

TBG Diagnostics Ltd

ABN 82 010 975 612

Annual Report - 31 December 2023

TBG Diagnostics Ltd
Directors' report
31 December 2023

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 2023.

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 activity of the Group for the financial year consisted of its management of portfolio assets and conducting due diligence for future investment opportunities.

Dividends

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

Review of operations

The loss for the Group after providing for income tax amounted to \$823,109 (31 December 2022: profit of \$5,622,324).

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.

Likely developments and expected results of operations

The Group is continuing its efforts in reviewing potential acquisitions and managing the Group's existing investments.

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Information on directors

Name: *Mr Indrajit (Jitto) Solomon Arulampalam*
Title: *Executive Chairman*

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 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.

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Name: *Ms Emily Lee*
Title: *Non-Executive Director*

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

Nova Taylor

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board members held during the year ended 31 December 2023, and the number of meetings attended by each director were:

	Directors' meetings	
	A	B
Jitto Arulampalam	1	1
Stanley Chang	1	1
Emily Lee	1	1
Benson (Bing Cheng) Liu	1	1

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

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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 (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



D0470500-BDC3-6045-F55D-08DC86C3DC08

Jitto Aralampulam

Director

7 June 2024

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 2023 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, 7 June 2024

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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 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

Level 18, 101 Collins St., Melbourne VIC, 3000

Principal place of business

Level 18, 101 Collins St., Melbourne VIC, 3000

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 30 June 2024. 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 2023

	2023	2022
	\$	\$
Revenue		
Interest Income	68,306	3,718
Expenses		
Depreciation and amortisation expense	(7,014)	(718)
Impairment charge / reversal of impairment	-	(190,599)
Administration and corporate	(884,401)	(808,038)
Finance costs	-	(3,512)
	<hr/>	<hr/>
Loss before income tax expense from continuing operations	(823,109)	(999,149)
Income tax expense	-	-
	<hr/>	<hr/>
Loss after income tax expense from continuing operations	(823,109)	(999,149)
Profit after income tax expense from discontinued operations	-	6,621,473
	<hr/>	<hr/>
Profit/(loss) after income tax expense for the year attributable to the owners of TBG Diagnostics Ltd	(823,109)	5,622,324
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	-	(3,734,159)
	<hr/>	<hr/>
Other comprehensive income for the year, net of tax	-	(3,734,159)
	<hr/>	<hr/>
Total comprehensive income for the year attributable to the owners of TBG Diagnostics Ltd	(823,109)	1,888,165
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income for the year is attributable to:		
Continuing operations	(823,109)	(999,149)
Discontinued operations	-	2,887,314
	<hr/>	<hr/>
	(823,109)	1,888,165
	<hr/> <hr/>	<hr/> <hr/>

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 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents		5,089,310	5,925,049
Trade and other receivables		-	13,492
Prepayments and other assets		51,814	15,101
Total current assets		<u>5,141,124</u>	<u>5,953,642</u>
Non-current assets			
Property, plant and equipment		-	7,014
Total non-current assets		<u>-</u>	<u>7,014</u>
Total assets		<u>5,141,124</u>	<u>5,960,656</u>
Liabilities			
Current liabilities			
Trade and other payables		253,380	259,141
Income tax		493,558	493,558
Employee provisions		9,338	-
Total current liabilities		<u>756,276</u>	<u>752,699</u>
Total liabilities		<u>756,276</u>	<u>752,699</u>
Net assets		<u>4,384,848</u>	<u>5,207,957</u>
Equity			
Issued capital		36,211,120	36,211,120
Reserves	4	(4,153,695)	(4,153,695)
Accumulated losses		<u>(27,672,577)</u>	<u>(26,849,468)</u>
Total equity		<u>4,384,848</u>	<u>5,207,957</u>

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 2023

	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
<i>Transactions with owners in their capacity as owners:</i>						
Lapsed or expired share-based payment arrangements	-	-	-	(161,256)	161,256	-
Balance at 31 December 2022	<u>36,211,120</u>	<u>(4,153,695)</u>	<u>-</u>	<u>-</u>	<u>(26,849,468)</u>	<u>5,207,957</u>
	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 2023	36,211,120	(4,153,695)	-	-	(26,849,468)	5,207,957
Loss after income tax expense for the year	-	-	-	-	(823,109)	(823,109)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(823,109)	(823,109)
Balance at 31 December 2023	<u>36,211,120</u>	<u>(4,153,695)</u>	<u>-</u>	<u>-</u>	<u>(27,672,577)</u>	<u>4,384,848</u>

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 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		671	2,788,837
Payments to suppliers, employees and others		(904,716)	(2,716,477)
Interest received		68,306	6,792
Finance costs		-	(77,808)
		<hr/>	<hr/>
Net cash from/(used in) operating activities	12	(835,739)	1,344
Cash flows from investing activities			
Payments for property, plant and equipment		-	(25,240)
Proceeds from / (payments for) prepayments and deposits		-	28,649
Proceeds from disposal of TBG Holdings Co		-	4,210,675
		<hr/>	<hr/>
Net cash from investing activities		-	4,214,084
Cash flows from financing activities			
Proceeds / (repayments of) borrowings		-	(239,231)
Principal elements of lease payments		-	(193,608)
		<hr/>	<hr/>
Net cash used in financing activities		-	(432,839)
Net increase/(decrease) in cash and cash equivalents		(835,739)	3,782,589
Cash and cash equivalents at the beginning of the financial year		5,925,049	2,248,884
Effects of exchange rate changes on cash and cash equivalents		-	(106,424)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		<u>5,089,310</u>	<u>5,925,049</u>

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

TBG Diagnostics Ltd
Notes to the financial statements
31 December 2023

Note 1. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, 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 10.

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.

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

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 36.32% and the entitlements to repurchase equity in U-Gen, as described in note 3, the directors have been unable to obtain any financial information from U-Gen in the year nor exercise any control 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.

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.

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.

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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.

Equity swap transaction and investment in U-Gen Biotechnology Inc

During the 2021 first quarter, 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 2024. These loans are written down to nil in these financial statements.

As a result of the transaction, the Company's shareholding interest in U-Gen Biotechnology Inc. was reduced to 36.32%.

Notwithstanding that the Group's interest of 36.32% 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 the year and unable to exercise any power upon the governance or operations of U-Gen.

Accordingly, for this year and also from the date of the U-Gen transaction 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 2023, the directors considered the valuation of U-Gen. They received information in April 2022 that 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. Equity - reserves

	2023	2022
	\$	\$
Financial assets at fair value through other comprehensive income reserve	<u>(4,153,695)</u>	<u>(4,153,695)</u>

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income being Zucero Therapeutics Ltd.

Note 5. 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.

Fair value of financial instruments

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

Note 6. 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

Compensation

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

	2023	2022
	\$	\$
Short-term employee benefits	<u>354,333</u>	<u>196,667</u>

Note 7. Remuneration of auditors

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

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Notes to the financial statements
31 December 2023

Note 7. Remuneration of auditors (continued)

	\$	\$
<i>Audit and review of the Group's financial reports</i>		
BDO Audit Pty Ltd	-	168,205
William Buck Audit (VIC) Pty Ltd	27,250	55,000
	<u>27,250</u>	<u>223,205</u>
<i>Other taxation services</i>		
William Buck (VIC) Pty Ltd	27,000	-
	<u>27,000</u>	<u>-</u>
<i>Other services</i>		
BDO Services Pty Ltd	-	21,348
	<u>-</u>	<u>21,348</u>
	<u>54,250</u>	<u>244,553</u>

Note 8. 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 9. Related party transactions

Parent entity

TBG Diagnostics Ltd is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 6.

Transactions with related parties

The following transactions occurred with related parties:

	2023 \$	2022 \$
<i>Sale of goods and services:</i>		
Sale of goods to TBG Biotechnology (Xiamen) Inc	-	455,172
Sale of goods and utilities to controlling entity	-	1,805,632
<i>Other transactions:</i>		
Rental payments paid to controlling entity	-	103,200
Purchase of goods from controlling entity	-	3,919

Note 10. 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 11. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 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.

TBG Diagnostics Ltd
Notes to the financial statements
31 December 2023

Note 12. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	2023	2022
	\$	\$
Profit/(loss) after income tax expense for the year	(823,109)	5,622,324
Adjustments for:		
Depreciation and amortisation	7,014	334,720
Gain on disposal of TDL Holding Co	-	(7,077,147)
Impairment charge/ (reversal of impairment loss)	-	796,256
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	671	(642,616)
Decrease in inventories	-	1,329,194
Decrease in prepayments and other assets	(23,892)	481,302
Decrease in trade and other payables	(5,761)	(1,310,442)
Increase in provision for income tax	-	493,558
Increase/(decrease) in other provisions	9,338	(25,805)
Net cash from/(used in) operating activities	<u>(835,739)</u>	<u>1,344</u>

TBG Diagnostics Ltd
Directors' declaration
31 December 2023

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 2023 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



D0470600-BDC3-6045-F55D-08DC86C3DC08

Jitto Aralampulam

7 June 2024

Independent auditor's report to the members of TBG Diagnostics Ltd

Report on the audit of the financial report



Qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of TBG Diagnostics Ltd (the Company), is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Company, which comprises:

- the statement of financial position as at 31 December 2023,
- the statement of profit or loss and other comprehensive income for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for qualified opinion

The Company holds an investment in U-Gen Biotechnology Inc (U-Gen) of 36.37% held at \$nil value, both as at 31 December 2022 and 31 December 2023, a holding company incorporated in the Cayman Islands with entitlements to repurchase equity as described in note 3 to the financial statements. Notwithstanding the Company's interest in U-Gen, the directors have only been able to obtain limited financial information from U-Gen during the year and the prior year and have been 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.

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 to the value of the investment for the comparative financial year ended 31 December 2022, 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. The audit report accompanying financial report for the year ended 31 December 2022 was also modified accordingly.

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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 included in the Company's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 Company's ability 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 Company or to cease operations, or have 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 the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



N. S. Benbow

Director

Melbourne, 7 June 2024