,802)**	(90,781)
Basic and diluted loss per share – discontinued operations (cents per share)	**2.69**	(0.04)

(c) Details of the sale of discontinued operations at disposal date

	3 May 2019 $
Consideration received or retained interest:	
Fair value of investment at 46.65%[1]	8,806,877
Payables of TBG Xiamen to the Group (46.65%)	(579,142)
Receivables of the group from TBG Xiamen	1,227,983
Cost of investment – note 12 (c)	9,455,718
Carrying amount of net assets sold – (e)	(2,700,083)
Gain on sale before income tax	**6,755,635**
Income tax expense	**-**
Gain on sale after income tax	**6,755,635**

[1] The fair value of the Group's unlisted equity investment is determined using a risk adjusted discounted cash flow model which includes inputs based on public information of comparable companies with similar scale and products.

Refer to *note 12* for further details of the investment in associates accounted for under the equity method.

6. DISCONTINUED OPERATIONS (Cont'd)

(d) Cash flows from discontinued operations

	30 Jun 2019 $	31 Dec 2018 $
Net cash outflow from operating activities	(681,292)	122,605
Net cash outflow from investing activities	(95,052)	(1,264,950)
Net cash outflow from financing activities	-	412,692
Foreign exchange differences	16,108	130,862
Net cash flow for the period	**(760,236)**	**(598,791)**

(e) The carrying amount of the assets and liabilities of the TBG Xiamen Group at 3 May 2019 were:

	2019 $
Cash and cash equivalents	327,534
Receivables	312,494
Inventories	370,361
Prepayments and other current assets	264,802
Property, plant and equipment	1,855,219
Intangible asset	368,950
Other non-current assets	313,893
Total assets	**3,813,253**
Trade and other payables	463,706
Provisions	649,464
Total liabilities	**1,113,170**
Net assets – (c)	**2,700,083**
Cash received and disposed of in transaction	
Cash consideration received	2,252,252
Cash and cash equivalents disposed of	(2,579,786)
Net cash outflow	**(327,534)**

(f) Assets and liabilities of disposal group classified as held for sale

At 31 December 2018, TBG Biotechnology Co. (Xiamen) Inc. was classified as a disposal group and comprised the following assets and liabilities:

	2018 $
Cash and cash equivalents	1,087,770
Receivables	57,692
Inventories	376,531
Prepayments and other current assets	170,258
Property, plant and equipment	1,987,529
Intangible asset	376,558
Other non-current assets	377,023
Total assets	**4,433,361**
Trade and other payables	201,305
Provisions	442,194
Total liabilities	**643,502**
Net assets of disposal group	**3,789,859**

6. DISCONTINUED OPERATIONS (Cont'd)

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

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

(iii) 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.

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.

On 7 May 2018, the Company entered into an agreement deed with Zucero amending the terms under the Principal Document dated 16 August 2016 and Deed of Variation dated 23 February 2017, whereby the Company granted irrevocable rights to Zucero to satisfy the deferred payment prior to 31 December 2018, the conversion end date, by converting the Convertible Deferred Payment portion of $4 million into QF Shares[1], subject to the buyer completing a qualified Financing Event and other relevant conditions; and pay the seller the Cash Deferred Payment portion of $1.9 million. This did not occur during the period, however, further extension of the Conversion End Date to 31 March 2019 was approved on 21 February 2019.

On 3 May 2019, the Company announced that it has entered into a Deed of Settlement for the full settlement of the $5,999,000 deferred consideration whereby the Company received cash settlement of $1,999,000 and 10,000,000 preference shares in Zucero at an issue price of $0.40 per share with a total value of $4,000,000. Following the issuance of the preference shares, the Company holds 7.89% in the capital of Zucero.

Interest and other income of $5,999,000 (2018: $nil) pertaining to the full deferred consideration amount was recognised as part of discontinued operations. The corresponding interest and other income of $528,000 in prior year was recognised with a concurrent impairment provision recognised for the same amount.

[1]QF Shares means Ordinary Shares which are issued in connection with the Qualifying Financing Event

(iv) Discontinued operation - Disposal of PharmaSynth Pty Ltd

On 23 February 2018, an early settlement proposal from Luina was made and accepted by the Company for $1,800,000 as final settlement of Luina's obligations in respect of the outstanding balance of $2,100,000. The interest and other income of $210,489 that arose from early settlement of the deferred consideration of Pharmasynth Pty Ltd on the sale to Luina Biotechnology Pty Ltd has been recognised as interest income and other income and formed part of gain on discontinued operations in prior year.

7. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents per the statement of financial position:

	30 June 2019 $	31 December 2018 $
Cash at banks and on hand	5,677,347	3,319,560
Short-term deposits	1,242,867	2,327,461
	6,920,214	5,647,021

(b) For the purpose of the statement of cash flows, cash and cash equivalents comprises the following:

		Consolidated	
		30 June 2019 $	31 Dec 2018 $
Cash at banks and on hand		5,677,347	3,319,560
Short-term deposits		1,242,867	2,327,461
Cash at banks and short-term deposits attributable to disposal group	6 (f)	-	1,087,770
		6,920,214	6,734,791

8. FAIR VALUE MEASUREMENTS

Fair value measurements at 30 June 2019	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets measured at fair value through other comprehensive income				
- Preference shares – biotechnology sector	-	4,000,000	-	4,000,000

Fair value measurements at 31 December 2018	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets measured at fair value through other comprehensive income	-	-	-	-

The Group has classified its financial instruments into the three levels prescribed under the Australian Accounting Standards. An explanation of each hierarchy and the valuation techniques used to determine their fair values are as follows:

Level 1

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the end of the reporting period.

Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of financial instruments determined using valuation techniques which maximises the use of observable market date and with little reliance on entity-specific estimates. The fair value of the Group's financial asset is determined using the Available Market Prices valuation methodology. The selection of this method was assessed by the Group as the most appropriate valuation methodology based on readily observable market transactions.

8. FAIR VALUE MEASUREMENTS (cont'd)

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant. Refer to *note 6 (iii)* for details of the financial asset measured at fair value through other comprehensive income.

Level 3

Level 3 inputs are based on unobservable market data for the asset or liability.

9. TRADE AND OTHER PAYABLES

	30 June 2019 $	31 December 2018 $
Trade creditors	210,678	153,274
Short term borrowings	230,025	-
Other creditors	373,241	590,549
Trade and other payables	813,944	743,823

10. CONTRIBUTED EQUITY

	30 June 2019		31 December 2018	
	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**

11. RELATED PARTY TRANSACTIONS

The following transactions[1] occurred with related parties during the period:

	6 months ended 30 June 2019 $	6 months ended 30 June 2018 $
Sale/payment of goods and services:		
(a) Sale of goods		
- Parent entity[2]	**425,619**	391,788
- Associates[3]	**287,964**	-
(b) Office lease – parent entity[2]	**93,325**	89,653
(c) Utilities – parent entity[2]	**7,656**	-

	30 June 2019 $	31 December 2018 $
Receivables from related parties		
- Trade receivables – parent entity[2]	**367,968**	319,450
- Trade receivables – associates[3]	**983,200**	-
- Other receivables – associates[3]	**442,302**	-

[1] Transactions with the related parties are on normal commercial terms.
[2] The parent entity is Medigen Biotechnology Corp, a company based in Taiwan.
[3] The associate is TBG Biotechnology (Xiamen) Inc., a company based in China.

12. INVESTMENT IN ASSOCIATES ACCOUNTED FOR UNDER THE EQUITY METHOD

Investment in associates are accounted for under the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

(a) Details of associates and joint venture entities

Name	Country of Incorporation	% Equity Interest 30 Jun 2019	31 Dec 2018
TBG Biotechnology Corp. (Xiamen) Group	China	**46.65**	100

(b) Contribution to profit (loss) of the period

	30 Jun 2019 $	31 Dec 2018 $
TBG Biotechnology (Xiamen) Inc. Group	**(514,780)**	-

12. INVESTMENT IN ASSOCIATES ACCOUNTED FOR UNDER THE EQUITY METHOD (Cont'd)

(c) Reconciliation to investment in associates accounted for under the equity method

	30 Jun 2019 $	31 Dec 2018 $
Opening balance, 1 January 2019	-	
Fair value at initial recognition – note 6 (c)	9,455,718	-
Share of net loss of associates – (b)	(514,780)	-
Closing balance, 30 June 2019	**8,940,938**	-

13. SUBSEQUENT EVENTS

There were no significant events that have occurred after the reporting date.

14. CONTINGENT LIABILITIES AND ASSETS

There was no change in contingent liabilities or assets from those disclosed in the 31 December 2018 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 2019 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
29 August 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of TBG Diagnostics Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of TBG Diagnostics Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the half-year ended on that date; and

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

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 Group's financial position as at 30 June 2019 and its financial 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 the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO

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T R Mann
Director

Brisbane, 29 August 2019