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TBG Diagnostics Preliminary Final Report (Amended)

Melbourne, Australia, 31 August 2016. TBG Diagnostics Limited (ASX: TDL, OTC: PGLA) (the ***Company*** or ***TBG***) hereby releases an amended Appendix 4E Preliminary Final Report for the Company.

This amended Appendix 4E replaces the original Appendix 4E released via the Market Announcements Office earlier this afternoon. This version contains amendments to page one of the Appendix 4E as follows:

Original version	**Amended version**
Loss from ordinary activities after income tax attributable to members **down**	Loss from ordinary activities after income tax attributable to members **up**
Net loss attributable to members **down**	Net loss attributable to members **up**

There were no other amendments to the Appendix 4E.

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About TBG Diagnostics

TBG Diagnostics is a global molecular diagnostic (MDx) company operating in the IVD (in vitro diagnostics) industry. TBG is focused on the development, manufacture and marketing of molecular diagnostic kits, instruments and services

TBG Diagnostics is an established brand with a strong presence in the Asian market. From its plant in Xiamen, China it develops and manufactures:

- Nucleic Acid Test (NAT) products
- HLA typing reagents based on NAT technologies
- Automation systems for NAT operations
- IVD-related NAT kits and services

Products distributed to more than 22 countries. Major hospital and laboratory clients in USA, Taiwan, Germany, Portugal, China, Hong Kong and Singapore. Operating in the rapidly growing IVD market - US$53 billion in 2013 and expected to reach US$74.7 billion by 2020 (This is huge to say we operate in the IVD market. More realistically, we operate in the MDx market which is growing from 10% ($6Bn USD) to 25.2% ($25Bn USD) of total IVD market share by 2024.)

Targeting further growth in China - fastest growing MDx market at CAGR of 27.9%. Extensive research and development pipeline targeting products for oncology, infectious diseases, transplants, transfusions, pharmacogenetics, autoimmune diseases and genetic diseases

Appendix 4E
Preliminary Final Report

Name of Entity:	**TBG Diagnostics Limited**
ABN	82 010 975 612

1. Details of the reporting period

Current Period: 1 July 2015 – 30 June 2016

Previous Corresponding Period: 1 July 2014 – 30 June 2015

2. Results for announcement to the market

				$'000
Revenue from continuing operations	up	306.0%	to	$3,275
Loss from ordinary activities after income tax attributable to members	up	85.4%	to	$3,447
Net loss attributable to members	up	565.6%	to	$12,378

Explanation of revenue

Total consists mainly of revenues from sequence based typing (SBT) and sequence specific primer (SSP) products. Of the total revenues, 90% come from product revenues while 10% consists of technical services and interest income.

Explanation of Net Profit after Tax

The net loss of $12.4 million is mainly attributed to losses from discontinued operations of $8.9 million. During the financial year, the Company sold its Australia manufacturing arm, PharmaSynth Pty Ltd. The associated manufacturing contracts and goodwill were disposed of in this transaction realising losses of $5.1 million. At 30 June 2016, management was also committed to a plan to sell its pharmaceutical development business, Progen PG500 Series Pty Ltd. Losses applicable to the disposal group of $3.8 million was also recognised to reduce the intangible asset to its recoverable amount equal to the present value of the deferred consideration.

Acquisition of TBG Inc.

As a result of the acquisition of TBG Inc. (as discussed in Note 4) this Preliminary Report represents a continuation of the financial statements of TBG Inc., which is treated as the acquirer of TBG Diagnostics Limited (formerly Progen Pharmaceuticals Limited) for accounting purposes. The comparative results reflect the financial statements of TBG Inc.

3. Consolidated Statement of Profit and Loss and Other Comprehensive Income

Refer to page 12.

4. Consolidated Statement of Financial Position

Refer to page 13.

5. Consolidated Statement of Changes in Equity

Refer to page 14.

6. Consolidated Statement of Cash Flows

Refer to page 15.

7. Net tangible assets per ordinary share

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security (cents) [1] Represents net tangible asset backing per security of TBG Diagnostics Limited as disclosed in the 30 June 2015 Appendix 4E	10.34	6.26 [1]

8. Dividends

No dividend for the year ended 30 June 2016 has been declared or paid to shareholders.

9. Dividend/distribution reinvestment plan

No dividend/distribution reinvestment plan for the financial year ended 30 June 2016.

10. Details of controlled entities

10.1 Name of entity (or group of entities) over which control was gained [2] Represents entities acquired by TBG Diagnostics Limited during the year. Refer note 4 for detail of accounting for this transaction	TBG Inc. (Cayman Islands)[2], including: • TBG Biotechnology Corp. (TBG Taiwan); • TBG Biotechnology Xiamen Inc. (TBG Xiamen); and • Texas Biogene, Inc. (Texas Biogene).
10.2 Name of entity (or group of entities) over which control was lost	PharmaSynth Pty Ltd
10.3 Date control was lost	4 March 2016
10.4 The contribution of such entities to the reporting entity's profit from ordinary activities during the period The profit or loss of such entities during the whole of the previous corresponding period	*Entities control was gained:* Loss Contribution: Loss: $2,906,366[3] Previous corresponding period: Loss: $1,859,557[4] *Entities control was lost:* Loss Contribution: Loss: $166,532[5]

[3] Represents contribution of the TBG Inc. Group to profit for the period. [4] Represents the loss of the TBG Inc. Group for the previous corresponding period. [5] Represents the contribution of PharmaSynth Pty Ltd to profit for the period [6] Represents the loss of PharmaSynth for the previous corresponding period	Previous corresponding period: Loss: $1,760,818

11. Details of associates and joint venture entities

11.1 Name of the entity.	N/A
11.2 The date of the gain or loss of control.	N/A
11.3 Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.	N/A

12. Auditing Status

This report is based on accounts which are in the process of being audited.

13. Other significant information

Refer to commentary on result below.

14. Audit disputes or qualifications

This report is based on accounts which are in the process of being audited.

15. Results and Review of operations

Company Overview

The principal activities of TBG Diagnostics Limited (formerly Progen Pharmaceuticals Limited) during the year were as follows:

1. Continued the discovery, research and development of potential pharmaceutical therapeutics for the treatment of human diseases. This group is a disposal group held for sale at 30 June 2016;
2. The provision of contract services related to the process development, manufacture and quality assurance of biopharmaceutical products. This was discontinued and disposed through sale during the third fiscal quarter of 2016 financial year; and
3. Focused on the research and development, manufacturing, sales and marketing and services of Molecular Diagnostics (MDx) products, including assays and instruments.

The Company's objective is to become one of the leading MDx companies in whole Asia particularly in China. Due to its unparalleled performance in immune matching ability, molecular diagnostics is becoming an essential tool in helping the clinician with critical transplant decisions. TBG is continually pushing to the forefront of molecular testing for diagnostics. From the extraction of nucleic acids, amplification and detection of infectious diseases, genotyping and viral load testing, TBG is committed to expanding the applications of our core technology.

Operating and Financial Review

Operating Results for the Year

The consolidated operating result for the year ended 30 June 2016 was a loss of $12,377,722, being an increase of 565.6% over the prior year loss of $1,859,557.

15. Results and Review of operations (cont'd)

The significant increase in the loss for 2016 of $10,518,165 is mainly attributed to losses applicable to acquired business assets from the reverse merger acquisition of TBG Inc during January 2016. The manufacturing business, PharmaSynth Pty Ltd, acquired from Progen Pharmaceuticals Limited was sold during the financial year with total losses of $5,105,853 including the value of manufacturing contracts intangible and the goodwill associated to this Cash Generating Unit (CGU). Losses recognised applicable to the disposal group held for sale, PG545, amounted to $3,824,857 at 30 June 2016 representing the write-down of the value of the associated patents.

The following table summarises the consolidated results:

	% Change	2016 $	2015 $
Revenue	306.0	3,274,654	806,589
Cost of Sales	307.0	(1,056,861)	(259,667)
Other income	58.8	463,860	292,057
Research and development expenses	226.3	(2,855,458)	(875,100)
Selling expenses	199.7	(543,042)	(181,209)
Administrative and corporate expenses	66.3	(2,730,435)	(1,642,227)
Loss on discontinued operations	-	(8,930,440)	-
Operating loss	**565.6**	**(12,377,722)**	(1,859,557)

Earnings/ (Loss) per Share and Net Tangible Assets per Share

	% Change	2016 cents	2015 cents
Basic and diluted loss per share	(5.7)	(6.7)	(1.0)
Net tangible assets per share	(13.4)	10.3	11.9

Management Discussion and Analysis

Revenue and Other Income

Total revenues earned during the year significantly increased 306.0% to $3,274,654 in 2016 (2015: $806,589) due mainly to significant increase in the sales revenue arising from sequence based typing (SBT) and sequence specific primer (SSP) products. Of the total sales, 67% (2015: 78%) represent sales to its related party entity, Medigen Biotechnology Co ('Medigen'). The corresponding cost of sales increased 307% to $1,056,861 (2015: $259,867) in conjunction with the increase in sales revenues.

TBG was the former human leukocyte antigen (HLA) division of Medigen prior to the company spin-off from 1 January 2015.

Other income increased 58.8% to $463,680 (2015: $292,057) primarily due to increase in cash reserves resulting from the TBG acquisition. Further, foreign exchange gains were realised from holding foreign currency deposits to hedge future losses.

15. Results and Review of operations (cont'd)

	% Change	2016 $	2015 $
Revenue and other income			
Sales revenues	332.4	2,892,780	669,053
Technical services revenue	180.7	312,788	111,439
Interest revenue	164.7	69,085	26,097
Other income	58.8	463,860	292,057
Total revenue and other income	**240.3**	**3,738,514**	1,098,646

Research and Development (R&D) Expenditure

The primary activities of the R&D division during the year 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 center 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).

15. Results and Review of operations (cont'd)

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.

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 pertained to the Australian R&D as follows:

1. Nonclinical development of PG545;
2. Continuation of Phase 1a clinical trial of PG545; and
3. Characterisation and development of the manufacturing route for PG545;

Research and Development

Research and development expenditure increased 226.3% to $2,855,458 (2015: $875,100) during the year ended 30 June 2016, primarily due to significant costs involved in development works and the associated oncology and research costs. Further, a full year's operations commenced in 2016 as compared with half year results in 2015. The company was a spin-off entity of Medigen from 1 January 2015. Additional employees were also hired during the financial year to support the expanding operational needs of the division.

Selling expenses

Selling expenses increased 199.7% to $543,042 (2015: $181,209) mainly due to the commencement of full year's operations by the Company as stand-alone separate entity in 2016. The Company was a spin-off entity of the former parent company, Medigen Biotechnology Corp., from 1 January 2015.

General and administrative expenses

General and administrative expenses increased 66.3% to $2,730,436 (2015: $1,642,227) due mainly to the double up of the size of expenses resulting from the commencement of full year's operations of TBG as a new separate entity from Medigen, the addition of new employees in conjunction with the company spin-off, and the increased general and administrative expenses resulting from the business combination as described in note 4.

15. Results and Review of operations (cont'd)

Loss on discontinued operations

Loss on discontinued operations of $8,930,440 (2015: nil) pertains to losses on disposal (sale) of the Australian manufacturing arm, PharmaSynth Pty Ltd, where the associated manufacturing contracts and goodwill were written down to nil values. Losses applicable to the disposal group, Progen PG500 Series Pty Ltd was also recognised to reduce the intangible asset to equal the present value of the deferred consideration in relation to the proposed and approved sale of the PG500 assets.

Significant Changes in the State of Affairs

Changes to board of directors

On 7 December 2015, Dr Christopher Harvey and Dr Hongjen Chang resigned as non-executive directors of the group. Following their resignation, Dr Stanley Chang and Ms Emily Lee were appointed as non-executive directors. Mr Eugene Cheng was also appointed as Managing Director of the group.

On 3 February 2016, Mr Edward Chang was appointed as non-executive director of the group.

Acquisition of TBG Inc.

On 1 May 2015, TBG (formerly Progen) announced that it has signed a Binding Term Sheet to acquire the company TBG Inc. (the "Strategic Transaction") from Medigen Biotechnology Corporation, subject to due diligence, ASX, US OTC, ASIC, Taipei Exchange ("TPEx"), regulatory and shareholder approvals. TBG Inc. is a company established in Cayman Islands that operates within the global molecular diagnostics industry and is focused on the development, manufacture and marketing of nucleic acid testing kits and services. On 16 October 2015, the Company announced that it has signed a share sale and purchase agreement (SSPA) with Medigen Biotechnology Corporation ("Medigen").

On 29 January 2016, the Company announced that it had completed the acquisition as all the conditions precedents in the Share Sale and Purchase Agreement ("SSPA") had been satisfied. Pursuant to the SSPA, the Company issued 101,722,974 shares ("Consideration Shares") to Medigen as consideration for the acquisition of TBG Inc. As a result of the 'reverse acquisition', the Company obtained 100% of the issued share capital and voting rights of TBG Inc., hence, obtaining full control of the entity. At the direction of the ASX, the Consideration Shares are to be treated as restricted securities for a period of 24 moths from the reinstatement date on 3 February 2016.

Change of company name to TBG Diagnostics Limited

In light of the significant change in scale and nature of its business resulting from the TBG Inc. acquisition, the Company changed its name from Progen Pharmaceuticals Limited to TBG Diagnostics Limited. The change of name was approved by the Australian Securities & Investments Commission and a certificate of name change was received on 11 December 2015. The name change will reflect more accurately the future operations and activities of the Company, which focuses on the global molecular diagnostic industry and the development, manufacture and marketing of nucleic acid test kits and associated services.

15. Results and Review of operations (cont'd)

Strategic review and discontinued operations

On 1 May 2015, the Company announced that it has commenced a review of whether to retain, demerge or divest some or all of its current activities in light of the completed acquisition of TBG Inc. (the "Strategic Review").

In the Supplementary Prospectus dated 24 November 2015, the Company confirmed that it was still conducting clinical stage drug development activities with the Phase 1 clinical trial of PG545 directed at testing the safety and tolerability of this drug for use in oncology. The Company also advised that it was currently assessing options to realise its wholly owned contract manufacturing biopharmaceutical company, PharmaSynth. The Company has determined that it will retain the asset PI-88 and this will not form part of the Strategic Review. The Strategic Review will consider a variety of options with the objective of maximising value for all of the Company's shareholders.

Upon completion of the TBG acquisition on 29 January 2016, the Company has entered into a Share Sale Agreement (SSA) to sell its wholly owned biopharmaceutical manufacturing subsidiary, PharmaSynth Pty Ltd (PharmaSynth) to Luina Biotechnology Pty Ltd (Luina) 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 in 24 months and $1,100,000 in 48 months. In order to secure the payment of the deferred consideration and protect its interests, the parties entered into security interest agreements over various assets.

In December 2015, the Company also approved the divestment of PG545 to a new wholly owned special purchase vehicle entity, Progen PG500 Series Pty Ltd, where the assets PG500 series and the relevant R&D team will be transferred. The Company aimed to complete the Phase 1 clinical trial of PG545 with the objective to maximise the return from the assets to form a saleable package for the various interested parties. On 22 July 2016, the Company announced that it has now completed the Phase 1 clinical trial of PG545.

At 30 June 2016, the board committed to a plan to sell its PG500 assets and subsequently on 1 July 2016, the assets were transferred to the spin-off entity, Progen PG500 Series Pty Ltd, following the approval of a particular buyer proposal. Accordingly, the PG500 assets is presented as a disposal group held for sale. Losses applicable to the write down of the value of intangibles to recoverable amount were recognised as part of discontinued operations.

On 22 August 2016, the Company announced that it had entered into a binding agreement to sell the PG500 assets to Zucero Therapeutics Lty Ltd ('Zucero') for a total deferred consideration of $6,000,000 payable in 3 years. 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. 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.

The purpose of the disposal of the business assets acquired is to focus on the company's core competencies in the In Vitro Diagnostics ("IVD") industry as a result of the acquisition of TBG Inc.

15. Results and Review of operations (cont'd)

Proposed acquisition of RBC Biosciences

On 29 June 2016, the Company announced that it has entered into an agreement under which TBG's wholly owned subsidiary, TBG Inc, will purchase 51% equity in RBC Biosciences ('RBC'), one of the leading nucleic acid extraction equipment, reagents and kits manufacturers in Taiwan. The addition of RBC to the business of TBG is expected to double TBG's annual sales revenues and will provide further sales and distribution opportunities in the growing global diagnostics market, which is estimated to hit $81.3 billion by 2022.

The total purchase price for the acquisition is NT$127 million (approximately $4.7 million AUD). The Company has the options to elect to pay 20% of the purchase price via the issue of fully paid ordinary shares in the Company (issue price is based on 5 trading day VWAP of the Company prior to the anticipated Completion Date). If the Company elects to issue shares, it is anticipated that the Company will utilise some of its 15% share placement capacity under Listing Rule 7.1.

It was further announced that completion of the RBC acquisition is expected to occur in August 2016. However, further discussions are currently on-going to advance to the next stages of the proposed acquisition.

Liquidity and Cash Resources

The Company ended the financial year with cash and cash equivalents totalling $14,561,869 compared with $6,645,974 at the previous year-end. As a condition precedent in relation to the TBG acquisition completed on 29 January 2016, the company raised a total amount of $12,721,590 through the issuance of 60,579,000 shares at $0.21 per share via a public offer pursuant to a prospectus dated 10 November 2015 excluding capital raising costs.

In light of the proposed acquisition of RBC Biosciences, the Company is also looking at various funding arrangements to finance the acquisition.

Cash and cash equivalents at 30 June 2016 were represented by a mix of highly liquid interest bearing investments with maturities of up to 90 days and deposits on call.

Cash Flows

Cash of $4,393,182 was disbursed during the year to fund consolidated net operating activities, compared to $1,750,769 in 2015. Bulk of the expenditure mainly pertained to the significant decoration expenses of the manufacturing facility in China, the significant oncology costs in R&D activities in Taiwan which forms part of the strategy to expand the overall IVD operations. Further, 2015 expenditures in 2015 is a result of initial six months operations from the spin-off date, 1 January 2015, from Medigen.

Cash inflows from investing activities amounted to $12,210,493 (2015: outflows of $2,257,159).This is mainly due to the inflows from the acquisition of TBG Diagnostics Limited as described in note 4. Other expenditures pertained to the manufacturing facility expansion in China as part of the strategy to boost a wide scale production of the Company's products in line with the planned penetration of the Chinese market. Expenditures in relation to the commencement of the development of integrated automated clinical system were also incurred. Cash inflows were also realised in 2015 in relation to the sale of available-for-sale financial assets.

15. Results and Review of operations (cont'd)

Funding Requirements
Currently, there are no material commitments for capital expenditures. However, the group expects to incur substantial future expenditure in light of its research and development programs and manufacturing facility expansion plans. At present, TBG is undertaking to continue the manufacture of its wide range of molecular diagnostics products and an integrated automated clinical system as part of its innovation strategy to boost operations and mainly penetrate China and the larger Asian market. Prior to full product launch, the Company needs to secure clinical trials and obtain regulatory approvals of its internally developed products and build its competitive advantage to achieve its growth plans. Significant cash requirements are required to achieve these objectives.

Future cash requirements will depend on a number of factors, including the scope and results of nonclinical studies and clinical trials, continued progress of research and development programs, the company's out-licensing activities, the ability to generate positive cash flow from the molecular diagnostics (MDx) business, the ability to generate revenues from the commercialisation of drug development efforts and the availability of other funding.

The Company estimates that the current cash and cash equivalents are sufficient to fund its on-going operations for at least 44 months from the date of this report. This excludes capital requirements outside of normal operating activities. As part of the proposed acquisition strategy to acquire RBC Biosciences, TBG is looking into various funding arrangements to expand its cash resources.

16. Outlook and Prospects for 2017

Likely Developments and Expected Results

The likely developments in the year ahead include:

(i) The sale of the Company's spin-off subsidiary, 'Progen PG500 Series Pty Ltd', as part of the strategic review in line with the completed acquisition of TBG Inc;
(ii) Providing solutions for transplantation, blood screening, infectious disease detection, monitoring of hereditary genetic disease and cancer therapeutics;
(iii) Continue to look for opportunities for expansion of the Company's core technology through merger and acquisition;
(iv) The establishment of a clinical lab in China to provide molecular diagnostics services to hospitals and health organisations.

Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the Year Ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
REVENUE FROM CONTINUING OPERATIONS		**3,274,654**	806,589
Cost of Sales		**1,056,861**	259,667
GROSS PROFIT		**2,217,793**	546,922
Other income		**463,860**	292,057
EXPENSES			
Research and development expenses		**2,855,458**	875,100
Administrative and corporate expenses		**2,730,435**	1,642,227
Selling expenses		**543,042**	181,209
		6,128,935	2,698,536
LOSS FROM CONTINUING OPERATIONS BEFORE TAX		**(3,447,282)**	(1,859,557)
Income tax expense		**-**	-
Loss from continuing operations		**(3,447,282)**	(1,859,557)
Loss from discontinued operations	5	**(8,930,440)**	-
LOSS FOR THE YEAR		**(12,377,722)**	(1,859,557)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit and loss			
Foreign currency translation		**(173,138)**	2,500,459
Changes in the fair value of available-for-sale financial assets		**-**	(3,865,925)
OTHER COMPREHENSIVE INCOME		**(173,138)**	(1,365,466)
TOTAL COMPREHENSIVE INCOME		**(12,550,860)**	(3,225,023)
Basic and diluted loss per share - continuing operations (cents per share)	9	**(1.9)**	(1.0)
Basic and diluted loss per share (cents per share)	9	**(6.7)**	(1.0)

Consolidated Statement of Financial Position

As At 30 June 2016

	Note	Consolidated	
		2016	2015
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	11 (a)	**13,361,869**	6,445,974
Trade and other receivables		**696,089**	631,495
Inventories		**753,562**	439,133
Other current assets		**860,863**	258,856
Assets classified as held for sale	5	**2,921,296**	-
Total Current Assets		**18,593,679**	7,775,458
Non-current Assets			
Receivables and other assets		**1,238,568**	200,660
Plant and equipment	7	**3,473,882**	3,215,449
Intangible assets	6	**1,396,144**	752,056
Total Non-current Assets		**6,108,594**	4,168,165
TOTAL ASSETS		**24,702,273**	11,943,623
LIABILITIES			
Current Liabilities			
Trade and other payables		**1,124,208**	564,576
Provisions		**288,173**	-
Liabilities directly associated with assets classified as held for sale	5	**85,691**	-
Total Current Liabilities		**1,498,072**	564,576
Non-current Liabilities			
Provisions		**16,538**	-
Total Non-current Liabilities		**16,538**	-
TOTAL LIABILITIES		**1,514,610**	564,576
NET ASSETS		**23,187,663**	11,379,047
EQUITY			
Contributed equity	8	**36,211,120**	11,879,614
Reserves		**2,145,190**	2,290,358
Accumulated losses		**(15,168,647)**	(2,790,925)
TOTAL EQUITY		**23,187,663**	11,379,047

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2016

Consolidated	Contributed Equity Amount $	Accumulated losses $	Other reserves $	Foreign currency translation $	Total $
At 1 July 2014	14,575,657	(931,368)	3,865,925	(210,101)	17,300,113
Loss for the year	-	(1,859,557)	-	-	(1,859,557)
Other Comprehensive Income	-	-	(3,865,925)	2,500,459	(1,365,466)
Total Comprehensive Income for the year	-	(1,859,557)	(3,865,925)	2,500,459	(3,225,023)
Transactions with owners in their capacity as owners:					
Buyback of shares, net of tax	(2,696,043)	-	-	-	(2,696,043)
At 30 June 2015	11,879,614	(2,790,925)	-	2,290,358	11,379,047
At 1 July 2015	11,879,614	(2,790,925)	-	2,290,358	11,379,047
Loss for the year	-	(12,377,722)	-	-	(12,377,722)
Other Comprehensive Income	-	-	-	(173,138)	(173,138)
Total Comprehensive Income for the year	-	(12,377,722)	-	(173,138)	(12,550,860)
Transactions with owners in their capacity as owners:					
Shares issued via a public offer	-	-	-	-	-
Acquired from reverse merger business combination	24,331,506	-	-	-	24,331,506
Cost of share-based payments	-	-	27,970	-	27,970
At 30 June 2016	36,211,120	(15,168,647)	27,970	2,117,220	23,187,663

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2016

	Note	Consolidated	
		2016	2015
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**3,198,569**	2,419,936
Payments to suppliers and employees		**(7,692,655)**	(4,183,224)
Government grant received		**38,924**	-
Interest received		**69,085**	25,761
Finance costs		**(7,105)**	(13,242)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		**(4,393,182)**	(1,750,769)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash outflow from sale of subsidiaries	5	**(788,926)**	-
Payments for property, plant and equipment		**(1,261,335)**	(3,530,159)
Payment of development costs		**(651,877)**	-
Net inflow of cash from the acquisition of TBG Diagnostics Limited	4	**14,912,631**	-
Proceeds from sale of available for sale financial asset		**-**	1,273,000
NET CASH INFLOW FROM INVESTING ACTIVITIES		**12,210,493**	(2,257,159)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for shares bought back		**-**	(2,696,043)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES		**-**	(2,696,043)
NET INCREASE (DECREASE) IN CASH HELD		**7,817,311**	(6,703,971)
Net foreign exchange differences		**298,584**	2,467,153
Cash and cash equivalents at beginning of period		**6,445,974**	10,682,792
CASH AND CASH EQUIVALENTS AT END OF YEAR	11 (b)	**14,561,869**	6,445,974

17. Notes to the financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This preliminary report is for TBG Diagnostics Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 June 2016. TBG Diagnostics Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX) and the United States OTCQB Market.

The nature of the operations and principal activities of the Group are described in Note 2.

The preliminary report has been prepared on an accrual basis and is based on historical costs modified, where appropriate, by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The preliminary report does not include all the notes of the type normally included in annual financial statements. Accordingly, this preliminary report should be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any public announcements made by TBG Diagnostics Limited during the year in accordance with the continuous disclosure requirements of the Australian Securities Exchange and the Corporations Act 2001.

Acquisition of TBG Inc.

As a result of the acquisition of TBG Inc. (as discussed in Note 4) this Preliminary Report represents a continuation of the financial statements of TBG Inc., which is treated as the acquirer of TBG Diagnostics Limited (formerly Progen Pharmaceuticals Limited) for accounting purposes. The comparative results reflect the financial statements of TBG Inc.

Summary of Significant Accounting Policies

As stated above these financial statements are a continuation of TBG Inc.'s financial statements. As a result the principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. For the year ended 30 June 2016 amounts contained in this report and in the financial report have been rounded to the nearest dollar.

Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for 30 June 2016 reporting period.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Investments in subsidiaries held by the Group are accounted for at cost in the separate financial statements of the parent entity.

Business combinations and asset acquisitions

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Acquisitions of entities that do not meet the definition of a business contained in AASB 3 *Business Combinations* (IFRS 3) are not accounted for as business combinations. In such cases the Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in AASB 138 *Intangible Assets* (IAS 38) and liabilities assumed. The cost of the group of net assets is then allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

The Group manufactures and sells molecular diagnostics. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is generally recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(ii) Sale of technical services

The Group provides technical services of HLA (Human Leukocyte Antigen) typing. Revenue is measured at the fair value of the consideration received or receivable taking into account of value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of services is generally recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity.

(iii) Rendering of services

Revenue from the provision of contract manufacturing services is recognised by reference to the stage of completion. Stage of completion is measured by reference to the outcome achieved to date as a percentage of the total outcome required for each contract.

(iv) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(v) Government grants

Government grants are recognised as revenue when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When grants ate received prior to being earned, they are recognised as a liability in the statement of financial position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the costs that correspond to the income received are prior year costs, the grant received is immediately recognised in the income statement.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

(vi) Other income

Other income is recognised when it is probable that the economic benefits associated to the transaction will flow to the entity and the revenue can be reliably measured.

When the income relates to an asset item, it is recognised as income in the period to which the related costs will be recognised in the income statement.

When the income relates to a liability, the fair value is credited to a deferred income account and is released to the income statement when the related revenue is realised.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Lease incentives are recognised in the statement of comprehensive income as an integral part of the total lease expense. There are no finance leases.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Australian dollars, which is TBG Diagnostics Limited's presentation currency. TBG Inc.'s functional currency is in Taiwanese dollars converted to Australian dollars to conform to the group's presentation currency.

(ii) Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group Companies functional currency to presentation currency

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other taxes

Value Added Taxes (Including Goods and Services Tax)

Revenues, expenses and assets are recognised net of the amount of Value Added Tax (VAT), except where the amount of VAT is not recoverable from the relevant tax authority. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of the item as expense.

Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The VAT components of the cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authority are classified as operating cash flows.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvements	3 to 6 years
Machinery and equipment	3 to 15 years
Vehicle equipment	4 to 5 years
Testing equipment	3 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

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

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Plant and equipment (cont'd)

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability or resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project. There are no capitalised development costs.

Trade and other payables

Trade payables and other payables are carried at amortised cost and their fair value approximates their carrying value due to their short term nature. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Make good provision

Provision is made for the anticipated costs of future restoration of our leased manufacturing and corporate premises. The provision includes future cost estimates associated with the restoration of these premises to their original condition at the end of the lease term. These future cost estimates are discounted to their present value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. Annual leave accrued and expected to be settled within 12 months of the reporting date is recognised in current provisions. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Share-based payment transactions

(i) Equity-settled transactions:

The Group provides benefits to employees (including senior executives) and consultants of the Group in the form of share-based payments, whereby employees and consultants render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of rights over shares is determined using a binomial, other appropriate model. The fair value of shares is determined by the market value of the Group's shares at grant date.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects

(i) the extent to which the vesting period has expired; and

(ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share-based payment transactions (cont'd)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Contributed equity

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

Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Group, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Group, adjusted for:

- costs of servicing equity;
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is used determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. This item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible Assets

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability or resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 5 years.

Patents and trademarks

Costs associated with patents and trademarks are expensed as incurred.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/business at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from business combination in which goodwill arose, identified according to operating segments or components of operating assets.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the managing director.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments and other financial assets

Classification

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables and receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. If the group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(iv) Available‑for‑sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments and other financial assets (cont'd)

Financial assets – reclassification

The group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date.

Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments and other financial assets (cont'd)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(ii) Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

NOTE 2 - OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

	Continuing operations	Discontinued operations	Discontinued operations	Total
Operating segments	**In Vitro Diagnostics**	**Pharmaceutical Development**	**Manufacturing**	**Total**
2016	**$**	**$**	**$**	**$**
Operating revenue	3,205,569	-	-	3,205,569
Sales to external customers		-	-	-
Total segment revenue	3,205,569	-	-	3,205,569
Unallocated revenue				
Interest income	-	-	-	69,085
Total revenue				3,274,654
Segment result	**(1,249,792)**	**(3,824,587)**	**(5,105,853)**	**(10,180,232)**
Unallocated other income				532,946
Corporate and administrative costs				(2,730,436)
Operating loss				**(12,377,722)**

Operating segments	**In Vitro Diagnostics**	**Total**
2015	**$**	**$**
Operating revenue		
Sales to external customers	780,492	780,492
Total segment revenue	780,492	780,492
Unallocated revenues		
Interest income		26,097
Total revenue		806,589
Segment result	**(535,484)**	**(535,484)**
Unallocated other income		318,154
Corporate and administrative costs		(1,642,227)
Operating loss		**(1,859,557)**

NOTE 3 – REVENUE AND EXPENSES

	Consolidated	
	2016	2015
	$	$
(a) Revenue		
Sales revenue	**2,892,780**	669,053
Technical services revenue	**312,788**	111,439
Interest revenue	**69,086**	26,097
Total revenue from continuing operations	**3,274,654**	806,589
(b) Other income		
Foreign exchange gain	**397,474**	291,796
Government grant	**38,924**	-
Other	**27,462**	261
Total other income	**463,860**	292,057
(c) Depreciation, amortisation and impairment		
Depreciation and amortisation	**928,116**	386,998
Impairment loss on available-for-sale financial asset	**-**	242,968
Loss on sale of available-for-sale financial asset		169,875
(d) Lease payments		
Minimum lease payments – operating leases	**345,364**	130,426
(e) Employee benefit expenses		
Wages and salaries	**2,182,656**	815,445
Long service leave provision	**63,134**	-
Share-based payment expense	**28,251**	-
(f) Finance costs		
Bank charges	**7,105**	1,148

NOTE 4 - TBG INC. ACQUISITION ACCOUNTING

On 29 January 2016, the Company announced that it had completed the acquisition of TBG Inc. as all the conditions precedents in the Share Sale and Purchase Agreement ("SSPA") had been satisfied. Pursuant to the SSPA, the Company issued 101,722,974 shares ("Consideration Shares") to Medigen Biotechnology Corporation ("Medigen') as consideration for the acquisition of TBG Inc. At the direction of the ASX, the Consideration Shares are to be treated as restricted securities for a period of 24 months from the reinstatement date on 3 February 2016.

The Company obtained 100% of the issued share capital and voting rights of TBG Inc., hence, obtaining full control of the entity. TBG Inc. is a Company established in Cayman Islands that operates within the global molecular diagnostics industry and is focused on the development, manufacture and marketing of nucleic acid testing kits and services. The objective of the acquisition is to transform the Group into a global molecular diagnostics business in the biotech industry with the main objective to expand market presence in the global capital market particularly in mainland China and Asia.

The acquisition is considered an evolution of the Company as a life science/biotechnology business that provide real outcomes of value to patients and shareholders.

The acquisition of TBG Inc. resulted in TBG Inc. shareholders holding a controlling interest in the Company after the transaction. As a result it has been provisionally determined that the transaction will be accounted for as a 'reverse acquisition' in accordance with the requirements of AASB 3 *Business Combinations* and will, therefore, be accounted for as a continuation of the financial statements of TBG Inc. together with a deemed issue of shares.

Because the financial statements following the acquisition are expected to be a continuation of financial statements of TBG Inc. the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in AASB 3 is expected to be applied in future financial statements as follows:

- fair value adjustments arising at acquisition are made to the Company's assets and liabilities, not those of TBG Inc.;
- the equity structure (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of the Company, including the equity instruments issued to effect the acquisition;
- accumulated losses and other equity balances at acquisition date are those of TBG Inc.;
- the results for the year ended 30 June 2016 comprise the consolidated results for TBG Inc. together with the results of the wider TBG Diagnostics Limited Group from 29 January 2016;
- the comparative results represent the consolidated results of TBG Inc. only;
- the cost of the acquisition, and amount recognised as contributed equity to affect the transaction, is based on the quoted price of TBG Diagnostics Limited's shares on the ASX at the date of the transaction.

NOTE 4 - TBG INC. ACQUISITION ACCOUNTING (cont'd)

The fair values of the assets and liabilities of the Company (TBG Diagnostics Limited - being the accounting acquiree) as at the date of acquisition and the deemed consideration is as follows:

Purchase consideration:		**$**
Deemed consideration	(a)	24,331,506
Fair value of assets and liabilities acquired:		
Cash and cash equivalents	(b)	14,912,631
Trade and other receivables		502,094
Other assets		170,946
Plant and equipment		384,320
Trade and other payables		(960,572)
Provisions		(344,470)
Deferred tax liabilities	(d)	-
Net identifiable assets (excluding intangibles)		**14,664,949**
Goodwill and other intangibles	(c)	9,666,557
Net assets acquired		**24,331,506**

(a) Consideration transferred and acquisition related costs

The fair value of the deemed consideration of $24,331,506 was based on the Company's most recent public offer share price of $0.21 multiplied by the number of shares on issue at the date of the transaction being 115,864,315. The directors believe that this is the most reasonable measurement of the consideration given the facts and circumstances surrounding the acquisition.

Acquisition related costs amounting to $311,249 are not included as part of consideration transferred and were recognised as an expense in the statement of profit or loss.

(b) Cash and cash equivalents

Cash consists of the cash balance at 29 January 2016 of $2,294,949 plus proceeds from the total capital raised of $12,721,590 through the issuance of 60,579,000 shares at $0.21, less capital raising costs of $103,908.

(c) Intangible assets

The fair values of the intangible assets and goodwill were determined by an external independent expert. The value allocated to identifiable intangibles were as follows:

	$
Customer contracts	512,383
Patents	5,000,000
Goodwill	4,154,174
Total	**9,666,557**

The customer contracts and goodwill related to the manufacturing Cash Generating Unit (CGU) of the accounting acquiree, PharmaSynth Pty Ltd which has subsequently been disposed of (refer note 5).

NOTE 4 - TBG INC. ACQUISITION ACCOUNTING (cont'd)

(c) Intangible assets (cont'd)

The patents related to the Research & Development CGU of the accounting acquiree – Progen PG500 Series Pty Ltd. The Company has sold this entity on 22 August 2016 (refer Note 5).

(d) Deferred tax liabilities

A deferred tax liability ("DTL") was recognised in relation to the fair value adjustments to identifiable intangibles. The Group has sufficient unrecognised tax losses to offset the DTL recognised.

(e) Revenue and profit contribution

TBG Diagnostics Limited contributed revenues of $210,044 and net loss of $1,513,625 to the group for the period from 31 January 2016 to 30 June 2016.

If the acquisition had occurred on 1 July 2015 and the operations of TBG Diagnostics Limited had been included from that date then the consolidated pro-forma revenue and loss for the year ended 30 June 2016 would have been $5,215,215 and $13,806,534 respectively.

(f) Purchase consideration – cash inflow/ (outflow)

Inflow/ (outflow) of cash to acquire TBG Diagnostics Limited, net of cash acquired

	$
Cash consideration	-
Less: Balances acquired	
Cash	14,912,631
	14,912,631
Inflow of cash – investing activities	14,912,631

NOTE 5 - ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

(a) Description

Discontinued Operation - Disposal of PharmaSynth Pty Ltd

Upon completion of the TBG acquisition on 29 January 2016, the Group entered into a Share Sale Agreement (SSA) to sell its wholly owned biopharmaceutical manufacturing subsidiary, PharmaSynth Pty Ltd (PharmaSynth) to Luina Biotechnology Pty Ltd (Luina) 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 in 24 months and $1,100,000 in 48 months. In order to secure the payment of the deferred consideration and protect its interests, the parties entered into security interest agreements over various assets. The transaction was completed on 4 March 2016.

This was in line with a strategic decision on whether to retain, demerge or divest some or all of its current activities in light of the acquisition of TBG Inc. (the "Strategic Review").

Accordingly, the manufacturing division is presented as discontinued operations and the associated manufacturing contracts and value of goodwill recognised on acquisition of TBG Diagnostics Limited (refer note 4) were disposed of.

Disposal Group - Disposal of Progen PG500 Series Pty Ltd

In December 2015, the Company also approved the divestment of PG545 to a new wholly owned special purchase vehicle entity, Progen PG500 Series Pty Ltd, with the assets of the PG500 series and the relevant R&D team being transferred. The Company aimed to complete the Phase 1 clinical trial of PG545 with the objective to maximise the return from the assets to form a saleable package for the various interested parties. On 22 July 2016, the Company announced that it has now completed the Phase 1 clinical trial of PG545.

At 30 June 2016, the board had committed to a plan to sell its PG500 assets and subsequently on 1 July 2016, the assets were transferred to the spin-off entity, Progen PG500 Series Pty Ltd, following the approval of a particular buyer proposal. Accordingly, the PG500 assets are presented as a disposal group held for sale. Losses applicable to the write down of the value of intangibles to recoverable amount were recognised as part of discontinued operations.

On 22 August 2016, the Company announced that it had entered into a binding agreement to sell the PG500 assets to Zucero Therapeutics Lty Ltd ('Zucero') for a total deferred consideration of $6,000,000 payable in 3 years. 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. 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.

The purpose of the disposal of the business assets acquired is to focus on the company's core competencies in the In Vitro Diagnostics ("IVD") industry as a result of the acquisition of TBG Inc.

NOTE 5 - ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

(b) Results of discontinued operations and disposal group

	PharmaSynth Pty Ltd	PG500 Series Pty Ltd	Total
	2016	2016	2016
	$	$	$
Revenue	127,429	-	127,429
Cost of sales	(116,742)	-	(116,742)
Gross profit	**10,687**	**-**	**10,687**
Operating expenses	(191,452)	(725,670)	(917,122)
Results from operating activities	**(180,765)**	**(725,670)**	**(906,435)**
Income tax	-	-	-
Loss before income tax	**(180,765)**	**(725,670**	**(906,435)**
Impairment of intangibles assets – (g)	-	(3,098,917)	(3,098,917)
Loss on sale of operation before tax - (c)	(4,925,088)	-	(4,925,088)
Profit (loss) from discontinued operations	**(5,105,853)**	**(3,824,587)**	**(8,930,440)**

(c) Details of the sale of PharmaSynth Pty Ltd

	$
Consideration received or receivable:	
Cash	100,000
Present value of deferred consideration [1]	998,520
Total disposal consideration	**1,098,520**
Carrying amount of net assets sold - (e)	6,023,608
Loss on sale before income tax	**4,925,088**
Income tax expense	**-**
Loss on sale after income tax	**4,925,088**

[1] The balance of the deferred consideration is to be paid in two instalments, $1,000,000 on 4 March 2018 and $1,100,000 on 4 March 2020. These receivables have been discounted to their fair value at the time of sale using a discount rate of 28.97%.

(d) Cash flows from discontinued operation

	PharmaSynth Pty Ltd	PG500 Series Pty Ltd	Consolidated Total
	2016	2016	2016
Net cash outflow from operating activities	(222,909)	(532,412)	(755,321)
Net cash outflow from investing activities	(788,926)	-	(788,926)
Net cash outflow from financing activities	-	-	-
Net cash flow for the period	**(1,011,835)**	**(532,412)**	**(1,544,247)**

NOTE 5 - ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

(e) The carrying amounts of assets and liabilities of PharmaSynth Pty Ltd as at the date of sale (4 March 2016) were:

	2016 $
Cash and cash equivalents	888,926
Trade and other receivables	611,310
Other current assets	98,756
Property, plant and equipment	350,791
Customer contracts	498,150
Goodwill	4,154,172
Total assets	**6,602,105**
Trade and other payables	(325,503)
Provisions	(252,993)
Total liabilities	**(578,496)**
Net assets – (c)	**6,023,609**
Cash received and disposed of in transaction	
Cash consideration received	100,000
Cash and cash equivalents disposed of	(888,926)
Net cash outflow	**(788,926)**

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

At 30 June 2016, the disposal group, Progen PG500 Series Pty Ltd comprised the following assets and liabilities.

	2016 $
Assets classified as disposal group	
Cash and cash equivalents	1,200,000
Property, plant and equipment	13,470
Intangibles	1,707,826
Total assets of disposal group held for sale	2,921,296
Liabilities directly associated with assets classified as held for sale	
Provisions - current	81,935
Provisions - non-current	3,756
Total liabilities of disposal group held for sale	85,691
Net assets of disposal group	2,835,605

NOTE 5 - ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

(g) Losses relating to the disposal group

Impairment losses attributable to the PG500 disposal assets and liabilities were recognised at $3,098,917. The impairment was calculated based on the proposed consideration for the sale of the group as shown below:

Consideration expected to be received:

Cash	-
Present value of deferred consideration [1]	2,796,953
Total disposal consideration	**2,796,953**
Carrying amount of net assets sold (excluding patents)	1,127,779
Carrying value of patents	4,768,091
Total net assets	**5,895,870**
Impairment recorded - patents	**(3,098,917)**

[1] The proposed deferred consideration is $6,000,000 due and payable 3 years from the date of the sale. This proposed consideration has been discounted to its present value at 30 June 2016 using a discount rate of 28.97%.

(h) 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.

NOTE 6 - INTANGIBLES

	Consolidated 2016 $	2015 $
Goodwill at cost	689,847	697,636
Accumulated impairment	-	-
	689,847	697,636
Patents at cost	-	-
Accumulated amortisation	-	-
	-	-
Customer contracts at cost	-	-
Accumulated amortisation	-	-
	-	-
Capitalised development costs at cost	706,297	54,420
Accumulated amortisation	-	-
	706,297	54,420
	1,396,144	752,056

Movements in carrying amounts

	Capitalised Development costs $	Goodwill $	Patents $	Customer contracts $	Total $
Consolidated					
At 1 July 2014	-	588,375	-	-	588,375
Exchange differences	-	109,261	-	-	109,261
Additions - internal	54,420	-	-	-	54,420
Amortisation	-	-	-	-	-
At 30 June 2015	54,420	697,636	-	-	752,056
At 1 July 2015	54,420	697,636	-	-	752,056
Exchange differences	-	(7,789)	-	-	(7,789)
Additions - internal	651,877	-	-	-	651,877
Acquired through business combination – note 4	-	4,154,172	5,000,000	512,383	9,666,555
Amortisation	-	-	(193,258)	(14,233)	(207,491)
Impairment – note 4	-	-	(3,098,916)	-	(3,098,916)
Assets classified as held for sale and other disposals – note 5	-	(4,154,172)	(1,707,826)	(498,150)	(6,360,148)
At 30 June 2016	**706,297**	**689,847**	**-**	**-**	**1,396,144**

NOTE 7 - NON-CURRENT ASSETS - PLANT & EQUIPMENT

	Consolidated 2016 $	2015 $
Machinery & equipment at cost	2,035,457	1,184,012
Accumulated depreciation	(814,072)	(354,717)
	1,221,385	829,295
Testing equipment at cost	1,571,671	1,375,577
Accumulated depreciation	(637,362)	(306,329)
	934,309	1,069,248
Motor vehicles at cost	110,133	114,319
Accumulated depreciation	(48,840)	(25,868)
	61,293	88,451
Leasehold improvements at cost	1,711,496	1,393,426
Accumulated depreciation	(454,601)	(164,971)
	1,256,895	1,228,455
	3,473,882	**3,215,449**

Movements in carrying amounts

	Machinery & office equipment $	Testing equipment $	Motor vehicles $	Leasehold improvements $	Total $
Consolidated					
At 1 July 2014	59,016	-	-	-	59,016
Exchange differences	13,272	-	-	-	13,272
Additions - internal	855,617	1,197,829	114,319	1,362,394	3,530,159
Depreciation	(98,610)	(128,581)	(25,868)	(133,939)	(386,998)
At 30 June 2015	829,295	1,069,248	88,451	1,228,455	3,215,449
At 1 July 2015	829,295	1,069,248	88,451	1,228,455	3,215,449
Exchange differences	(22,787)	(7,528)	(2,916)	(41,017)	(74,248)
Additions - internal	691,047	203,392	-	366,896	1,261,335
Acquired through business combination – note 4	384,320	-	-	-	384,320
Depreciation	(275,632)	(330,803)	(24,242)	(297,439)	(928,116)
Assets classified as held for sale and other disposals – note 5	(384,858)	-	-	-	(384,858)
At 30 June 2016	1,221,385	934,309	61,293	1,256,895	**3,473,882**

NOTE 8 - CONTRIBUTED EQUITY

	Consolidated	
	2016	2015
	$	$
(a) Issued and paid up capital		
Ordinary shares fully paid	**36,211,120**	**11,879,614**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(**b) Movements in shares on issue**	**2016**		**2015**	
	Number of shares	**Amount**	**Number of Shares**	**Amount**
	#	**$**	**#**	**$**
Beginning of the financial year	**101,722,974**	**11,879,614**	122,722,974	14,575,657
Reversal of existing share on acquisition	(101,722,974)			
TDL shares on acquisition of TBG Inc.	115,864,315	-	-	-
Shares issued to TBG Inc. vendors on acquisition (refer Note 4)	101,722,974	24,331,506	-	-
Share buyback	-	-	(21,000,000)	(2,696,043)
End of the financial year	**217,587,289**	**36,211,120**	101,722,974	11,879,614

(c) Share options

At 30 June 2016 there were a total of 5,867,200 (2015: 2,019,200) unissued ordinary shares in respect of which options were outstanding.

NOTE 9 - EARNINGS PER SHARE

	Consolidated 2016 $	2015 $
Earnings used to calculate basic and diluted EPS	**(12,377,722)**	(1,859,557)
Weighted average number of shares and options	**Number of shares**	**Number of shares**
Weighted average number of ordinary shares outstanding during the period, used in calculating basic earnings per share	185,476,366	182,829,071
Weighted average number of dilutive options outstanding during the period	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period, used in calculating diluted earnings per share	185,476,366	182,829,071

Weighted average number of ordinary shares outstanding during the current period has been calculated using:

- The number of ordinary shares outstanding from the beginning of the current period to the acquisition date computed on the basis of the weighted average number of ordinary shares of TBG Inc. (accounting acquirer) outstanding during the period multiplied by the exchange ratio of 101,722,974 TBG Inc. shares to 162,301,974 TBG Diagnostics Limited shares; and
- The number of ordinary shares outstanding from the acquisition date to the end of that period being the actual number of ordinary shares of TBG Diagnostics Limited (the accounting acquiree) outstanding during the period.

The basic earnings per share for the comparative period before the acquisition date presented in the consolidated financial statements has been calculated using TBG Inc.'s historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio of 101,722,974 TBG Inc. shares to 162,301,974 TBG Diagnostics Limited shares.

Options are not considered dilutive as they are currently out of the money. Options may become dilutive in the future.

NOTE 10 - SUBSEQUENT EVENTS

Sale of PG500 assets

On 22 August 2016, the Company announced that it had entered into a binding agreement to sell Progen PG500 Series Pty Ltd ('PG500 assets') to Zucero Therapeutics Lty Ltd ('Zucero') for a total deferred consideration of $6,000,000 payable in 3 years. 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. 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.

Refer Note 5 for further detail on the disposal group.

The purpose of the disposal of the business assets acquired is to focus on the company's core competencies in the In Vitro Diagnostics ("IVD") industry as a result of the acquisition of TBG Inc.

NOTE 11 – CASH AND CASH EQUIVALENTS

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

	Consolidated	
	2016	**2015**
	$	**$**
Cash at banks and on hand	671,943	682,496
Short-term deposits	12,689,926	5,763,478
	13,361,869	6,445,974

(b) For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

		Consolidated	
		2016	**2015**
		$	**$**
Cash at banks and on hand		671,943	682,496
Short-term deposits		12,689,926	5,763,478
Cash at banks and short-term deposits attributable to disposal group	5 (f)	1,200,000	-
		14,561,869	6,445,974