TBG Diagnostics Ltd

ABN 82 010 975 612

Annual Report - 31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of TBG Diagnostics Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2022.

Directors
The names of the company's directors in office during the year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr. Jitto Arulampalam	(Executive Chairman)
Dr. Stanley Chang	(Non-Executive Director)
Ms. Emily Lee	(Non-Executive Director)
Mr. Benson (Bing Cheng) Liu	(Non-Executive Director)

Principal activities
The principal activities of TBG Diagnostics Limited during the period were focused on the research and development, manufacturing, sales and marketing and services of Molecular Diagnostics (MDx) products, including assays and instruments.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The profit for the Group after providing for income tax amounted to $5,622,324 (31 December 2021: loss of $1,647,113).

Company Overview

The principal activities of TBG Diagnostics Limited during the period were focused on the research and development, manufacturing, sales and marketing and services of Molecular Diagnostics (MDx) products, including assays and instruments.

Sale of TDL Holding Co.

On 30 November 2022, the Group sold 1,700,508 fully paid ordinary shares in TDL Holding Co to Medigen Biotechnology Corp for a cash consideration of $6,300,000.

As a result of the transaction, there is no control retained by TBG Diagnostics Ltd over TDL Holding Co, and the net assets of TDL Holding Co. (including its subsidiaries TBG Biotechnology Corp. and TBG Biogene Inc.).

The results for the period ended 30 November 2022 attributable to the disposed group has been disclosed as discontinued operations in the statement of profit or loss and other comprehensive income.

Refer to note 5 for details on the discontinued operations.

Likely developments and expected results of operations
The Group is continuing its efforts in reviewing potential acquisitions and managing the Group's existing investments.

Information on directors

Name:	*Mr Indrajit (Jitto) Solomon Arulampalam*
Title:	*Executive Chairman* *Risk and Audit Committee Member*
Experience and expertise:	Mr. Arulampalam is a Melbourne based businessman with over 20 years of extensive experience in corporate restructuring, capital raising, listing and running of public companies on the ASX. Mr Arulampalam finished the degree of Bachelor in Business Administration at Curtin University in 1988. Having started his career in Accounting, he spent more than 8 years with Westpac Banking Corporation in several key operational and strategic Banking roles before joining boards of public companies. In 2004, Mr. Arulampalam was head hunted by Newsnet Ltd as its CEO to assist in the restructuring of the company, and to position it for an IPO. Since this appointment he was responsible for guiding the company through a successful restructure and positioned Newsnet as a leading innovator in the messaging/telco space to be recognised by the 2006 Australian Financial Review MIS Magazine as one of the “Top 25 global rising stars”. In 2010, Mr. Arulampalam co-founded ASX listed potash mining and exploration company Fortis Mining Ltd (ASX: FMJ). As the Executive Chairman, he was instrumental in the company's acquisition of world class potash assets in Kazakhstan, a monumental deal which ultimately led to the company being awarded “IPO of the Year 2011”. Mr. Arulampalam was also previously the Chairman of ASX listed companies Great Western Exploration Ltd (ASX: GTE), Medicvision Limited (ASX: MVH), and Euro Petroleum Limited (ASX: ALD). He has also been the Non-executive Chairman of Lanka Graphite Limited, a company that has been delisted with the ASX.
Name:	*Dr. Stanley Chang*
Title:	*Non-Executive Director*
Experience and expertise:	Dr. Chang is the Chairman of Medigen Biotechnology Corp., with an M.D. degree from school of Medicine at National Taiwan University in Taiwan and a Ph.D. degree from National Medical Laser Centre at University College London in UK. Dr. Chang was a Urological surgeon by training and formerly a professor in Urology. He changed the career track to biotech business in 2000, and became the Chairman and CEO of Medigen Biotechnology Corp. He is the founder of Medigen Vaccine Biologics Corp. (MVC). He is currently the Chairman of Winston Medical Supply Co. (WMS) and TBG Biotechnology Corp. as well. Dr. Chang also holds the following positions: - Attending surgeon at National Taiwan University Hospital - Director, Department of Urology of Buddhist Tzu Chi Hospital - Research physician (UCL hospitals, London, UK) - Formerly Dean (School of Medicine, Buddhist Tzu Chi Medical School) - Standing director (Taiwan Bio Industry Organization) - Standing director (Taipei Biotech Association) - Director (Taiwan Research-based Biopharmaceutical Manufacturers Association) - Committee member (Research project of life science mid term program under Ministry of Science and Technology of Taiwan) - Consultation and assessment committee members (national biotechnology and medicine projects under Ministry of Science and Technology of Taiwan)
Other matter:	During the year, Dr. Chang, as the chairman of Medigen, was under investigation by prosecutors in Taiwan on alleged violation of the Securities and Exchange Act. He has been fully cooperative in the investigation and there is no major impact on the Group finances.

Name: *Ms Emily Lee*
Title: *Non-Executive Director*
Risk and Audit Committee Chair

Experience and expertise:

Ms Emily Lee is a Melbourne based businesswoman with a substantial track record of success in cross border transactions within the corporate and government sectors in Australia and Asia. Ms. Lee has extensive experience in corporate restructuring, capital raising, listing and managing of public companies on the ASX.

Ms Lee is currently a Non-Executive Director of Lanka Graphite Limited. She has also served as Managing Director of Mercer Capital, a boutique private equity firm based in Melbourne. In May 2013, she was instrumental in leading a successful underwriting and capital raising exceeding $5 million for Progen Pharmaceuticals Limited (ASX: PGL), now TBG Diagnostics Limited (ASX: TDL). In August 2015, she successfully raised $3.8 million for Lanka Graphite Limited following the successful merger of Viculus Limited and Euro Petroleum.

Mercer Capital has been the lead strategic Corporate Advisor for Progen Pharmaceuticals Limited on managing and facilitating the corporate restructuring of the company and acquisition of TBG Inc.

Ms Lee previously held position as non-executive chairman for ASX listed company Australian Natural Proteins Limited (ASX: AYB).

Name: *Mr. Bing Cheng Liu*
Title: *Non-Executive Director*
Experience and expertise:

Mr. Liu is the Chief Financial Officer of Eternal Materials Co., Ltd. a leading chemical material provider based in Taiwan and a substantial shareholder of the Company. From 2013 to 2018 Mr. Liu was Chief Financial Officer of Taiwan listed company Star Comgistic Co. Ltd. Mr. Liu holds a MBA degree in Finance from National Taiwan University in Taiwan.
He has over 15 years of experience in corporate finance, investment evaluation, and relative fields.

As Mr. Liu is an employee of a substantial shareholder, Eternal Materials Co., Ltd, he is not considered to be an independent director.

Company secretary

Mr Justyn Stedwell (resigned 4 February 2022)

Ms Nova Taylor (appointed 4 February 2022)

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2022, and the number of meetings attended by each director were:

	Directors' meetings	
	A	B
Jitto Arulampalam	11	11
Stanley Chang	9	11
Emily Lee	10	11
Benson (Bing Cheng) Liu	8	11

Key: A : Number of meetings attended
B : Number of meetings held during the time the director held office or was a member of the committee

Shares under option
As at the date of this report there were no unissued ordinary shares of TBG Diagnostics Limited under option.

There were no options granted as remuneration to key management personnel during the period.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

No shares were issued on exercise of options during the year.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company has not paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
William Buck Audit (VIC) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Jitto Arulampalam
29 June 2023

William Buck
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF TBG DIAGNOSTICS LTD

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2022 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 29 June 2023

General information

The financial statements cover TBG Diagnostics Ltd as a Group consisting of TBG Diagnostics Ltd and the entities it controlled at the end of, or during, the year. The consolidated financial statements are presented in Australian dollars, which is TBG Diagnostics Limited's presentation currency. TBG Taiwan's functional currency is in Taiwanese dollars converted to Australian dollars to conform to the group's presentation currency.

TBG Diagnostics Ltd is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
Level 18, 101 Collins St., Melbourne VIC, 3000	13F., No.237, Sec. 1, Datong Rd, Xizhi Dist., New Taipei City, 221 Taiwan

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 June 2023. The directors have the power to amend and reissue the financial statements.

TBG Diagnostics Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	2022 $	2021 $
Revenue			
Other income		3,718	1,038,106
Expenses			
Depreciation and amortisation expense		(718)	(2,626)
Impairment charge / reversal of impairment		(190,599)	59,693
Administration and corporate		(808,038)	(1,116,388)
Share of losses of associates accounted for using the equity method	14	-	(1,510,400)
Finance costs		(3,512)	(85,456)
Loss before income tax expense from continuing operations		(999,149)	(1,617,071)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(999,149)	(1,617,071)
Profit after income tax expense from discontinued operations	5	6,621,473	(30,042)
Profit/(loss) after income tax expense for the year attributable to the owners of TBG Diagnostics Ltd		5,622,324	(1,647,113)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(3,734,159)	221,870
Fair value decrement of financial asset at fair value through other comprehensive income		-	(1,052,242)
Other comprehensive income for the year, net of tax		(3,734,159)	(830,372)
Total comprehensive income for the year attributable to the owners of TBG Diagnostics Ltd		1,888,165	(2,477,485)
Total comprehensive income for the year is attributable to:			
Continuing operations		(999,149)	(2,669,313)
Discontinued operations		2,887,314	191,828
		1,888,165	(2,477,485)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

TBG Diagnostics Ltd
Statement of financial position
As at 31 December 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents		5,925,049	2,248,884
Trade and other receivables		13,492	1,003,903
Inventories		-	3,147,652
Prepayments and other assets		15,101	429,745
Total current assets		5,953,642	6,830,184
Non-current assets			
Property, plant and equipment		7,014	462,759
Right-of-use assets		-	958,857
Prepayments and deposits		-	1,211,827
Total non-current assets		7,014	2,633,443
Total assets		5,960,656	9,463,627
Liabilities			
Current liabilities			
Trade and other payables	6	259,141	621,610
Contract liabilities		-	1,223,290
Borrowings		-	3,154,051
Lease liabilities		-	248,106
Income tax	5	493,558	-
Employee provisions		-	25,805
Total current liabilities		752,699	5,272,862
Non-current liabilities			
Borrowings		-	152,169
Lease liabilities		-	718,804
Total non-current liabilities		-	870,973
Total liabilities		752,699	6,143,835
Net assets		5,207,957	3,319,792
Equity			
Issued capital	7	36,211,120	36,211,120
Reserves		(4,153,695)	(258,280)
Accumulated losses		(26,849,468)	(32,633,048)
Total equity		5,207,957	3,319,792

The above statement of financial position should be read in conjunction with the accompanying notes

TBG Diagnostics Ltd
Statement of changes in equity
For the year ended 31 December 2022

	Issued capital $	Fair value losses on investment in Zucero Therapeutics Limited $	Foreign currency translation reserves $	Share-based payments reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2021	36,211,120	(3,101,453)	3,512,289	161,256	(30,985,935)	5,797,277
Loss after income tax expense for the year	-	-	-	-	(1,647,113)	(1,647,113)
Other comprehensive income for the year, net of tax	-	(1,052,242)	221,870	-	-	(830,372)
Total comprehensive income for the year	-	(1,052,242)	221,870	-	(1,647,113)	(2,477,485)
Balance at 31 December 2021	36,211,120	(4,153,695)	3,734,159	161,256	(32,633,048)	3,319,792

	Issued capital $	Fair value losses on investment in Zucero Therapeutics Limited $	Foreign currency translation reserves $	Share-based payments reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2022	36,211,120	(4,153,695)	3,734,159	161,256	(32,633,048)	3,319,792
Profit after income tax expense for the year	-	-	-	-	5,622,324	5,622,324
Other comprehensive income for the year, net of tax	-	-	(3,734,159)	-	-	(3,734,159)
Total comprehensive income for the year	-	-	(3,734,159)	-	5,622,324	1,888,165
Transactions with owners in their capacity as owners:						
Lapsed or expired share-based payment arrangements	-	-	-	(161,256)	161,256	-
Balance at 31 December 2022	36,211,120	(4,153,695)	-	-	(26,849,468)	5,207,957

The above statement of changes in equity should be read in conjunction with the accompanying notes

TBG Diagnostics Ltd
Statement of cash flows
For the year ended 31 December 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		2,788,837	4,448,300
Payments to suppliers, employees and others		(2,716,477)	(6,400,340)
Interest received		6,792	15,340
Finance costs		(77,808)	(85,457)
Net cash from/(used in) operating activities	16	1,344	(2,022,157)
Cash flows from investing activities			
Payments for property, plant and equipment		(25,240)	(35,367)
Proceeds from / (payments for) prepayments and deposits		28,649	(59,506)
Proceeds from disposal of TBG Holdings Co	5	4,210,675	-
Proceeds from partial sale from investment in Associate		-	1,098,498
Net cash from investing activities		4,214,084	1,003,625
Cash flows from financing activities			
Proceeds / (repayments of) borrowings		(239,231)	84,356
Principal elements of lease payments		(193,608)	(198,736)
Net cash used in financing activities		(432,839)	(114,380)
Net increase/(decrease) in cash and cash equivalents		3,782,589	(1,132,912)
Cash and cash equivalents at the beginning of the financial year		2,248,884	3,014,512
Effects of exchange rate changes on cash and cash equivalents		(106,424)	367,284
Cash and cash equivalents at the end of the financial year		5,925,049	2,248,884

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

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.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through profit or loss or through other comprehensive income.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 13.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of TBG Diagnostics Ltd ('company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the year then ended. TBG Diagnostics Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those 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 de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 1. Significant accounting policies (continued)

Foreign currency translation
The financial statements are presented in Australian dollars, which is TBG Diagnostics Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 1. Significant accounting policies (continued)

Revenue recognition
The Group recognises revenue as follows:

Revenue under the Medigen distribution agreement
TBG Taiwan (a wholly owned subsidiary during the year, refer to note 5 for details on sale of subsidiary) entered into a Distribution Agreement with Medigen Biotechnology Corp. ("Medigen"), a major shareholder and ultimate parent company of the Company. Under the agreement Medigen distributes TBG Taiwan's SARS-CoV-2 related diagnostic products, including its Rapid Test Kit (Colloidal Gold) and Nucleic Acid Test Kit (collectively, the "Test Kits").

In consideration for the exclusive right to distribute the Test Kits, Medigen shall pay to TBG Taiwan an amount equal to 50% of the net profit generated by Medigen, in addition to the manufacturing costs, from each purchase order for the sales of the Test Kits. The "net profit" is defined in the Distribution Agreement as the sales price agreed between Medigen and its clients for each purchase order minus all manufacturing costs and marketing expenses of Medigen and TBG Taiwan (employee wages and related expenses are expressly excluded from the manufacturing and marketing expenses).

Under the agreement, the final sales price that the Group will recognise is dependent on the selling price negotiated between Medigen and the end customer. In accordance with *AASB 15*, the Group only recognises some or all of an amount of variable consideration to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

When recognising revenue in relation to the sale of goods to Medigen under this agreement, the key performance obligation of the group is considered to be the point of delivery of the goods to Medigen as this is deemed to be the time that the they obtain control of the promised goods and therefore the benefits of unimpeded access.

Determination of variable consideration
Judgement is exercised in estimating variable consideration which is determined having regard to the negotiated sales price between Medigen and the end customer where such sales price is not within the control of the Group, or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur once the uncertainty related to the variable consideration is subsequently resolved, the Group has considered both the likelihood and the magnitude of the revenue reversal. The factors included the following:
- the amount of consideration is highly susceptible to factors outside the group's influence, as the variable consideration is dependent on the sale price Medigen determines with the end customer;
- the uncertainty about the amount of consideration is not expected to be resolved for a long period of time, as it is unknown when the sale will be made to the end customer once sold to Medigen;
- limited experience with such type of contract as this was a new distribution contract signed in the current financial year, thus there is limited predictive value; and
- sales recognised under this distribution contract has a broad range of possible consideration amounts due to different variable prices taken into account when determining the final sale price to be recognised.

As such, this is deemed a variable constraint and no variable consideration in relation to sales made under this contract has been recognised in this financial year for those sales where Medigen has purchased the goods from the Group and have yet to sell to an outside customer.

Note 1. Significant accounting policies (continued)

Sale of molecular diagnostic testing kits, vials and solutions
The Group manufactures and sells molecular diagnostics. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

These sales are not subject to any discounts or rebates. The group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision to the extent that the Group has a present obligation (legal or constructive) as a result of a sale under the standard warranty terms that has probable outflow of resources and can be reliably estimated.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Technical service revenue
The Group provides technical services of HLA (Human Leukocyte Antigen) typing. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Financing components
The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

Interest
Interest 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.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or 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 nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 1. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Discontinued operations
A discontinued operation is a component of the Group 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 on the face of the statement of profit or loss and other comprehensive income.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 1. Significant accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Testing equipment	3-5 years
Machinery and equipment	3-15 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

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

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

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

Note 1. Significant accounting policies (continued)

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at 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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
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.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Note 1. Significant accounting policies (continued)

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Write-down of the investment in Zucero Therapeutics Limited
As at 31 December 2021 the directors resolved to write-down to nil the fair value of the investment in Zucero Therapeutics Limited (Zucero), notwithstanding that the Group continues to hold 10,000,000 preference shares and 2,500,000 ordinary shares in Zucero. The fair value loss was recorded in other comprehensive income. In making their determination the directors considered the fact that Zucero is currently under voluntary administration as at 17 December 2022.

Accordingly, the directors have considered that the most appropriate (Level 3) valuation is the share represented in the net assets of Zucero as at 31 December 2021 being the latest available financial information.

As it is currently in a net deficiency of assets position (owing to the length of time since its last issue of equity), this represents a nil fair value.

Accounting for the investment in U-Gen Biotechnology Inc
Refer to note 3 Group Restructuring which in the prior year discussed transactions impacting the investment in U-Gen. Notwithstanding that the Group's interest at 36.37% and the entitlements to repurchase equity in U-Gen, as described in note 3 , the directors have only been able to obtain limited financial information from U-Gen during the year and unable to exercise any power upon the governance or operations of U-Gen

Accordingly, for this year from 1 January 2022 the directors determined that the Group no longer held any significant influence over U-Gen which would permit the continuation of accounting for the investment as an Associate. Upon the loss of significant influence, the investment was reclassified as being held at fair value, with changes in fair value taken to profit or loss. Notwithstanding this, the directors have not received any information that would support any reliable valuation of the investment in U-Gen and accordingly, the investment continues to be carried at a nil fair value.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

The eligible active foreign business assets as defined in Subdivision 768-G of the *Income Tax Assessment Act 1997* of TDL Holding Co comprises between 10% and 90% of its total assets. As such, partial capital gains tax relief is applicable on the disposal of TDL Holding Co.

The Group has also applied historical tax losses from the period which the tax losses were incurred by TBG, to the time those tax losses are claimed as a deduction for the period of time where the Continuity of Ownership Test ('COT') requirement has been satisfied.

Refer to note 5 for further details on the disposal.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and carry-forward tax losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Group restructuring

Sale of TDL Holding Co.
On 30 November 2022, the Group sold 1,700,508 fully paid ordinary shares in TDL Holding Co to Medigen Biotechnology Corp (parent company) for a cash consideration of $6,300,000.

As a result of the transaction, there is no control retained by TBG Diagnostics Ltd over TDL Holding Co, and the net assets of TDL Holding Co. (including its subsidiaries TBG Biotechnology Corp. and TBG Biogene Inc.).

The results for the period ended 30 November 2022 attributable to the disposed group has been disclosed as discontinued operations in the statement of profit or loss and other comprehensive income.

Refer to note 5 for details on the discontinued operations.

Equity swap transaction and investment in U-Gen Biotechnology Inc
In the previous financial year, the Group undertook a corporate restructure involving an equity swap transaction between U-Gen Biotechnology Inc ('U-Gen') (formerly TBG Inc), previously wholly-owned subsidiary of the Company, and TBG Biotechnology (Xiamen) Inc. ('TBG Xiamen'), previously recorded as investment in associate of U-Gen with an ownership of 46.65%. The restructure resulted in the Company holding a 46.65% ownership of U-Gen, which was recognised as investment in associate, while U-Gen acquired 100% of TBG Xiamen.

In addition to the equity swap, a Loan and Restructuring Agreement was entered into with each of the other shareholders that owned 53.35% of TBG Xiamen where the other shareholders agreed to lend a total aggregate amount of $11,837,142 (58,685,000 RMB) to U-Gen. The loans will be used as financial assistance to U-Gen in obtaining listing with the Hong Kong Stock Exchange (HKSE) before 31 December 2021.

Under the terms of the agreement, the other shareholders will waive their rights to the loans subject to U-Gen obtaining listing with the HKSE before 31 December 2021. If U-Gen is unsuccessful in obtaining listing with the HKSE before 31 December 2021, the loans will become payable in full plus applicable annual interest rate of 8% to 11%. Further, TDL has the right to buy-back the 53.35% equity in U-Gen from the other shareholders at 1% of the original equity price.

The Initial Public Offering (IPO) has been delayed. Accordingly, the term of the loans obtained from the other shareholders have been extended to 31 December 2023.

At 31 December 2022, the Company's shareholding interest in U-Gen Biotechnology Inc. was reduced to 36.37%.

Notwithstanding that the Group's interest of 36.37% and the entitlements to repurchase equity in U-Gen, as described above, the directors have only been able to obtain limited financial information from U-Gen during the year and unable to exercise any power upon the governance or operations of U-Gen

Accordingly, for this year from 1 January 2022 the directors determined that the Group no longer held any significant influence over U-Gen which would permit the continuation of accounting for the investment as an Associate. Upon the loss of significant influence, the investment was reclassified as being held at fair value, with changes in fair value taken to profit or loss.

As at 31 December 2022, the directors considered the valuation of U-Gen. They received information in April 2023 that during the year, U-Gen had issued 4,345,901 ordinary fully paid shares for consideration of $USD 4,980,000. Notwithstanding this, the directors have been unable to verify whether or not this capital raising has occurred at arms-length terms in a market that would be appropriate in the context of revaluing the investment from its current $nil value. As a consequence, no fair value uplift has been represented in these financial statements in-respect of this investment value.

Note 4. Operating segments

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

During the year, the one reportable segment relating to the InVitro Diagnostics segment which is engaged with the research and development of biological drugs, including Covid-19 testing kits, and the retail and wholesale of veterinary drugs with operations mainly in Taiwan was disposed.

Refer to note 5 for further details on the disposal and related discontinued operations.

Note 5. Discontinued operations

Financial performance information

	2022 **$**
Sales revenue	4,239,121
Cost of sales	(1,981,788)
	2,257,333
Other income	238,391
Depreciation and amortisation expense	(334,002)
Research and development expenses	(1,107,784)
Reversal of impairment / (impairment charge)	(605,658)
Selling expenses	(288,375)
Administration and corporate	(44,213)
Finance costs	(77,808)
Total expenses	(2,457,840)
Profit before income tax expense	37,884
Income tax expense	-
Profit after income tax expense	37,884
Gain on disposal before income tax	7,077,147
Income tax expense	(493,558)
Gain on disposal after income tax expense	6,583,589
Profit after income tax expense from discontinued operations	6,621,473

Note 5. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	2022 $
Cash and cash equivalents	2,089,325
Trade and other receivables	848,126
Inventories	1,818,458
Property, plant and equipment	345,299
Intangibles	759,823
Other non-current assets	1,105,165
Total assets	6,966,196
Trade and other payables	437,764
Borrowings	3,066,989
Other liabilities	779,497
Total liabilities	4,284,250
Net assets	2,681,946

Details of the disposal

On 30 November 2022, the Group sold 1,700,508 fully paid ordinary shares in TDL Holding Co to Medigen Biotechnology Corp for a cash consideration of $6,300,000.

As a result of the transaction, there is no control retained by TBG Diagnostics Ltd over TDL Holding Co, and the net assets of TDL Holding Co. (including its subsidiaries TBG Biotechnology Corp. and TBG Biogene Inc.).

The results for the period ended 30 November 2022 attributable to the disposed group has been disclosed above.

Included within the gain on disposal is $3,627,734 representing the historical foreign exchange differences arising from the translation of balances from the functional currency to presentation currency.

In accordance with AASB 121 *The Effects of Changes in Foreign Exchange Rates* as the Group's net investment in a foreign operation (TDL Holding Co) has been disposed, the impact of the foreign exchange differences has been recognised in the profit and loss for the period. If this amount were to be excluded, the net gain on disposal would be $2,955,855.

	2022 $
Total sale consideration	6,300,000
Carrying amount of net assets disposed	(2,681,946)
Derecognition of foreign currency reserve	3,627,734
Disposal costs	(168,641)
Gain on disposal before income tax	7,077,147
Income tax expense	(493,558)
Gain on disposal after income tax	6,583,589
Reconciliation of cash consideration on disposal	
Cash consideration received	6,300,000
Cash and cash equivalents held by TDL Holdings Co and subsidiaries at disposal	(2,089,325)
Net cash inflows from disposal	4,210,675

Note 6. Current liabilities - trade and other payables

	2022 $	2021 $
Trade payables	74,416	51,210
Payable to TBG Xiamen	-	8,127
Other payables	184,725	562,273
	259,141	621,610

Trade creditors are non-interest bearing and are normally settled between 30 to 90 days

Refer to note 8 for further information on financial instruments.

Note 7. Equity - issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	217,587,289	217,587,289	36,211,120	36,211,120

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 8. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: primarily liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

The Group's financial instruments consist of cash and cash equivalents, accounts receivable and trade and other payables.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 8. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2022	Weighted average interest rate %	1 year or less $	More than 1 year $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade payables and other payables	-	752,699	-	-	-	752,699
Total non-derivatives		752,699	-	-	-	752,699

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 9. Key management personnel disclosures

Directors
The following persons were directors and key management personnel of TBG Diagnostics Ltd during the financial year:

Jitto Arulampalam	Executive Chairman
Stanley Chang	Non-Executive Director
Emily Lee	Non-Executive Director
Benson (Bing Cheng) Liu	Non-Executive Director
Justyn Stedwell	Company Secretary, resigned 4 February 2022
Nova Taylor	Company Secretary, appointed 4 February 2022

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2022 $	**2021 $**
Short-term employee benefits	196,667	364,033
Post-employment benefits	-	13,187
Long-term benefits	-	55,456
Termination benefits	-	76,558
	196,667	509,234

Note 10. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

Note 10. Remuneration of auditors (continued)

	$	$
Audit and review of the Group's financial reports		
BDO Audit Pty Ltd	-	168,205
William Buck Audit (VIC) Pty Ltd	40,500	55,000
	40,500	223,205
Other taxation services		
William Buck (VIC) Pty Ltd	30,500	-
Other services		
BDO Services Pty Ltd	-	21,348
	71,000	244,553

Note 11. Contingent liabilities

The Group has given bank guarantees and security deposits as at 31 December 2022 of $ nil (2021: $211,983) to various landlords and vendors.

Note 12. Related party transactions

Parent entity
TBG Diagnostics Ltd is the parent entity.

Subsidiaries and associates
Interests in subsidiaries and associates are set out in note 14.

Key management personnel
Disclosures relating to key management personnel are set out in note 9.

Transactions with related parties
The following transactions occurred with related parties:

	2022 **$**	**2021** **$**
Sale of goods and services:		
Sale of goods to TBG Biotechnology (Xiamen) Inc	455,172	1,252,309
Sale of goods and utilities to controlling entity	1,805,632	2,216,998
Other transactions:		
Rental payments paid to controlling entity	103,200	123,408
Management consultancy fees paid to controlling entity	-	858
Shipping fees paid to controlling entity	-	1,153
Business travelling fees paid to controlling entity	-	12,740
Prepayment for restructuring costs paid to controlling entity	-	1,075,816
Purchase of goods from controlling entity	3,919	-

Note 12. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022 $	2021 $
Receivables:		
Trade receivables from TBG Biotechnology (Xiamen) Inc (refer)	-	1,292,255
Other receivables from controlling entity (refer)	-	4,531
Prepayments and other receivables to TBG Biotechnology (Xiamen) Inc	-	700,206
Payables:		
Trade payables to TBG Biotechnology (Xiamen) Inc (refer note 6)	-	8,127
Contract liabilities to controlling entity	-	1,216,918

As at 31 December 2022, the entity had a $177,819 receivable from TDL Holding Co which was specifically excluded from the Share Sale Agreement.

This balance has been fully impaired at year end, however, management are pursuing payment of this balance.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 13. Parent entity information

Parent entity information required to be disclosed in accordance with the *Corporations Act 2001*. The legal parent entity of the group is TBG Diagnostics Ltd and as at 31 December 2022.

Subsequent to the disposal of TDL Holding Co, the financial information presented in the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income (continuing operations) as at 31 December 2022 represents that of TBG Diagnostics Ltd.

Note 14. Interests in subsidiaries and other entities

The consolidated financial statements incorporate the financial statements of TBG Diagnostics Limited and the following subsidiaries and associates in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	Country of incorporation	2022 %	2021 %
TDL Holding Co	Cayman Islands	-	100.00%
TBG Biotechnology Corp.	Taiwan	-	100.00%
TBG Biogene Inc.	United States	-	100.00%
U-Gen Biotechnology Inc. (formerly TBG Inc)	Cayman Islands	36.37%	37.36%

Refer to note 5 for details on the sale of TDL Holding Co and related subsidiaries during the year.

Refer to note 3 for details of loss of significant influence in U-Gen Biotechnology Inc.

Note 15. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 16. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	2022 $	2021 $
Profit/(loss) after income tax expense for the year	5,622,324	(1,647,113)
Adjustments for:		
Depreciation and amortisation	334,720	456,178
(Gain) / loss on partial sale of Associate	-	(1,029,899)
Gain on disposal of TDL Holding Co	(7,077,147)	-
Share of net losses of associates	-	1,510,399
Impairment charge/ (reversal of impairment loss)	796,256	(677,415)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(642,616)	696,456
Decrease in inventories	1,329,194	1,887,758
Decrease in prepayments and other assets	481,302	(88,024)
Decrease in trade and other payables	(1,310,442)	(3,094,026)
Increase in provision for income tax	493,558	-
Decrease in other provisions	(25,805)	(36,471)
Net cash from/(used in) operating activities	1,344	(2,022,157)

TBG Diagnostics Ltd
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the directors

Jitto Arulampalam
29 June 2023

William Buck
ACCOUNTANTS & ADVISORS

TBG Diagnostics Ltd
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Qualified Opinion

We have audited the financial report of TBG Diagnostics Ltd (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section below, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

The Company holds an investment in U-Gen Biotechnology Inc of 36.37% held at $nil value, a holding company incorporated in the Cayman Islands with entitlements to repurchase equity as described in note 3 to the financial statements. Notwithstanding the Group's interest, the directors have only been able to obtain limited financial information from U-Gen during the year and unable to exercise any power upon the governance or operations of U-Gen.

Accordingly, from 1 January 2022 the directors determined that the Group no longer held any significant influence over U-Gen which would permit the continuation of accounting for the investment as an Associate. Upon the loss of significant influence, the investment was reclassified as being held at fair value, with changes in fair value taken to profit or loss.

During the year, U-Gen had issued 4,345,901 ordinary fully paid shares for consideration of $USD 4,980,000. We were unable to obtain sufficient and appropriate evidence supporting the value of the investment as described in note 3 to the financial statements, and whether, if we had such evidence that this would result in an adjustment to amounts recorded in the financial statements in respect of this investment.

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We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our independent auditor's report.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 29 June 2023