

Appendix 4D Half-Year Financial Report

Name of entity

ACTINOGEN MEDICAL LIMITED

ABN or equivalent company reference

14 086 778 476

Current Period: 1 July 2017 to 31 December 2017

(Previous corresponding period: 1 July 2016 to 31 December 2016)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31/12/2017 \$	Up/Down	% Movement
Revenues from ordinary activities	39,191	Down	-51%
Loss after tax from ordinary activities attributable to members	(3,625,960)	Up	96%
Comprehensive loss for the period attributable to members	(3,625,032)	Up	101%

	31/12/2017 \$	31/12/2016 \$
Net tangible asset per share	0.007	0.009

BRIEF EXPLANATION OF THE ABOVE FIGURES

Revenue from continuing operations largely relates to interest revenue on cash held and dividends received from listed investments. The decline in revenue from \$79,981 (31/12/2016 half year) to \$39,191 (31/12/2017 half year) is due to less interest revenue derived from less cash on hand held; and less dividends received from less listed investments held.

The total net loss after tax increased to \$3,625,960 during the half year (2016: \$1,850,807). This is mostly attributable to an increase in expenditure on research and development costs during the half year amounting to \$3,026,577 (2016: \$1,300,386). Expenditure is in line with the anticipated spend as set out in various announcements issued by the Company; and funds have been applied primarily to support the Phase II study of Xanamem™, and to support general working capital.

For further information, refer to the attached Financial Report and the Operations and Financial Review contained within the Directors' Report which also forms a part of the Financial Report.

Details of entities over which control has been gained or lost during the period

Not applicable. There has been no entity over which control has been gained or lost during the period.

Dividend / Distribution Payments or Reinvestment Plans

Not applicable. No dividends have been paid or declared during the half-year ended 31 December 2017, in the previous year ended 30 June 2017 or in the previous corresponding period. The Company does not propose to pay dividends, in the immediate future.

Associates / Joint Ventures

Not applicable. Actinogen Medical Limited has not engaged in the acquisition of associates nor has it engaged in any joint ventures in the half-year ended 31 December 2017.

Foreign Entities

Not applicable.

Review Conclusion

This report is based on the financial statements for the half-year ended 31 December 2017. The financial statements have been subject to a review by an independent auditor and the review is not subject to qualification.



Managing Director: Dr. Bill Ketelbey
Date: Thursday, 15 February 2018

ACTINOGEN MEDICAL LIMITED

ABN 14 086 778 476

www.actinogen.com.au

FINANCIAL REPORT

For the Half-Year Ended 31 December 2017

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CORPORATE DIRECTORY

Board of Directors

Managing Director – Dr Bill Ketelbey
Non-Executive Chairman – Dr Geoffrey Brooke
Non-Executive Director – Dr Jason Loveridge
Non-Executive Director – Dr George Morstyn

Company Secretary

Company Secretary - Peter Webse

Principal Place of Business / Registered Office

Level 9, Suite 1, 68 Pitt Street
Sydney NSW 2000

Postal Address

PO Box 271
West Perth WA 6872

Contact Details

Telephone: 02 8964 7401
www.actinogen.com.au
ABN 14 086 778 476

Share Register

Link Market Services
Level 12
680 George Street
Sydney NSW 2000

Actinogen Medical Limited shares are listed on the Australia Stock Exchange (ASX). ASX Code: ACW

Auditors

Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

Lawyers

K&L Gates
Level 25 South Tower
525 Collins Street
Melbourne VIC 3000

GTP Legal
68 Aberdeen Street
Northbridge WA 6003

Bankers

National Australia Bank
1232 Hay Street
West Perth WA 6005

ACTINOGEN MEDICAL LIMITED

DIRECTORS' REPORT

The Directors present their report on Actinogen Medical Limited ("the Company") for half-year ended 31 December 2017.

➤ INFORMATION ON DIRECTORS

Directors

The following Directors were in office throughout the entire financial interim period and up to the date of this report unless stated otherwise.

- Dr Bill Ketelbey – Managing Director (Appointed 18 December 2014 – Current)
- Dr Geoffrey Brooke - Non-Executive Chairman (Appointed 1 March 2017 – Current)
- Dr Jason Loveridge – Non-Executive Director (Appointed 1 December 2014 – 30 November 2016), Non-Executive Chairman (Appointed 30 November 2016 – 1 March 2017), Non-Executive Director (Appointed 1 March 2017 – Current)
- Dr George Morstyn - Non-Executive Chairman (Appointed 1 December 2017 – Current)

The following Director/s held office and also resigned during financial interim period:

- Dr Anton Uvarov – Non-Executive Director (Appointed 16 December 2013 – 14 August 2017)

➤ OPERATIONS AND FINANCIAL REVIEW

Principal Activities

The second half of 2017 was particularly significant in the development of Xanamem and Actinogen. The Company moved forward strongly with its Alzheimer's program, with a very clear timeline ahead to complete enrolment into the Phase II XanADu trial by Q4 2018.

The urgency to develop effective new therapies for Alzheimer's disease is underscored by the recent ABS data showing that Alzheimer's disease has now become the leading cause of death in Australian women and is second only to heart disease in Australian men. The number of Australians with Alzheimer's disease is expected to double every 20 years with the cost of managing these patients likely to swamp available health budgets. In the US alone, the cost of managing Alzheimer's disease is estimated to be US\$250bn and set to increase to US\$2tn by 2050, outstripping the treatment costs of all other diseases.

Actinogen could provide the breakthrough needed in the treatment of Alzheimer's disease, through the development of Xanamem. The Company's good progress with XanADu, strong patent portfolio and novel treatment approach provide a compelling opportunity for investing in the development of a promising and effective new treatment for this awful disease.

Highlights During the Half-Year

- (a) Progress with XanADu – Phase II trial of Xanamem in mild Alzheimer's disease
- (b) XanADu – Interim Analysis
- (c) Successful Capital Raise
- (d) Research & Development Rebate
- (e) Intellectual Property Portfolio Expanded
- (f) Business Development
- (g) Corporate Update
- (h) Management Update
- (i) Bonus Issue: Loyalty Options

ACTINOGEN MEDICAL LIMITED

DIRECTORS' REPORT

a) Progress with XanADu – Phase II Trial of Xanamem in mild Alzheimer's disease

Throughout the reporting period, enrollment into XanADu continued well across all 3 regions participating in the study – US, UK, and Australia. As at 31st December, enrolment reached 63 patients representing 1/3 of the total cohort, with at least 26 patients having already fully completed the study.

Proceeds from the successful share placement launched on 29 November 2017 fully funds the completion of XanADu, and the trial continues on-track to enroll the final patient in Q4 2018, with topline results expected in Q2 2019.

b) XanADu – Interim Analysis

In late November 2017, Actinogen announced that it would commission an independent Data Safety Monitoring Board to undertake an interim analysis on the first 50 patients completing the XanADu trial. The Company anticipates the interim analysis will be complete during Q2 2018.

c) Successful Capital Raise

During the reporting period, the Company launched a successful and over-subscribed placement, raising \$5.28 million before costs. The proceeds from the placement fully funds the completion of the XanADu trial. Funds were raised via subscriptions for 132 million fully paid ordinary shares at \$0.04 per share.

The Company successfully raised \$3.66 million through the issue of 91.5 million shares (Tranche 1 Placement Shares) under the Company's 15% placement capacity, on 8 December 2017. The issue of the additional 40.5m shares (Tranche 2 Placement Shares) raised \$1.62 million at the General Meeting held on 18 January 2018, following shareholder approval received post the reporting period. All placement shares are entitled to free attaching options on a 1:2 basis exercisable at \$0.06 before 31 March 2019 (Placement Options). Additionally, 2 for 15 loyalty options were offered to all current shareholders with the same terms.

d) Research and Development Rebate

The Company has been approved for the Commonwealth Government R&D tax rebate for three years. The third annual rebate of \$1.22 million was received in November 2017. Further annual rebates are expected in 2018 and 2019 to assist the funding of our development program.

e) Intellectual Property Portfolio Expanded

The Company strengthened its patent portfolio in October 2017 when the Canadian Intellectual Property Office granted a further key patent for Xanamem. The Canadian patent represents the final major market patent to be granted for Xanamem and the Company now holds key patents out to at least 2031 in all major markets, including the USA, UK, EU, Japan, China, Canada and Australia.

f) Investor Relations and Business Development

The Company's CEO, Dr. Bill Ketelbey, presented at multiple Investor, Alzheimer's and biotech conferences throughout the reporting period.

These key conferences provided the opportunity to showcase Xanamem, and included:

- Bioshares Biotech 2017 Summit in Queenstown in July 2017
- AC4R Annual Scientific Meeting, on 17 October 2017
- 8th Australian Microcap Investment Conference, on 18 October 2017
- 17th Alzheimer's Australia Biennial National Dementia Conference on the 19 October 2017
- Australia Biotech Invest, on 24 October 2017
- Ausbiotech 2017 – the Ausbiotech National Conference, on 25-27 October 2017

ACTINOGEN MEDICAL LIMITED

DIRECTORS' REPORT

Business development activities were a major priority throughout the reporting period, with the mandate to identify potential corporate partners to assist with the development of Xanamem through Phase III and beyond.

Just prior to the reporting period Dr Ketelbey participated in the BIO International Convention in the San Diego. This is the largest global convention for the biotechnology industry and attracts the biggest and best organisations in biotech to network on new opportunities and potential partnerships. Participation at BIO offers Actinogen Medical unparalleled networking opportunities to showcase Xanamem and the quality work that supports its development.

In January 2018, the Company's CEO, Dr. Bill Ketelbey, and the Company's Chairman, Dr Geoff Brooke, attended the JP Morgan Healthcare conference in San Francisco. This is the preeminent healthcare conference bringing together the global biotech and pharma industries and is an excellent forum to identify potential future commercial partners to assist with the ongoing development of Xanamem.

g) Corporate Update

The Company's Annual General Meeting was held on Wednesday, 29 November 2017. The resolutions voted were in accordance with the Notice of Annual General Meeting and Notice of Special General Meeting previously advised to the Australian Securities Exchange.

Following the Annual General Meeting, two leading Alzheimer's researchers, Professor Ralph Martins and Associate Professor Kathryn Goozee addressed shareholders and shared their thoughts on Xanamem and their experience to date in recruiting patients into the XanADu trial. Prof Martins and Associate Professor Goozee are directors of KaRa Minds, one of the leading sites for patient enrolment into the Company's XanADu Alzheimer's trial.

h) Management Update

In September 2017 Actinogen Medical appointed a new Director of Drug Development, and in November 2017, appointed a new Director of Corporate Affairs.

i) Bonus Issue: Loyalty Options

During the period, the Company announced in its Prospectus (issued 1 December 2017) to Shareholders that it wanted to reward Eligible Shareholders for their continued support of the Company with a bonus issue of two Loyalty Options for every 15 Shares held. Subsequently, on 21 December 2017, the Company issued Eligible Shareholders with a total of 81,876,233 Loyalty Options exercisable at \$0.06 each on or before 31 March 2019. No share-based payment expense is charged against these options issued.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2017 has been received and is set out on page 7.

Signed in accordance with a resolution of the Directors, and is signed for on behalf of the Board by:



Dr. Bill Ketelbey
Managing Director

Date: Thursday, 15 February 2018
Sydney, New South Wales

Auditor's Independence Declaration to the Directors of Actinogen Medical Limited

As lead auditor for the review of Actinogen Medical Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



T G Dachs
Partner
15 February 2018

ACTINOGEN MEDICAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Half-year ended 31/12/2017 \$	Half-year ended 31/12/2016 \$
Revenue from continuing operations		39,191	79,981
Other income		179,919	-
<i>Total revenue & other income</i>	4	219,110	79,981
Business development		(119,255)	(147,632)
Corporate administration expenses		(355,418)	(344,016)
Research & development expenses		(3,026,577)	(1,300,386)
Finance costs		(6,207)	(4,364)
Share-based payment expenses	13	(155,865)	46,618
Amortisation expense		(176,266)	(176,750)
Depreciation expense	9	(1,597)	(4,258)
Realised loss on available-for-sale listed investments		(3,885)	-
Other expenses		-	-
<i>Total expenses</i>		(3,845,070)	(1,930,788)
Loss Before Income Tax		(3,625,960)	(1,850,807)
Income tax benefit/(expense)		-	-
Loss for the Half-year		(3,625,960)	(1,850,807)
<u>Other comprehensive income</u>			
Items that may be reclassified subsequently to profit and loss:			
Net fair value gain/(losses) for available-for-sale listed investments		928	50,768
Total comprehensive loss for the Half-year		(3,625,032)	(1,800,039)
Earnings/(loss) per share for attributable to the ordinary equity holders of the company			
Basic loss per share (cents)		(0.574)	(0.304)
Dilutive loss per share (cents)		(0.574)	(0.304)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

ACTINOGEN MEDICAL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		Half-year ended 31/12/2017	Full-year ended 30/06/2017
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	4,419,760	1,894,605
Trade and other receivables	7	205,474	1,374,868
Available-for-sale listed investments	8	1,090,535	2,094,833
TOTAL CURRENT ASSETS		5,715,769	5,364,306
NON-CURRENT ASSETS			
Property, plant and equipment	9	942	2,266
Intangible assets	10	4,667,188	4,843,453
TOTAL NON-CURRENT ASSETS		4,668,130	4,845,719
TOTAL ASSETS		10,383,899	10,210,025
CURRENT LIABILITIES			
Trade and other payables	11	950,518	763,682
Provision for employee entitlements		96,382	80,577
TOTAL LIABILITIES		1,046,900	844,259
NET ASSETS		9,336,999	9,365,766
EQUITY			
Contributed equity	12	29,918,791	26,578,391
Reserve shares	12	(1,040,000)	(1,140,000)
Reserves	13	7,162,194	7,005,401
Accumulated losses		(26,703,986)	(23,078,026)
TOTAL EQUITY		9,336,999	9,365,766

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

ACTINOGEN MEDICAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Contributed Equity	Accumulated Losses	Available-for- sale Reserve	Option Reserve	Reserve Shares	Total
	\$	\$	\$	\$	\$	\$
Half-year ended 31/12/2017						
Balance as at 1/7/2017	26,578,391	(23,078,026)	76,607	6,928,794	(1,140,000)	9,365,766
Loss for the half-year	-	(3,625,960)	-	-	-	(3,625,960)
Other comprehensive income/(loss)	-	-	928	-	-	928
Total comprehensive loss for the half-year	-	(3,625,960)	928	-	-	(3,625,032)
<i>Transactions with equity holders in their capacity as equity holders</i>						
Shares issued during the half-year	3,660,000	-	-	-	-	3,660,000
Capital raising costs	(219,600)	-	-	-	-	(219,600)
Cancellation of loan shares	(100,000)	-	-	-	100,000	-
Share-based payments	-	-	-	155,865	-	155,865
Balance as at 31/12/2017	29,918,791	(26,703,986)	77,535	7,084,659	(1,040,000)	9,336,999
	Contributed Equity	Accumulated Losses	Available-for- sale Reserve	Option Reserve	Reserve Shares	Total
	\$	\$	\$	\$	\$	\$
Half-year ended 31/12/2016						
Balance as at 1/7/2016	26,308,391	(19,887,688)	22,272	6,822,379	(1,140,000)	12,125,350
Loss for the half-year	-	(1,850,807)	-	-	-	(1,850,807)
Other comprehensive income	-	-	50,768	-	-	50,768
Total comprehensive loss for the half-year	-	(1,850,807)	50,768	-	-	(1,800,039)
<i>Transactions with equity holders in their capacity as equity holders</i>						
Share-based payments	-	-	-	(46,618)	-	(46,618)
Balance as at 31/12/2016	26,308,391	(21,738,495)	73,040	6,775,761	(1,140,000)	10,278,697

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

ACTINOGEN MEDICAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-year ended 31/12/2017	Half-year ended 31/12/2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	29,799	65,972
Interest received	9,392	14,009
Interest paid	(6,207)	(4,364)
Payments to suppliers and employees	(471,116)	(491,685)
Payments for research and development	(2,724,179)	(1,383,483)
Research and development tax offset	1,215,998	2,784,313
Net cash inflow/(outflow) from operating activities	(1,946,313)	984,762
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(273)	(1,028)
Payments for acquisition of available-for-sale financial assets - listed investments	-	-
Proceeds on disposal of available-for-sale listed investments	1,001,341	999,352
Net cash inflow/(outflow) from investing activities	1,001,068	998,324
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,660,000	-
Transaction costs associated with issue of shares	(219,600)	-
Share application monies (unallotted)	30,000	-
Net cash inflow from financing activities	3,470,400	-
Net increase/(decrease) in cash and cash equivalents	2,525,155	1,983,086
Cash and short-term deposits at beginning of the half year	1,894,605	751,978
CASH AND SHORT-TERM DEPOSITS AT END OF THE HALF-YEAR	4,419,760	2,735,064
5		

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

ACTINOGEN MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY

a) Basis of preparation

The interim financial statements for the half-year ended 31 December 2017 is a general purpose condensed financial report prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The interim financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual statements for the year ended 30 June 2017 and any public announcements made by Actinogen Medical Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The half-year report has been prepared on an accruals basis and on the basis of historical costs and does not take into account changing money values or, except for available-for-sale investments which are recognised at fair value. The financial statements have been prepared on a going concern basis.

The Company has incurred a total comprehensive loss for the period ended 31 December 2017 of \$3,625,960 (31 December 2016: \$1,800,039) and experienced net cash outflows from operating activities of \$1,946,313 (31 December 2016: inflows of \$984,762).

b) Changes in accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2017. The Group has not early adopted any of the accounting standards that have been issued but are not yet effective as of balance date. The Group will assess the impact of these new standards during the reporting period to which they are applicable.

2. DIVIDENDS

No dividends were paid or proposed during the half-year ended 31 December 2017.

3. SEGMENT INFORMATION

The Company's sole operations are within the biotech industry within Australia. Given the nature of the Company, its size and current operations, the Company's management does not treat any part of the Company as a separate operating segment. Internal financial information used by the Company's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments. Accordingly, the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

4. REVENUE

	Half-year ended 31/12/2017	Half-year ended 31/12/2016
	\$	\$
Revenue		
Dividends Received	29,799	65,972
Interest Revenue	9,392	14,009
	39,191	79,981
<u>Other income</u>		
Research and development rebate	179,919	-
Total other income	179,919	-
Total revenue	219,110	79,981

Other income is made up of:

- \$1,244 interest income: At 30 June 2017, the Company raised a receivable for \$1,214,754 for the 2017 R&D Rebate that was lodged with the ATO. During the half-year, the ATO refunded \$1,215,998 whereby the difference of \$1,244 was interest income which increased the refund amount and was recognised as other income during the half-year; and
- \$178,675 reversal of accrued expenditure recognised in other income during the half-year.

5. CASH AND CASH EQUIVALENTS

	As at 31/12/2017	As at 30/06/2017
	\$	\$
Cash at bank and on hand (a)	4,282,989	1,757,834
Short term deposits (b)	136,771	136,771
Total cash and cash equivalents	4,419,760	1,894,605

(a) Cash at bank and on hand:

During the half-year, the Company received \$1,215,998 for the FY2017 R&D Rebate lodged with the ATO during the period. Furthermore, on the 8 December 2017, the Company raised \$3.66 million from the issuance of 91.5 million fully paid ordinary shares at \$0.04 each. The refund and the capital raising attributed to the closing cash position of \$4,282,989 as at 31 December 2017.

(b) Short-term deposits:

This amount relates to deposits held with the National Australian Bank (NAB) for the credit cards issued by the NAB to Actinogen Medical; and the bank guarantee that the Company took out in order to secure and rent office space at Level 9, Suite 1, 68 Pitt Street, Sydney, NSW, 2000.

When combined with the \$1,090,535 in available-for-sale listed investments that the Company holds at half-year end, which comprise securities from major banks which are considered low risk investments that are readily convertible to cash, this equates to \$5,510,295. Refer to Note 8: Available-for-sale Listed Investments for further information.

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

6. FINANCIAL INSTRUMENTS

Set out below is an overview of the financial instruments held by the Company as at 31 December 2017:

As at 31/12/2017	Cash and cash equivalents	Loan and receivables	Available- for-sale
	\$	\$	\$
Financial assets:			
Available-for-sale-investments	-	-	1,090,535
Total non-current	-	-	1,090,535
Cash & cash equivalents	4,419,760	-	-
Trade and other receivables	-	205,474	-
Total current	4,419,760	205,474	-
Total assets	4,419,760	205,474	1,090,535
Financial liabilities:			
Trade and other payables	-	950,518	-
Total current	-	950,518	-
Total liabilities	-	950,518	-
Net exposure	4,419,760	(745,044)	1,090,535
As at 30/6/2017			
Financial assets:			
Available-for-sale-investments	-	-	2,094,833
Total non-current	-	-	2,094,833
Cash & cash equivalents	1,894,605	-	-
Trade and other receivables	-	1,374,868	-
Total current	1,894,605	1,374,868	-
Total assets	1,894,605	1,374,868	2,094,833
Financial liabilities:			
Trade and other payables	-	763,682	-
Total current	-	763,682	-
Total liabilities	-	763,682	-
Net exposure	1,894,605	611,186	2,094,833

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Fair Value Measurements

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following tables present the Company's assets measured and recognised at fair value at 31 December 2017 and 30 June 2017.

<u>As at 31/12/2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Available-for-sale financial investments	1,090,535	-	-	1,090,535
Total financial assets	1,090,535	-	-	1,090,535
<u>As at 30/6/2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Available-for-sale financial investments	2,094,833	-	-	2,094,833
Total financial assets	2,094,833	-	-	2,094,833

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid prices at the end of the financial year. These instruments are included in Level 1.

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 December 2017. The carrying value of trade receivables and trade payables are assumed to approximate their fair value due to their short-term nature.

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

As at 31/12/2017	Carrying amount	Fair value
	\$	\$
Financial assets:		
Available-for-sale-investments	1,090,535	1,090,535
Trade and other receivables	205,474	205,474
Total current	1,296,009	1,296,009
Total financial assets	1,296,009	1,296,009
Financial liabilities:		
Trade and other payables	950,518	950,518
Total current	950,518	950,518
Total financial liabilities	950,518	950,518

7. TRADE AND OTHER RECEIVABLES

	As at	As at
	31/12/2017	30/06/2017
	\$	\$
Prepayments (a)	7,891	33,024
Goods and services tax receivable (b)	197,583	127,090
Research and development tax rebate receivable	-	1,214,754
Total trade and other receivables	205,474	1,374,868

(a) Prepayments:

This amount relates to prepaid insurances.

(b) Goods and services tax receivable:

This amount relates to good and services tax (GST) paid during the quarter ended 31 December 2017 that is refundable to the Company.

None of the current receivables are impaired or past due but not impaired.

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

8. AVAILABLE-FOR-SALE LISTED INVESTMENTS

During the half-year the Company's available-for-sale listed investments comprised of securities from major banks. These are considered low risk investments. The fair value of listed investments in listed corporations is based on the bid price on the Australian Securities Exchange prior to close of business on balance date.

	As at 31/12/2017	As at 30/06/2017
	\$	\$
Listed investments at fair value	1,090,535	2,094,833
Fair value	1,090,535	2,094,833

Movements during the period

	Half-year ended 31/12/2017	Year ended 30/06/2017
	\$	\$
At beginning of the period	2,094,833	4,025,987
Purchases of available-for-sale listed investments	-	-
Disposal of available-for-sale listed investments	(1,005,226)	(1,982,451)
Unrealised gain/(loss) on listed investments	928	54,335
Realised gain/(loss) on listed investments	-	(3,038)
At end of the period	1,090,535	2,094,833

9. PROPERTY, PLANT AND EQUIPMENT

	As at 31/12/2017	As at 30/06/2017
	\$	\$
At cost	24,220	23,948
Accumulated depreciation	(23,278)	(21,682)
Total computer equipment and general pool assets	942	2,266

ACTINOGEN MEDICAL LIMITED
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Movements during the period

	Plant and Equipment	Office Equipment	Computer Equipment	General Pool	Total
Balance at 1/7/2017	-	-	-	2,266	2,266
Acquisitions	-	-	-	273	273
Depreciation	-	-	-	(1,597)	(1,597)
Balance at 31/12/2017	-	-	-	942	942

	Plant and Equipment	Office Equipment	Computer Equipment	General Pool	Total
Balance at 1/7/2016	-	-	3,819	4,539	8,358
Acquisitions	-	-	-	1,025	1,025
Depreciation	-	-	(2,613)	(1,645)	(4,258)
Balance at 31/12/2016	-	-	1,206	3,919	5,125
Acquisitions	-	-	-	-	-
Depreciation	-	-	(1,206)	(1,653)	(2,859)
Balance at 30/6/2017	-	-	-	2,266	2,266

10. INTANGIBLE ASSETS

	As at 31/12/2017	As at 30/06/2017
	\$	\$
At cost	5,756,743	5,756,743
Accumulated amortisation	(1,089,555)	(913,290)
Total intangible assets	4,667,188	4,843,453

Movements during the period

	Intellectual Property \$
Balance as at 1/7/2017	4,843,453
Acquisitions	-
Amortisation expense	(176,266)
Balance as at 31/12/2017	4,667,187
Balance as at 1/7/2016	5,196,954
Acquisitions	-
Amortisation expense	(353,501)
Balance as at 30/6/2017	4,843,453

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

11. TRADE AND OTHER PAYABLES

	As at 31/12/2017	As at 30/06/2017
	\$	\$
Trade payables	685,412	649,110
Accruals and other payables	186,910	78,065
NAB credit cards	12,026	1,747
Payroll tax payable	-	11,723
PAYG & superannuation payable	66,170	23,037
Total trade and other payables	950,518	763,682

Trade and other payables are non-interest-bearing liabilities stated at cost and settled within 30 days.

12. ISSUED CAPITAL

	As at 31/12/2017	As at 30/06/2017
	\$	\$
Fully paid ordinary shares	32,418,391	28,858,391
Capital raising costs	(2,499,600)	(2,280,000)
Total contributed equity	29,918,791	26,578,391

Movements in ordinary shares issued and fully paid during the period

	Date	Quantity	Unit Price \$	Total \$
Balance carried forward 1 July 2016		606,693,558		26,308,391
Exercise of options	26/04/2017	10,000,000	0.020	200,000
Exercise of options	9/05/2017	3,500,000	0.020	70,000
Balance at 30 June 2017		620,193,558		26,578,391
Issue of Tranche 1 shares (a)	8/12/2017	91,500,000	0.04	3,660,000
Capital raising costs		-	-	(219,600)
Cancellation of unvested loan shares (b)	14/12/2017	(5,000,000)	0.02	(100,000)
Balance at 31 December 2017		706,693,558		29,918,791

Movements in reserve shares issued during the period

	Date	Quantity	Unit Price \$	Total \$
Balance carried forward 1 July 2016		(45,000,000)		(1,140,000)
Balance at 30 June 2017		(45,000,000)		(1,140,000)
Cancellation of loan shares (b)		5,000,000	0.02	100,000
Balance at 31 December 2017		(40,000,000)		(1,040,000)

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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- (a) On 8 December 2017, the Company raised \$3,660,000 (Tranche 1 Placement Shares) from the issuance of 91,500,000 fully paid ordinary shares at \$0.04 each to sophisticated investors. Refer to an ASX announcement issued by the Company on 29 November 2017.
- (b) On 14 December 2017, the Company completed the cancellation of 5,000,000 unvested loan shares. This was approved at the Annual General and Special General Meetings of shareholders held on 29 November 2017.

13. RESERVES

	As at 31/12/2017	As at 30/06/2017
	\$	\$
Available-for-sale reserve	77,535	76,607
Option reserve	7,084,659	6,928,794
Total reserves	7,162,194	7,005,401

Movements in available-for-sale reserve during the period

	Half-year ended 31/12/2017	Year ended 30/06/2017
	\$	\$
Available for sale reserve		
Opening balance	76,607	22,272
Unrealised gain/(loss) on available-for-sale listed investments	928	54,335
Closing balance	77,535	76,607

Movements in option reserve during the period

The Option Reserve is used to recognise the value of equity-settled share-based payments on valuation of Director and employee share options. Details in movement in option reserves is shown below.

	Half-year ended 31/12/2017	Year ended 30/06/2017
	\$	\$
Option Reserve		
Opening balance	6,928,794	6,822,379
Loan Shares: share-based expense (a)	41,428	175,812
Employee Options: share-based expense (b)	137,435	103,138
Lapse of Class F loan shares	-	(152,955)
Lapse of Employee Options (b)	(22,998)	(19,580)
Closing balance	7,084,659	6,928,794

ACTINOGEN MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

The share-based payment expense comprises the following:

- (a) Employee Loan Shares already on issue that due to the vesting conditions attached to them represent an option arrangement. Subsequently they are expensed over the vesting period attached to the Loan Shares. During the half-year the Company recognised \$41,428 in share-based payments expense through the statement of comprehensive income in connection with these Loan Shares.
- (b) During the half-year the Company recognised a \$114,437 (net) in share-based payments expense through the statement of comprehensive income in connection with Employee Options on issue. This amount is made up the following:
 - \$127,247 in share-based payment expense of Employee Options already on issue;
 - \$10,188 share-based expense relating to 417,188 Employee Options issued on 12 July 2017,
 - (\$22,998) share-based payment expense reversal relating to 1,093,750 Employee Options that lapsed on 22 September 2017 due to the employee resigning prior to the milestones being met. Subsequently, requiring the reversal of the share-based expense charges previously recognised.

14. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities or assets as at 31 December 2017 (2016: Nil).

15. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- On 2 January 2018, 400,000 employee options, issued at \$0.10 each and expiring on 5 February 2021 lapsed due to the performance milestone not being achieved.
- On 18 January 2018 at a General Meeting of shareholders, the Company gained approval from its shareholders to issue 40,500,000 fully paid ordinary shares (Tranche 2 Placement Shares) at \$0.04 each to sophisticated investors so to raise \$1.62 million and therefore, complete its capital raising as outlined in the Company's ASX announcement issued on 29 November 2017. The shares were issued on 22 January 2018.
- On 18 January 2018 at a General Meeting of shareholders, the Company gained approval from its shareholders that all Placement Shares (Tranche 1 and Tranche 2) will be entitled to free attaching options on a 1:2 basis exercisable at \$0.06 each on or before 31 March 2019 resulting in 66,000,000 Placement Options being issued. The options were issued on 22 January 2018.

Other than what is stated above, no other matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of the entity in subsequent reporting period.

**ACTINOGEN MEDICAL LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

In accordance with a resolution of the Directors of Actinogen Medical Limited, I state that:

- (a) The financial statements and notes set out on pages 8 to 21 are in accordance with the Corporations Act 2001, including:
 - i. complying with Accounting Standard AASB 134 Interim Financial Reporting, and the Corporations Regulations 2001; and
 - ii. giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the half-year ended on that date, and,

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

This declaration is made in accordance with a resolution of the Directors.



Dr. Bill Ketelbey
Managing Director / Chief Executive Officer
Date: Thursday, 15 February 2018
Sydney, New South Wales

Independent auditor's review report to the members of Actinogen Medical Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Actinogen Medical Limited (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 31 December 2017 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



T G Dachs
Partner
Perth
15 February 2018