TBG Diagnostics Limited

ABN 82 010 975 612

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

Appendix 4D item 2.1 **Revenue from continuing operations**.	Revenues increased 22.9% from previous corresponding period to $1,915,315.
Appendix 4D item 2.2 **Profit (loss) from continuing operations after tax attributable to members.**	Loss decreased 15.7% from previous corresponding period to loss of $1,158,209
Appendix 4D item 2.3 **Net profit (loss) from discontinued operations for the period attributable to members.**	Profit decreased 100% from previous corresponding period to $nil
Appendix 4D item 2.4 **Net profit (loss) for the period attributable to members.**	Profit decreased 110.9% from previous corresponding period to loss of $1,158,209
Appendix 4D item 2.5 and 2.6 **The amount per security and franked amount per security of final and interim dividends.**	No dividends have been paid or declared during the period and the directors do not recommend the payment of a dividend in respect of the half-year ended 30 June 2020. Dividends are not expected to be paid or declared in the immediate term.
Appendix 4D item 2.7 **A brief explanation of any figures in 2.1 to 2.6 necessary to enable the figures to be understood.**	See attached Directors' Report for an explanation of items 2.1, 2.2 and 2.3.
Appendix 4D item 3 **Net tangible assets per security**.	30 June 2020: 4.2 cents 31 December 2019: 5.9 cents
Appendix 4D item 7.1 **Details of associates and joint venture**	TBG Biotechnology (Xiamen) Inc. including: • XiaDe (Xiamen) Biotechnology Co, Ltd • TBG Biotechnology (HuNan) • Changsha TBG Digital Cloud • Changsha ChangYe Medical Laboratory Corp • Changsha ChangYe Medical Technology Ltd • Changsha ChangYe Medical Inspection Institute
Appendix 4D item 7.2 **Group's aggregate share of associates and joint venture entities' profit (loss)** [1] Group's aggregate share of associates and joint venture entities' net loss for the current period. [2] Group's aggregate share of associates and joint venture entities' net loss for the prior period 1 May 2019 to 30 June 2019	Loss contribution: ($363,557)[1] Previous corresponding period: ($514,780)[2]

Appendix 4D items 5,6, and 9 are not applicable.

Interim Financial Report
For the half-year ended 30 June 2020

ASX HALF-YEAR INFORMATION – 30 June 2020
Lodged with the ASX under Listing Rule 4.2A. This report should be read in conjunction with TBG Diagnostics Limited's 31 December 2019 Annual Report.

Contents

DIRECTORS' REPORT

The Board of Directors of TBG Diagnostics Limited and its controlled entities ('TBG' or 'the Company') present their report on the Company for the half-year ended 30 June 2020.

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

Mr Jitto Arulampalam	(Executive Chairman)
Ms Emily Lee	(Non-Executive Director)
Dr Stanley Chang	(Non-Executive Director)
Mr Hsi Kai (C.K.) Wang	(Non-Executive Director)

Officer

Mr Justyn Stedwell	(Company Secretary)

Review of Operations

The net loss for the six months ended 30 June 2020 was $1,158,209 compared to a net profit of $10,468,540 for the six months ended 30 June 2019. The significant decrease is due to prior year's gain on discontinued operations relating to the disposal of the China group, TBG Biotechnology (Xiamen) Inc and its subsidiaries ('TBG Xiamen'). Prior year's results also included income pertaining to the early settlement of the deferred consideration of PG500 assets that were sold in 2016.

Administrative and Corporate Expenses

Administrative and corporate expenses increased 30.1% to $1,137,632 (2019: $874,114) primarily due to increased management consultancy, audit and legal fees incurred by the parent entity.

Research and Development (R&D) Expenses

Research and development expenditure increased 22.3% to $1,225,808 (2019: $1,002,103) during the six months ended 30 June 2020. During the period, the group incurred product development and registration costs in relation to its COVID-19 diagnostics products as a pro-active response to the increasing need to prevent the spread of coronavirus which was described by the World Health Organisation (WHO) as global pandemic.

During the period, the group have successfully obtained product registrations and approvals of its COVID-19 diagnostics kits namely:
1) CE mark approval of COVID-19 Nucleic Acid Test kits and Anti-body Rapid Test kits from the European Regulations applicable to European economic area and any other country that accepts CE mark; and
2) Emergency Use Authorisation (EUA) from the United States Food and Drug Administration (FDA) of its COVID-19 Nucleic Acid Test kits.

The group is also currently developing immune function related genetic marker, Killer cell Inhibitor Receptor (KRI) to assess and monitor the efficacy of adoptive Natural Killer (NK) using multiple diagnostic platforms including SSP, real-time PCR, SBT and NGS.

TBG is continuously focused on the development of molecular diagnostics in Immunogenetics. Based on multiplex Polymerase Chain Reaction (PCR) technology, the Group is also developing products for infectious disease diagnostics.

DIRECTORS' REPORT (continued)

Research and Development (R&D) Expenses (cont'd)

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

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

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

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

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

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

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

COVID-19 Pandemic
In December of 2019, a novel corona virus was first identified in Wuhan, China and later referred to as COVID-19. Within the first 3 months of 2020, COVID-19 has spread worldwide and caused a pandemic with over 1 million infected and 50,000 deaths. Without any vaccine or effective treatment, the only way to contain this pandemic is by viral screening and isolation. Countries that have successfully contained the virus have demonstrated that massive viral screening is the key to effective containment. The most common technology for massive viral screening is by RNA based real time PCR. In response, TBG had utilized its prior experience in viral IVD and produced RNA based testing kits against COVID-19. With our supply chain in both China and Taiwan, TBG will be able to offer a stable supply of COVID-19 products globally.

DIRECTORS' REPORT (continued)

Selling expenses

Selling expenses decreased 20.1% to $257,027 (2019: $321,557). During the period, promotional campaigns and related marketing travel plans were either put on hold or cancelled due to the impact of COVID-19.

Gain on Discontinued Operations

There were no gains or losses on discontinued operations during the period.

In prior year, gain on discontinued operations of $11,842,126 pertained to income of $5,999,000 applicable to the full settlement of the deferred receivable relating to the PG500 assets that were sold in 2016. The prior year disposal of its subsidiary in China, TBG Xiamen, resulted to a gain of $5,843,126.

Refer to *note 6* for further details.

Revenue and Other Income

Total revenues earned during the period increased 22.9% to $1,915,315 in 30 June 2020 (2019: $1,558,390) due to increase in sales revenues from existing customers. Additionally, sales from COVID-19 test kits also contributed to the positive result. Related party sales to the parent, Medigen Biotechnology Corp. amounted to $394,693 (2019: $425,619). Related party sales to the group's investee company, TBG Xiamen, amounted to $382,233 (2019: $287,964). Total related party sales composed 40.6% (2019: 41.4%) of total revenues.

Other income increased 327.7% to $435,190 (2019: $101,747) mainly due to recovery of accounts previously impaired. Furthermore, the parent company in Australia received an income of $50,000 relating to cash flow boost incentive that are granted by the Australian government to eligible businesses during the economic downturn associated with COVID-19.

Significant Changes in the State of Affairs

Group's responses to the impact of coronavirus pandemic

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during 2020.

However, the Group considered this situation as an opportunity and utilised its technology advantage and expertise in the production of RNA based testing kits against COVID-19. The Group has developed Nucleic Acid and Antibody Rapid Test Kits, ExProbe™ SARS-CoV-2 Testing Kit and SARS-CoV-2 IgG/IgM Rapid Test Kit, of which have received CE Mark, approvals and registrations in selected countries.

The following related events took place during the six months ended 30 June 2020.

DIRECTORS' REPORT (continued)

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

Group's responses to the impact of coronavirus pandemic (cont'd)

(i) ChangYe approved as a designated testing lab for coronavirus

On 27 February 2020, the Group announced that Changsha ChangYe Medical Laboratory Corp. ('ChangYe'), a subsidiary of the Group's investee company TBG Xiamen, has been approved by the Health Competent Authority of the Province of Hunan (China) as a designated testing lab for 2019-nCov among other labs. As a designated lab, currently considerable samples from all over Hunan Province have been sent to ChangYe Medical Laboratories for analysis service, mainly from hospitals and corporate clients whose employees have to be screened.

(ii) CE Mark approval of TBG Xiamen's COVID-19 Virus Diagnostic Kit

On 18 March 2020, the Group's investee company TBG Xiamen, a China based molecular diagnostics company, has received the CE Mark approval for its COVID-19 Nucleic Acid Diagnostics Kit. CE Mark certification indicates that the COVID-19 Nucleic Acid Diagnostics Kit meets the essential health, safety, and environmental protection requirements of the applicable European regulations to allow the sale of the kit throughout the European Economic Area. This RNA based diagnostic kit uses real time PCR technology platform with 3 colour labelling to detect distinctive segments within RDRP, N and E genes of the SARS-CoV-2 virus.

Subsequently on 6 April 2020, the Group has been advised that the Chinese Government has now banned the export of all COVID-19 diagnostics kits that have not obtained the required China medical device product registration certification. TBG Xiamen's COVID-19 Virus Diagnostic Kits do not currently have China medical device product registration certification required under the new export requirements as recently announced by the Chinese Government, therefore TBG Xiamen is currently unable to sell and export their COVID-19 Nucleic Acid Diagnostics Kits from China. Without the China medical device product registration certification, TBG Xiamen is also currently unable to sell their COVID-19 Nucleic Acid Diagnostics Kits within China. While TBG Xiamen has received interest from several buyers, in light of these new restrictions no COVID-19 Nucleic Acid Diagnostics Kits will be exported or sold while these restrictions remain in place or until TBG Xiamen receives the required certifications for sale and export. TBG Xiamen intends to apply for the relevant regulatory approvals to allow for the sale and distribution of the COVID-19 Nucleic Acid Diagnostics Kits to regions within Europe and Asia as well as the USA.

On 5 May 2020, the Group further received notification from TBG Xiamen that the Chinese Department of Commerce has lifted these bans restricting the exportation of TBG Xiamen's CE Marked COVID-19 Nucleic Acid Test Kits. Following the lift of the export ban the COVID-19 Nucleic Acid Test Kits are now able to be exported from China for sale throughout the European Economic Area subject to individual countries accepting import of the test kits.

(iii) TBG Biotechnology Corp. ('TBG Taiwan') received CE Mark approval of COVID-19 Nucleic Acid and Antibody Rapid Test Kits

On 21 May 2020, the Group announced that its wholly owned subsidiary TBG Biotechnology Corp. ("TBG Taiwan") has received the CE Mark approval for its ExProbe™ SARS-CoV-2 Testing Kit and SARS-CoV-2 IgG / IgM Rapid Test Kit.

CE Mark certification indicates that the ExProbe™ SARS-CoV-2 Testing Kit and SARS-CoV-2 IgG / IgM Rapid Test Kit meet the essential health, safety, and environmental protection requirements of the applicable European regulations to allow the sale of the kit throughout the European Economic Area as well as any country that accepts CE-mark, subject to satisfying regulatory requirements and obtaining import permits for individual countries. Both tests are manufactured by TBG Biotechnology Corp.in Taiwan and will be exported from Taiwan subject to meeting the regulatory requirements of the destination country. The ExProbe™ SARS-CoV-2 Testing Kit is a RNA based diagnostic kit that uses real time PCR technology with

DIRECTORS' REPORT (continued)

Significant Changes in the State of Affairs

Group's responses to the impact of coronavirus pandemic (cont'd)

multiplex design to detect distinctive segments within RdRP, N and E genes of the SARS-CoV-2 virus in a single reaction. It is commonly used to confirm active infection of the SARS-CoV-2 virus. The SARS-CoV-2 IgG / IgM Rapid Test Kit test is a lateral flow assay that is able to detect IgG and IgM antibodies against specific protein epitopes on the N and S proteins of the SARS-CoV-2. The Company expects the test to take 15 minutes to complete and detect the presence of SARS-CoV-2 specific IgM and IgG antibodies in the blood, serum and plasma. IgM and IgG antibodies usually generated in the body 7-10 days after SARS-CoV-2 infection and can last for weeks. This test is often used to confirm if a person has been infected with the COVID-19 virus. This rapid test uses droplet of blood, serum or plasma as testing sample.

Together, these two test products are expected to be able to confirm symptomatic individuals with an active SARS-CoV-2 viral infection and those who have been infected bySARS-CoV-2 and generated a specific antibody response.

(iv) TBG Taiwan receives US FDA Emergency Use Authorisation (EUA) for its COVID-19 nucleic acid test kits

On 12 June 2020, TBG Taiwan has received an Emergency Use Authorisation (EUA) from the United States Food and Drug Administration (FDA) for its ExProbe™ SARS-CoV-2 Testing Kit. The ExProbe™ SARS-CoV-2 Testing Kit is a RNA based diagnostic kit that uses real time PCR technology with multiplex design to detect distinctive segments within RdRP, N and E genes of theSARS-CoV-2 virus in a single reaction. It is commonly used to confirm active infection of the SARS-CoV-2 virus from a specified range of upper and lower respiratory samples. This test is manufactured by TBG Biotechnology Corp. in Taiwan and will be exported from Taiwan.

The United States FDA has made the Testing Kit available under an emergency access mechanism called an EUA. The EUA is supported by the Secretary of Health and Human Service's declaration that circumstances exist to justify the emergency use of in vitro diagnostics (IVDs) for the detection and/or diagnosis of the virus that causes COVID-19. Since the Testing Kit is made available under an EUA, it has not undergone the same type of review as an FDA-approved or cleared IVD.

The EUA for the Testing Kit is in effect for the duration of the COVID-19 declaration justifying emergency use of IVDs, unless terminated or revoked (after which the test may no longer be used).

Under the EUA, the ExProbe SARS-CoV-2 Testing Kit is only authorised for use in laboratories certified under the Clinical Laboratory Improvement Amendments of 1988 (CLIA), 42 U.S.C. §263a, to perform high complexity tests.

The FDA concluded that the Testing Kit met the criteria for issuance of the EUA which are listed in Section I on page 2 of the Letter of Authorisation. A full copy of the Letter of Authorisation from the FDA, which includes the conditions attached to the EUA, is available on the FDA websiteathttps://www.fda.gov/media/138819/download.

The Fact Sheets for Healthcare Providers and Patients for the Testing Kit and the Instructions for Use are also available from the FDA website at https://www.fda.gov/medical-devices/emergency-situations-medical-devices/emergency-use-authorizations#COVID19ivd.

The Testing Kit is one of 100 in vitro diagnostics test kits for detection and/or diagnosis of the novel coronavirus which have received FDA EUAs to date.

DIRECTORS' REPORT (continued)

Significant Changes in the State of Affairs

Group's responses to the impact of coronavirus pandemic (cont'd)

The Group has been continuously producing and progressing its COVID-19 products towards approvals and registration in various countries to expand market where TBG's diagnostics products are recognised.

These measures are considered by the Group to mitigate any potential financial impact associated with business risks resulting from the coronavirus pandemic.

Significant Event After the Reporting Date

TBG Taiwan Receives Taiwan Ministry of Health and Welfare Emergency Use Authorization (EUA) of the COVID-19 Nucleic Acid Test Kits

On 29 July 2020, TBG Taiwan received an Emergency Use Authorisation (EUA) from the Taiwan Ministry of Health and Welfare ("MOHW") for its ExProbe™ SARS-CoV-2 Testing Kit. The ExProbe™ SARS-CoV-2 Testing Kit ("Testing Kit") is an RNA based diagnostic kit that uses real time PCR technology with multiplex design to detect distinctive segments within RdRP, N and E genes of theSARS-CoV-2 virus in a single reaction. It is commonly used to confirm active infection of the SARS-CoV-2 virus from a specified range of upper and lower respiratory samples. This test is manufactured by TBG Biotechnology Corp. in Taiwan. The Taiwan MOHW has made the Testing Kit available under an emergency access mechanism called an EUA. The EUA is supported by the Taiwan MOHW that circumstances exist to justify the emergency use of in vitro diagnostics (IVDs) for the detection and/or diagnosis of the virus that causes COVID-19. Since the Testing Kit is made available under an EUA, it has not undergone the same type of review as an FDA-approved or cleared IVD. The EUA for the Testing Kit is in effect from 24 July 2020 until 31 December 2021.

The Testing Kit is one of 10 in vitro diagnostics nucleic acid test kits for detection and/or diagnosis of the novel coronavirus which have received Taiwan EUAs to date.

Liquidity and Cash Resources

At 30 June 2020 cash and cash equivalents amounted to $4,098,860 compared to $5,205,131 at 31 December 2019. During the six months ending 30 June 2020, the Company disbursed $4,984,295 to fund its normal operations whilst collected $2,816,114 from its trade customers. The parent company in Australia received an income of $50,000 relating to cash flow boost incentive that are granted by the Australian government to eligible businesses during the economic downturn associated with COVID-19.

Cash outflows from investing activities amounted to $269,473 (2019: $729,875), of which $194,473 was used for the purchase of testing and machinery equipment in Taiwan and $75,000 was used for the acquisition of investment (Refer to *note 8*).

DIRECTORS' REPORT (continued)

Liquidity and Cash Resources

Cash outflows from financing activities amounted to $1,173,890 (2019: $767,545), of which $98,230 pertained to payment of office leases.

During the year, the Group obtained total short-term bank loans of $1,766,400 to finance its operational activities in Taiwan of which $494,280 has been paid. At 30 June 2020, total bank borrowings amounted to $2,224,260. These loans are payable within six (6) to twelve (12) months.

Rounding of Amounts
For the half year ended 30 June 2020 amounts contained in this report and in the financial report have been rounded to the nearest dollar.

Auditor Independence
The independence declaration of the Company's auditors is on page 11 and forms part of this report.

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

Jitto S. Arulampalam
Executive Chairman
Brisbane, 31 August 2020

AUDITOR'S INDEPENDENCE DECLARATION

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY M CUTRI TO THE DIRECTORS OF TBG DIAGNOSTICS LIMITED

As lead auditor for the review of TBG Diagnostics Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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

M Cutri
Director

BDO Audit Pty Ltd

Brisbane, 31 August 2020

STATEMENT OF PROFIT OR LOSS
For the half-year ended 30 June 2020

		Consolidated	
		6 months ended 30 June 2020	**6 months ended 30 June 2019**
	Note	**$**	**$**
REVENUE FROM CONTINUING OPERATIONS	5(a)	**1,915,315**	**1,558,390**
Cost of Sales		524,690	321,169
Gross Profit		**1,390,625**	**1,237,221**
Other income	5(b)	435,190	101,747
Expenses			
Research and development expenses		(1,225,808)	(1,002,103)
Administrative and corporate expenses		(1,137,632)	(874,114)
Selling expenses		(257,027)	(321,557)
		(2,620,467)	**(2,197,774)**
Loss before income tax expense		**(794,652)**	**(858,806)**
Share of net loss of associates accounted for under the equity method	12	**(363,557)**	(514,780)
		(1,158,209)	**(1,373,586)**
Income tax expense		-	-
LOSS FROM CONTINUING OPERATIONS		**(1,158,209)**	**(1,373,586)**
DISCONTINUED OPERATIONS			
Gain from discontinued operation	6	-	11,842,126
NET PROFIT (LOSS) FOR THE PERIOD		**(1,158,209)**	**10,468,540**
Net profit (loss) attributable to:			
- Equity holders of the Company		(1,158,209)	10,613,342
- Non-controlling interest		-	(144,802)
Basic and diluted (loss) per share (cents per share) – continuing operations attributable to equity holders of the Company		(0.53)	(0.63)
Basic and diluted earnings (loss) per share (cents per share)		(0.53)	4.88

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

STATEMENT OF OTHER COMPREHENSIVE INCOME
For the half-year ended 30 June 2020

		Consolidated	
		6 months ended 30 June 2020	**6 months ended 30 June 2019**
	Note	**$**	**$**
NET PROFIT (LOSS) FOR THE PERIOD		**(1,158,209)**	**10,468,540**
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss:			
Fair value gains (losses) on financial asset at fair value through other comprehensive income – subsequent recognition	3 & 8	(3,101,453)	-
Foreign currency translation		527,477	362,367
		(2,573,976)	362,367
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(3,732,185)**	**10,830,907**
Total comprehensive income (loss) attributable to:			
- Equity holders of the Company		(3,732,185)	10,969,237
- Non-controlling interest		-	(138,330)
Total comprehensive income (loss) for the period attributable to owners of TBG Diagnostics Limited arises from			
- Continuing operations		(3, 732,185)	(882,525)
- Discontinued operations		-	11,851,762

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

STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	Consolidated 30 June 2020 $	31 December 2019 $
ASSETS			
Current assets			
Cash and cash equivalents	7 (a)	4,098,860	5,205,131
Trade and other receivables		569,293	227,332
Inventories		3,259,166	848,180
Prepayments and other current assets		966,525	127,264
Total current assets		8,893,844	6,407,907
Non-current assets			
Receivables and other assets		223,305	206,329
Plant and equipment		1,037,648	1,094,241
Right-of-use assets		97,438	187,697
Financial assets measured at fair value through other comprehensive income	8	973,547	4,000,000
Investment in associates accounted for under the equity method	12	3,161,547	3,143,236
Total non-current assets		5,493,485	8,631,503
TOTAL ASSETS		**14,387,329**	**15,039,410**
LIABILITIES			
Current liabilities			
Trade and other payables	9	2,870,168	990,190
Borrowings	10	2,224,260	952,140
Provisions		61,610	49,922
Lease liabilities		99,867	190,798
Total current liabilities		5,255,905	2,183,050
Non-current liabilities			
Total non-current liabilities		-	-
TOTAL LIABILITIES		**5,255,905**	**2,183,050**
NET ASSETS		**9,131,424**	**12,856,360**
EQUITY			
Contributed equity		36,211,120	36,211,120
Reserves		1,662,043	4,264,334
Accumulated losses		(28,741,739)	(27,619,094)
TOTAL EQUITY		**9,131,424**	**12,856,360**

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

TBG Diagnostics Limited

STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2020

	Attributable to owners of TBG Diagnostics Limited							
Consolidated	**Contributed Equity $**	**Accumulated losses $**	**Fair value gains (losses) on financial asset at FVTOCI $**	**Other reserves $**	**Foreign currency translation reserve $**	**Total $**	**Non-controlling interests $**	**Total equity $**
At 1 January 2019	36,211,120	(28,479,908)	-	321,740	3,221,853	11,274,805	574,337	11,849,142
Loss for the year	-	10,613,342	-	-	-	10,613,342	(144,802)	10,486,540
Other Comprehensive Income	-	-	-	-	355,895	355,895	6,472	362,367
Total Comprehensive Income for the year	-	10,613,342	-	-	355,895	10,969,237	(138,330)	10,830,907
Transactions with owners in their capacity as owners:								
Cost of share-based payments	-	-	-	100,609	-	100,609	-	100,609
Disposal of non-controlling interest	-	-	-	-	-	-	(436,007)	(436,007)
At 30 June 2019	**36,211,120**	**(17,866,566)**	**-**	**422,349**	**3,577,748**	**22,344,651**	**-**	**22,344,651**
At 1 January 2020	**36,211,120**	**(27,619,094)**	**-**	**336,141**	**3,928,193**	**12,856,360**	**-**	**12,856,360**
Income (Loss) for the year	**-**	**(1,158,209)**	**-**	**-**	**-**	**(1,158,209)**	**-**	**(1,158,209)**
Other Comprehensive Income	**-**	**-**	**(3,101,453)**	**-**	**527,477**	**(2,573,976)**	**-**	**(2,573,976)**
Total Comprehensive Income for the year	**-**	**(1,158,209)**	**(3,101,453)**	**-**	**527,477**	**(3,732,185)**	**-**	**(3,732,185)**
Transactions with owners in their capacity as owners:								
Cost of share-based payments	**-**	**-**	**-**	**7,249**	**-**	**7,249**	**-**	**7,249**
Expired options	**-**	**35,564**	**-**	**(35,564)**	**-**	**-**	**-**	**-**
At 30 June 2020	**36,211,120**	**(28,741,739)**	**(3,101,453)**	**307,826**	**4,455,670**	**9,131,424**	**-**	**9,131,424**

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

STATEMENT OF CASH FLOWS
For the half-year ended 30 June 2020

		Consolidated	
		6 months ended	6 months ended
	Note	30 June 2020	30 June 2019
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,816,114	2,793,387
Payments to suppliers, employees and others		(4,984,295)	(4,474,240)
Government grant		50,000	-
Interest received		22,125	56,049
Finance costs		(9,193)	(10,190)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES		(2,105,249)	(1,634,994)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts of deferred settlement of discontinued operations	6 (ii)	-	1,999,000
Payments for the sale of TBG Xiamen	6 (i)	-	(327,534)
Payments for plant and equipment		(194,473)	(194,677)
Payments for acquisition of investment	8	(75,000)	-
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(269,473)	1,476,789
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(98,230)	(88,005)
Proceeds from short-term borrowings		1,766,400	-
Repayment of short-term borrowings		(494,280)	-
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES		1,173,890	(88,005)
Net (decrease) in cash held		(1,200,832)	(246,210)
Net foreign exchange differences		95,561	431,633
Cash and cash equivalents at the beginning of period		5,205,131	6,734,791
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	4,098,860	6,920,214

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

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2020

1. CORPORATE INFORMATION

The half-year consolidated financial report for TBG Diagnostics Limited and its controlled entities ('TBG' or 'the Company') for the period ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 31 August 2020.

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

The nature of the operations and principal activities of the Company are described in Note 4.

2. BASIS OF PREPARATION

This general purpose interim financial report for the half year ended 30 June 2020 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*. The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual report of the Company for the year ended 31 December 2019 and any public announcements made by TBG Diagnostics Limited during the interim reporting period.

For the half year ended 30 June 2020, the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

Going Concern

The Group incurred consolidated net loss of $1,158,209 for the period ended 30 June 2020. As at 30 June 2020, the Group has cash reserves of $4,098,860, net current assets of $3,637,939 and net assets of $9,131,424.

Management contemplates a capital raising or other financing may be required to continue to fund operations in the future.

On 31 January 2020, the World Health organisation (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19) and the risks to the international community as the virus spreads globally. Because of the rapid increase in exposure globally, the WHO classified the COVID-19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities which could negatively impact the Group in a material adverse manner.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- The ability of the Group to meet the its revenue and cash flow forecasts;
- the ability of the Group to raise additional capital funding in the form of equity and/or government sponsored research;
- the continued support of the current shareholders.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

In the past, the Group has been able to raise funds in order to meet its capital requirements and the directors will continue to explore ways to obtain the needed funding for the continuity and further development of the Group's assets.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- Management is closely monitoring it cash flow requirements against budget and expects to meet the current forecasts;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Going Concern (cont'd)

- On 18 March 2020, the Group also announced that TBG Xiamen has received the CE Mark approval for its COVID-19 Nucleic Acid Diagnostics Kit. On 21 May 2020, the Group further announced that TBG Taiwan also received the CE Mark approval for its COVID-19 Nucleic Acid Diagnostics Kit and Antibody Rapid Test Kits. Additionally, TBG Taiwan received US FDA Emergency Use Authorisation (EUA) of its COVID-19 Nucleic Acid Diagnostics Kits on 12 June 2020. Subsequently on 29 July 2020, TBG Taiwan also received Taiwan Ministry of Health and Welfare Emergency Use Authorisation of its COVID-19 Nucleic Acid Diagnostics Kits. The Group expects to generate positive cash flows from sales of these diagnostics kits;
- To date the Group has funded its activities through issuance of equity securities where required and it is expected that the Group will be able to fund its future activities through further issuances of equity securities; and
- The directors believe there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

The accounting policies and methods of computation applied in this interim financial report are consistent with those applied in the previous financial year and the corresponding interim reporting period. The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

Fair Values

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

3. CHANGES IN ACCOUNTING POLICIES

Significant estimates

AASB 9 Financial Instruments

Fair value loss on financial assets measured at FVTOCI

As detailed in *note 8*, the Group has elected to recognise its investment in Zucero Therapeutics Ltd at fair value through other comprehensive income (FVTOCI). In determining the fair market value of the Group's investment in Zucero Therapeutics Ltd at FVTOCI, the Group adopted the Available Prices Methodology as the method consistently adopted from initial recognition of the financial asset based on readily observable capital raising transactions.

The estimated fair value loss pertaining to the Group's financial asset measured at FVTOCI was determined based on the most recent capital raising transaction of Zucero Therapeutics Ltd in June 2020, which resulted to a fair value loss on financial asset at FVTOCI of $3,101,453 in the statement of other comprehensive income.

The Group considered the fair value of its investment in Zucero Therapeutics Ltd as at 30 June 2020 was implied by the aggregate fair value of the financial instruments issued under this recent capital raising completed by Zucero Therapeutics Ltd in June 2020. In determining the fair value of the financial instruments of this nature, the key required inputs were as follows:

- The discount rate adopted in the bond formula (which is generally higher than the rate of interest payable on the bond) applicable to the convertible note;
- The volatility adopted in the Black Scholes formula (which is generally determined with reference to the volatility of comparable companies) applicable to the embedded derivative and options; and
- The share price adopted in the Black Scholes formula applicable to the embedded derivative and options.

It is noted that the inputs required for a fair value assessment involved significant estimates and assumptions and required a high degree of judgements and complexities, having regard to the terms of the recent capital raising completed by Zucero Therapeutics Ltd in June 2020 and other information available to the Group (*see Note 8*).

The Group assessed these methods as the most appropriate methodology under the existing circumstances at 30 June 2020.

4. OPERATING SEGMENTS

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

Accordingly, management currently identifies the Company as having one reportable segment, the In Vitro Diagnostics segment which is engaged with the research of biological drugs and the retail and wholesale of veterinary drugs with operations mainly in Taiwan. All revenue derived from continuing operations is from the In Vitro Diagnostics segment and this is what has been reported in the financial statements.

5. REVENUE AND EXPENSES

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

	Consolidated	
	6 months ended 30 June 2020 $	**6 months ended 30 June 2019 $**
(a) Revenue from contracts with customers		
Sales revenue	1,787,415	1,428,598
Technical services revenue	127,900	129,792
	1,915,315	1,558,390
(b) Other income		
Reversal of loss allowance	363,727	-
Government grant income	50,000	-
Interest revenue	21,361	43,250
Foreign exchange gain	-	57,226
Other	102	1,271
	435,190	101,747
c) Minimum lease payments – operating leases		
- Low value/short-term leases	60,959	64,479
(d) Depreciation & amortisation		
- Continuing operations	301,078	377,682
- Discontinued operations	-	245,505
- Depreciation – right-of-use assets	100,171	-
(e) Employee benefits		
Wages and salaries	838,693	819,320
Annual and long service leave provision	11,688	3,370
Share-based payments	7,249	100,609
(f) Interest and finance costs		
Bank charges		
- Continuing operations	6,590	4,208
- Discontinued operations	-	137
Interest costs		
- Continuing operations	17,209	3,339
- Discontinued operations	-	2,506

6. DISCONTINUED OPERATIONS

(i) Disposal of TBG Biotechnology Co. (Xiamen) Inc.
On 3 May 2019, the Group announced that it has completed the acquisition of Changsha ChangYe Medical Laboratory Corp. ("ChangYe") through its subsidiary TBG Biotechnology Xiamen ("TBG Xiamen") in accordance with the terms announced to ASX on 17 December 2018.

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

The disposal resulted to a gain of $5,843,126 which formed part of the discontinued operations and net cash outflow of $327,534 in prior year. Following the disposal of TBG Xiamen, the 46.65% retained investment in TBG Xiamen has been accounted for as investment in equity accounted for under the equity method as required by the *Australian Accounting Standards Board (AASB) 128 Investment in Associates and Joint Ventures.*

The Groups' shareholding interest in TBG Xiamen has been changed to 48.23% from 46.65% following its rights issue participation in August 2019.

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

(ii) Disposal of Progen PG500 Series Pty Ltd
On 3 May 2019, the Company announced that it has entered into a Deed of Settlement for the full settlement of the $5,999,000 deferred consideration whereby the Company received cash settlement of $1,999,000 and 10,000,000 preference shares in Zucero at an issue price of $0.40 per share with a total value of $4,000,000 relating to the Share Sale Agreement (SSA) executed on 22 August 2016. Following the issuance of the preference shares, the Company holds 7.89% in the capital of Zucero.

Interest and other income from impairment reversal and gain on early settlement of $5,999,000 pertaining to the full deferred consideration amount was recognised as part of discontinued operations in prior year.

Refer to *note 8* for details of financial assets measured at fair value through other comprehensive income.

7. CASH AND CASH EQUIVALENTS

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

	30 June 2020 $	31 Dec 2019 $
Cash at banks and on hand	2,081,529	2,152,071
Short-term and call deposits	2,017,331	3,053,060
	4,098,860	5,205,131

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

	Consolidated	
	30 June 2020 $	31 Dec 2019 $
Cash at banks and on hand	2,081,529	2,152,071
Short-term and call deposits	2,017,331	3,053,060
	4,098,860	5,205,131

8. FAIR VALUE MEASUREMENTS

Fair value measurements at 30 June 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets measured at fair value through other comprehensive income				
- Ordinary shares – exploration sector[1]	-	75,000		75,000
- Preference shares – biotechnology sector[2]	-	898,547	-	898,547
	-	973,547	-	973,547

Fair value measurements at 31 December 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets measured at fair value through other comprehensive income				
- Preference shares – biotechnology sector	-	4,000,000	-	4,000,000

[1] On 28 February 2020, the Group acquired 3.2% investment in the equity capital of Lanka Graphite Limited (LGR) consisting of 3,750,000 shares at $0.02 per share for a total of $75,000 via its participation in LGR's initial placement as part of a proposed acquisition of an Australian unlisted biopharmaceutical company by LGR. As disclosed in the Heads of Agreement dated 31 January 2020, the parties in the agreement have acknowledged that the trading of the ordinary shares in LGR on the official list of ASX has been suspended from 3 August 2018. The acquisition did not proceed.

Lanka Graphite Limited is an Australian-based Graphite Exploration Company focused on exploring high purity vein graphite in Sri Lanka of which has been ceased during the period. It currently holds seven exploration licences and one exploration licence application.

LGR has been actively and currently exploring acquisition opportunities across other sectors outside mining and exploration business. LGR is a related party of the Company.

On 3 August 2020, LGR has been delisted on the Australian Stock Exchange (ASX).

[2]The fair value amount is determined based on an implied share price in Zucero's most recent capital raising transaction in June 2020 which resulted to a fair value loss on financial asset at FVTOCI of $3,101,453 in the statement of other comprehensive income.

Adopting the Available Price Methodology, the factors contributing to the significant decline in the implied fair value of the financial asset from 31 December 2019 include:

- The assumptions made to determine the implied share price of the financial asset with respect to convertible notes, call options and embedded derivative as issued under Zucero's most recent capital raising transaction, as described in note 3;
- The additional capital required to progress Zucero's medical research activities in relation to its lead product, Pixatimod and COVID19; and
- The current market conditions to raise capital is challenging due to uncertainty relating to COVID19. It is always challenging to raise capital for high risk-reward investment opportunities and an investment in Zucero's business is considered high risk-reward. Therefore, high yield and/or substantial discounts are required to entice potential investors to invest in Zucero.

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

Level 2

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

8. FAIR VALUE MEASUREMENTS (cont'd)

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

On disposal of the investment, any related balance within the FVTOCI reserve will be transferred to profit and loss.

Level 3

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

9. TRADE AND OTHER PAYABLES

	30 June 2020 $	31 December 2019 $
Trade creditors	1,064,180	172,040
Other creditors	1,805,988	818,150
Trade and other payables[1]	2,870,168	990,190

[1] Significant increase pertain to trade and other payables to related parties in Taiwan and in China. Refer to *note 11*.

10. BORROWINGS

	30 June 2020 $	31 December 2019 $
Short term borrowings[1]	2,224,260	952,140

[1] Total consists of short-term bank loans of $1,235,700 with Taiwan Cooperative Bank bearing an annual interest rate of 1.9% payable within six (6) to twelve (12) months; and $988,560 short term borrowing with Taiwan First Commercial Bank bearing an annual interest rate of 1.75% payable within six (6) months.

11. RELATED PARTY TRANSACTIONS[1]

The following transactions occurred with related parties during the period:

	6 months ended 30 June 2020 $	6 months ended 30 June 2019 $
Sale/payment of goods and services:		
(a) Sale of goods		
- Parent entity[2]	**394,693**	425,619
- Associate[3]	**382,233**	287,964
(b) Office lease – parent entity[2]	**103,661**	93,325
(c) Utilities – parent entity[2]	**-**	7,656
(d) Purchase of goods – associate[3]	**1,157,411**	-
(e) Purchase of fixed assets – associate[3]	**135,738**	-

	30 June 2020 $	31 December 2019 $
Receivables from related parties		
- Trade and notes receivables – parent entity[2]	**89,732[5]**	46,856
- Other receivables – parent entity[2]	**2,675[5]**	-
- Trade receivables – associate[3]	**1,401,430[6]**	1,413,876
- Other receivables – associate[3]	**466,879[6]**	447,164
- Advance payments – associate[3]	**585,281[4]**	-
Payables to related parties		
- Advance receipts – parent entity[2]	**1,107,717[4]**	-
- Trade payables – associates[3]	**692,337[4]**	-
- Other payables – associate[3]	**-**	-

[1] Transactions with the related parties are on normal commercial terms.
[2] The parent entity is Medigen Biotechnology Corp, a company based in Taiwan.
[3] The associate is TBG Biotechnology (Xiamen) Inc., a company based in China.
[4] These are liabilities and advances to/from related parties for the purchase of inventories and equipment
[5] Total impairment provision relating to the receivables from the parent entity is $35,838
[6] Total impairment provision relating to the receivables from the investee company is $1,143,848

12. INVESTMENT IN ASSOCIATES ACCOUNTED FOR UNDER THE EQUITY METHOD

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

(a) Details of associates and joint venture entities

Name	Country of Incorporation	% Equity Interest 30 Jun 2020	31 Dec 2019
TBG Biotechnology Corp. (Xiamen) Group	China	**48.23**	48.23

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

	30 Jun 2020	31 Dec 2019
	$	$
Revenue	**4,849,254**	2,669,797
Cost of sales	**(2,434,515)**	(928,321)
Gross profit	**2,414,739**	1,741,476
Expenses	**(2,407,910)**	(5,581,951)
Results from operating activities	**6,829**	(3,840,475)
Income tax	**-**	-
Net profit (loss)	**6,829**	(3,840,475)
Net loss attributable to non-controlling interest	**(1,550)**	(45,913)

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

	30 Jun 2020 $	31 Dec 2019 $
Opening balance	3,143,236	-
Fair value at initial recognition	-	8,806,877[1]
Additional cash investment from rights issue	-	2,130,184
Share of other reserves	381,868	(419,057)
Share of net profit (loss) of associates	(363,557)[2]	(2,347,328)[3]
Impairment loss	-	(5,027,440)[4]
Closing balance	**3,161,547**	**3,143,236**

[1] The fair value of the Group's unlisted equity investment is determined using a risk adjusted discounted cash flow model which includes inputs based on public information of comparable companies with similar scale and products. Information on the use of fair values can be found in *note 2*.

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

[2] Includes $367,598 pertaining to share in amortisation of intangibles and unrealised gross profit on downstream and upstream sales

[3] Includes $517,211 pertaining to share in amortisation of intangibles and goodwill written-off

[4] *Significant estimate – Impairment – equity investment*
The impairment charge of $5,027,440 on the Group's investment in TBG Xiamen was a result of performance below expectations from the Group's loss of control to 31 December 2019. The Group obtained an external valuation using a discounted cash flow approach that resulted in an adopted value of $3,143,236. The key assumptions used in the valuation are as follows:

- Forecast cash flows over a 5-year period;
- Discount rate, based on a Weighted Average Cost of Capital (WACC) in the range of 13.73% to 15.73% with a mid-point of 14.73%; and
- Capital expenditure of CNY$2m over 5 years.

13. SUBSEQUENT EVENT

TBG Biotechnology Corp. Receives Taiwan Ministry of Health and Welfare Emergency Use Authorization (EUA) of the COVID-19 Nucleic Acid Test Kits

On 29 July 2020, the Group's wholly owned subsidiary in Taiwan, ("TBG Taiwan") has received an Emergency Use Authorisation (EUA) from the Taiwan Ministry of Health and Welfare ("MOHW") for its ExProbe™ SARS-CoV-2 Testing Kit. The ExProbe™ SARS-CoV-2Testing Kit ("Testing Kit") is an RNA based diagnostic kit that uses real time PCR technology with multiplex design to detect distinctive segments within RdRP, N and E genes of theSARS-CoV-2 virus in a single reaction. It is commonly used to confirm active infection of the SARS-CoV-2 virus from a specified range of upper and lower respiratory samples. This test is manufactured by TBG Biotechnology Corp. in Taiwan. The Taiwan MOHW has made the Testing Kit available under an emergency access mechanism called an EUA. The EUA is supported by the Taiwan MOHW that circumstances exist to justify the emergency use of in vitro diagnostics (IVDs) for the detection and/or diagnosis of the virus that causes COVID-19. Since the Testing Kit is made available under an EUA, it has not undergone the same type of review as an FDA-approved or cleared IVD. The EUA for the Testing Kit is in effect from 24 July 2020 until 31 December 2021.

The Testing Kit is one of 10 in vitro diagnostics nucleic acid test kits for detection and/or diagnosis of the novel coronavirus which have received Taiwan EUAs to date.

14. CONTINGENT LIABILITIES AND ASSETS

There was no change in contingent liabilities or assets from those disclosed in the 31 December 2019 annual report.

DIRECTORS' DECLARATION

In the director's opinion:

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

(b) the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date; and

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

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

On behalf of the directors.

Jitto S. Arulampalam
Executive Chairman

Brisbane
31 August 2020

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of TBG Diagnostics Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of TBG Diagnostics Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the half-year ended on that date; and

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

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

M Cutri
Director

Brisbane, 31 August 2020