



ASX ANNOUNCEMENT

Appendix 4D & Half-Year Financial Report

Sydney, 20 February 2020. Actinogen Medical ASX: ACW ('ACW' or 'the Company') today submitted its Appendix 4D and Half-Year Financial Report for the period ending 31 December 2019.

During the period, the Company announced positive results for its XanaHES Phase I clinical study demonstrating that its lead drug Xanamem produced a statistically significant clinical effect on improving cognition in healthy elderly patients at 20mg daily. The study also showed Xanamem had a strong safety profile and a statistically significant effect on inhibiting cortisol. These results, combined with the positive data from the Target Occupancy study, confirmed Xanamem's expected mechanism of action and resulted in a comprehensive strategic review of all Xanamem data, that included exploring additional indications, to help inform the next steps in the Company's clinical development plan of Xanamem. These updated plans progressed well during the period and in the current quarter, with the expectation that a number of new clinical studies will begin in 2020, across a range of new indications.

Actinogen CEO and Managing Director Dr Bill Ketelbey said, "The compelling results from the XanaHES trial have been highly encouraging and have provided valuable insight into the future development opportunities for Xanamem in the treatment of Alzheimer's disease and a number of other diseases associated with cognitive impairment."

"We look forward to updating the market on our new clinical development plans in the months ahead and expect to initiate a number of new clinical trials during 2020," said Dr Ketelbey.

ENDS

Actinogen Medical

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Announcement authorised by the Board of Directors of Actinogen Medical

About Actinogen Medical

Actinogen Medical (ASX: ACW) is an ASX-listed biotechnology company developing novel therapies for cognitive impairment associated with chronic neurological and metabolic diseases. The company is currently developing its lead compound Xanamem as a promising new therapy for Alzheimer's disease and cognitive impairment associated with schizophrenia and mood disorders. The cognitive dysfunction associated with these conditions is significantly debilitating for patients, and there is a substantial unmet medical need for new and improved treatments.

About Xanamem™

Xanamem's novel mechanism of action sets it apart from other therapies for Alzheimer's disease. It works by blocking the excess production of intracellular cortisol – the stress hormone – through the inhibition of the 11 β -HSD1 enzyme in the brain. There is a strong association between persistent stress and the production of excess cortisol that leads to changes in the brain, affecting memory. The 11 β -HSD1 enzyme is highly concentrated in the hippocampus and frontal cortex, the areas of the brain associated with cognitive impairment in neurological diseases, including Alzheimer's disease, schizophrenia and the mood disorders. The Company's XanaHES Phase I trial exploring the safety and tolerability of Xanamem™ 20mg once daily in healthy elderly volunteers, showed that the drug exhibited a good safety profile with no treatment-related serious adverse events. Additionally, the trial demonstrated that Xanamem™ produced a statistically significant improvement in cognition, which, along with other data recently generated, confirms the underlying mechanism of action of Xanamem.

The Company plans to initiate Phase II studies of Xanamem in various disease areas in 2020, including in Alzheimer's disease, and in cognitive impairment associated with schizophrenia, mood disorders and diabetes.

Xanamem is an investigational product and is not approved for use outside of a clinical trial by the FDA or by any global regulatory authority.

Disclaimer

This announcement and attachments may contain certain forward-looking statements that are based on subjective estimates and assumptions and relate to circumstances and events that have not taken place and may not take place. Such forward looking statements involve known and unknown risks, uncertainties, and other factors (such as significant business, economic and competitive uncertainties and contingencies) which may cause the actual results or the performance of Actinogen Medical to be materially different from the results or performance expressed or implied by such forward looking statements. Past performance is not a reliable indicator of future performance. There can be no assurance that any forward-looking statements will be realised. Actinogen Medical does not make any representation or give any warranty as to the likelihood of achievement or reasonableness of any forward-looking statements.

Actinogen Medical encourages all current investors to go paperless by registering their details with the designated registry service provider, Link Market Services.

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 2019 to 31 December 2019
(Previous corresponding period: 1 July 2018 to 31 December 2018)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31/12/2019	31/12/2018	% Change	Amount change (\$)
Revenues from ordinary activities	58,058	59,829	-3%	(1,771)
Loss from ordinary activities after tax attributable to members	4,040,509	7,132,677	-43%	(3,092,168)
Net loss for the period attributable to members	4,040,509	7,132,677	-43%	(3,092,168)
Net tangible asset per share	0.007	0.014	-	-

BRIEF EXPLANATION OF THE ABOVE FIGURES

Revenues from ordinary activities relates to interest revenue from cash held in interest-bearing accounts and short-term deposits.

The total net loss after tax decreased due to a reduction in expenditure. Refer to the attached Directors' Report and financial statements for further information.

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 2019, in the previous financial year ended 30 June 2019 or in the previous corresponding period. The Company does not propose to pay dividends in the immediate future.

Associates / Joint Ventures

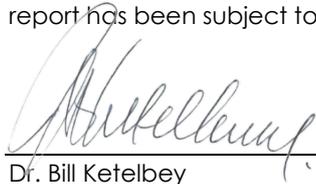
Not applicable. The Company has not engaged in the acquisition of associates nor has it engaged in any joint ventures in the half-year ended 31 December 2019.

Foreign Entities

Not applicable.

Review Conclusion

This Report is based on the Interim Financial Report for the Half-Year Ended 31 December 2019. The financial report has been subject to a review by an independent auditor and the review is not subject to qualification.



Dr. Bill Ketelbey
Managing Director / Chief Executive Officer
Date: Thursday, 20 February 2020

ACTINOGEN MEDICAL LIMITED

ABN 14 086 778 476

www.actinogen.com.au

INTERIM FINANCIAL REPORT

For the Half-Year Ended 31 December 2019

CONTENTS PAGE

Contents	Page
Corporate Directory	3
Directors' Report	4
Auditor's Independence Declaration	7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors' Declaration	23
Independent Auditor's Review Report	24

CORPORATE DIRECTORY

Board of Directors

Non-Executive Chairman – Dr Geoffrey Brooke
Managing Director – Dr Bill Ketelbey
Non-Executive Director – Dr George Morstyn
Non-Executive Director – Mr Malcolm McComas

Company Secretary

Mr Peter Webse

Principal Place of Business / Registered Office

Suite 901 / Level 9
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Sydney NSW 2000

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 Securities Exchange ('ASX').
ASX Code: ACW

Auditors

Ernst & Young
Ernst & Young Building
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Perth WA 6000

Lawyers

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

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" or "Actinogen Medical") for the half-year ended 31 December 2019.

➤ 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 George Morstyn - Non-Executive Director (Appointed 1 December 2017 – Current)
- Mr Malcom McComas – Non-Executive Director (Appointed 4 April 2019 – Current)

➤ OPERATIONS AND FINANCIAL REVIEW

Principal Activities

During second half of 2019, Actinogen generated significant new data on its lead drug, Xanamem, and, on the basis of results, undertook a comprehensive strategic review to determine the optimum clinical development strategy going forward. The growing dataset deepens the understanding of how the drug works and supports Xanamem as an efficacious, brain penetrant and appropriately safe oral drug that works in line with its intended mechanism of action.

The XanaHES results achieved during the period demonstrate a robust and statistically significant clinical effect on improving cognition in healthy elderly patients treated with 20mg Xanamem daily. The results showed a good safety profile and statistically significant cortisol inhibition following treatment at 20mg daily. Further, the Target Occupancy results confirm that Xanamem works as designed to penetrate the brain in concentrations that adequately inhibit the activity of the 11 β -HSD1 enzyme in the brain.

Following these results the Company undertook a comprehensive review of all Xanamem data, potential new indications and funding options to determine an updated clinical development strategy. The updated plans are now well advanced, and further clinical studies across a range of indications are expected to be initiated during 2020.

2020 is expected to be a particularly busy year for Actinogen Medical. The Company expects to initiate a number of Phase 2 studies and complete the ongoing Xanamem studies.

Highlights during the Half-Year

- a) XanaHES results demonstrate cognitive improvement with Xanamem
- b) Target Occupancy results confirm Xanamem acts in the brain as designed
- c) Comprehensive strategic review - determining optimal clinical development strategy
- d) Research and Development Tax Incentive received
- e) Continued focus on business development

ACTINOGEN MEDICAL LIMITED

DIRECTORS' REPORT

a) XanaHES results demonstrate efficacy – in trial of Xanamem 20mg daily:

In October 2019, the Company announced XanaHES results that demonstrated a statistically significant clinical effect on improving cognition in healthy elderly patients with 20mg Xanamem daily. Results also demonstrated a statistically significant reduction in serum cortisol following treatment, and a good safety profile with no serious adverse events observed.

While the Phase 1 XanaHES trial was primarily designed as a placebo-controlled study to investigate the safety of 20mg daily in healthy elderly subjects, it also included an exploratory assessment of cognition. This assessment used the industry standard Cogstate Cognitive Test Battery to evaluate six domains of cognition, with a statistically significant cognitive improvement demonstrated in three of the domains. The cognitive response was evident after only 4 weeks of treatment, and it persisted out to the end of treatment at 12 weeks.

These results confirmed the expected clinical outcome of treating with Xanamem, and corroborated the previous results seen in animal and human studies. They reinforce the hypothesis and science underpinning the discovery and development of Xanamem – that lowering persistently raised cortisol levels in the brain is expected to positively enhance cognition.

b) Target Occupancy results - Xanamem acts in the brain as designed:

The Phase I Target Occupancy study is designed to measure the effectiveness of different Xanamem doses on inhibiting the 11 β -HSD1 enzyme in the brain. Results from both Alzheimer's and cognitively normal patients have demonstrated that doses from 5mg to 30mg Xanamem daily effectively occupy the 11 β -HSD1 enzyme binding sites in the brain. This confirms that Xanamem works as designed, to penetrate the brain in concentrations that will adequately inhibit 11 β -HSD1 activity in the brain.

Additional subject cohorts dosed at 10mg Xanamem with delayed PET imaging have confirmed the central nervous system pharmacokinetics (CNS PK) of Xanamem, providing a deeper understanding of how Xanamem acts within the brain. This study has been supported by a further series of studies (the in-vitro Homogenate Binding studies), and collectively these studies are designed to confirm the optimum Xanamem dosing regimen to take forward into future Phase II studies.

c) Comprehensive strategic review - determining optimum clinical development strategy

Actinogen is in the final stages of completing a comprehensive review of all Xanamem data, target indications, and potential funding options, to inform Actinogen's optimum strategic direction. An updated Clinical Development Plan is now well advanced, with proposals to initiate new studies in Alzheimer's disease, and in cognitive impairment in schizophrenia and type-2 diabetes.

During the quarter, the Company engaged with key opinion leaders and relevant regulatory bodies to further develop these plans. In addition, the Company has submitted grant applications with the aim of broadening and developing the Xanamem portfolio with non- dilutive funding alternatives.

d) Research and Development Tax Incentive

In October 2019, the Company received an R&D Tax Incentive rebate of \$4.58m for the 2018/2019 financial year. An additional \$0.65m was received in February 2020, which brings the total R&D Tax Incentive rebate received by the Company for the 2018/2019 financial year, to \$5.23m

e) Continued focus on business development

Throughout the period, business development activities progressed with potential corporate and strategic parties, to assist with Xanamem's development plans.

In addition, Dr. Bill Ketelbey presented at multiple investor, biotech and industry conferences, with the objective to provide an update and raise awareness of the Company and Xanamem's ongoing development.

ACTINOGEN MEDICAL LIMITED

DIRECTORS' REPORT

Key conferences the Company participated in during the half-year period include:

- Clinical Trials on Alzheimer's Disease (CTAD) in San Diego on 4-7 December 2019
- AusBiotech Invest and Partnering Conference in Melbourne on 31 October 2019
- Australian Microcap Investment Conference in Melbourne on 22 October 2019
- AC4R Annual Scientific Meeting in Sydney on 11 October 2019
- Bio Connections Australia in Melbourne on 19-20 August 2019
- BioShares Biotech Summit in Queenstown on 26-27 July 2019

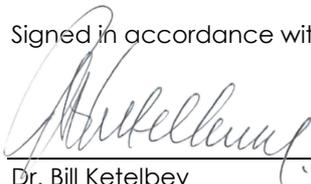
Dr Bill Ketelbey recently presented at the 3rd Annual SACHS Neuroscience Innovation Forum during JP Morgan Week (13-16 Jan) in San Francisco, USA. This was an excellent opportunity for the Company to update international pharmaceutical leaders and major global investors on the compelling results achieved with XanaHES, and the expanded Xanamem dataset generated over the past few months. Following the Forum, Actinogen participated in numerous meetings with potential partners and collaborators during the JP Morgan week.

In recognition of the advances made in the development of Xanamem, Actinogen has been accepted to present all the Xanamem data at the International Advancement in Alzheimer's and Parkinson's Disease Therapies (AD/PD) Focus Meeting in Vienna in April 2020. This specialist Alzheimer's conference includes the latest breakthroughs in Alzheimer's drug development, translational R&D, early diagnosis, and clinical trials, and we are proud to be invited to add to the global Alzheimer's community knowledge base.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of The Corporations Act 2001 for the half-year ended 31 December 2019 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 / Chief Executive Officer
Date: Thursday, 20 February 2020
Sydney, New South Wales



**Building a better
working world**

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Auditor's independence declaration to the directors of Actinogen Medical Limited

As lead auditor for the review of the half-year financial report of Actinogen Medical Limited for the half-year ended 31 December 2019, 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

Pierre Dreyer
Partner
20 February 2020

ACTINOGEN MEDICAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

		Half-Year ended 31/12/2019	Half-Year ended 31/12/2018
	Note	\$	\$
Revenue from continuing operations		58,058	59,829
Other income		681,009	20,000
<i>Total revenue & other income</i>	5	<u>739,067</u>	<u>79,829</u>
Business development		(379,292)	(383,777)
Corporate administration expenses		(242,578)	(344,416)
Research & development expenses	5	(3,844,970)	(6,268,096)
Finance costs		(14,858)	(3,118)
Share-based payment expenses		(91,683)	(36,348)
Amortisation expense	9	(157,659)	(176,751)
Depreciation expense		(48,536)	-
<i>Total expenses</i>		<u>(4,779,576)</u>	<u>(7,212,506)</u>
Loss before income tax		(4,040,509)	(7,132,677)
Income tax expense		-	-
Loss for the Half-Year		<u>(4,040,509)</u>	<u>(7,132,677)</u>
<u>Other comprehensive income</u>			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Transfer of available-for-sale reserve to profit and loss upon disposal of available-for-sale investments		-	-
Total comprehensive loss for the Half-Year		<u>(4,040,509)</u>	<u>(7,132,677)</u>
Loss per share for attributable to the ordinary equity holders of the Company			
Basic loss per share (cents)		(0.36)	(0.66)
Diluted loss per share (cents)		(0.36)	(0.66)

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 2019

	Note	As at 31/12/2019 \$	As at 30/06/2019 \$
CURRENT ASSETS			
Cash and cash equivalents	6	8,457,517	7,636,601
Trade and other receivables	7	785,141	4,890,521
TOTAL CURRENT ASSETS		9,242,658	12,527,122
NON-CURRENT ASSETS			
Property, plant and equipment	8	15,098	-
Intangible assets	9	3,501,894	3,659,553
Other receivable - restricted cash		35,266	35,266
Right-of-use assets	1 (b) (iv)	420,057	-
TOTAL NON-CURRENT ASSETS		3,972,315	3,694,819
TOTAL ASSETS		13,214,973	16,221,941
CURRENT LIABILITIES			
Trade and other payables	10	583,874	433,575
Provision for employee entitlements		125,969	123,820
Lease liabilities	1 (b) (iv)	99,494	-
TOTAL CURRENT LIABILITIES		809,337	557,395
NON-CURRENT LIABILITIES			
Lease liabilities	1 (b)	329,919	-
TOTAL NON-CURRENT LIABILITIES		329,919	-
TOTAL LIABILITIES		1,139,256	557,395
NET ASSETS		12,075,717	15,664,546
EQUITY			
Contributed equity	11	48,044,606	48,044,606
Reserve shares	11	(120,000)	(480,000)
Reserves	12	7,387,940	7,296,257
Accumulated losses		(43,236,829)	(39,196,317)
TOTAL EQUITY		12,075,717	15,664,546

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 2019

	Contributed Equity	Accumulated Losses	Option Reserve	Reserve Shares	Total
Half-Year ended 31 December 2019	\$	\$	\$	\$	\$
Balance as at 1 July 2019	48,044,606	(39,196,320)	7,296,257	(480,000)	15,664,543
Loss for the half-year	-	(4,040,509)	-	-	(4,040,509)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(4,040,509)	-	-	(4,040,509)
Transactions with equity holders in their capacity as equity holders:					
Repayment of LTI Rights	-	-	-	360,000	360,000
Share-based payments	-	-	91,683	-	91,683
Balance as at 31 December 2019	48,044,606	(43,236,829)	7,387,940	(120,000)	12,075,717
	Contributed Equity	Accumulated Losses	Option Reserve	Reserve Shares	Total
Full year ended 30 June 2019	\$	\$	\$	\$	\$
Balance as at 1 July 2019	40,438,238	(29,308,638)	7,168,308	(1,040,000)	17,257,911
Loss for the year	-	(9,887,682)	-	-	(9,887,682)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(9,887,682)	-	-	(9,887,682)
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year	7,923,616	-	-	-	7,923,616
Capital raising costs	(317,248)	-	-	-	(317,248)
Repayment of LTI Rights upon cessation of employment	-	-	-	560,000	560,000
Share-based payments	-	-	127,949	-	127,949
Balance as at 30 June 2019	48,044,606	(39,196,320)	7,296,257	(480,000)	15,664,546

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 2019

	Half-Year ended 31/12/2019	Half-Year ended 31/12/2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	58,058	59,829
Interest paid	(3,044)	(3,118)
Payments to suppliers and employees	(596,237)	(708,188)
Payments for research and development	(3,562,530)	(5,076,328)
Government grants and rebate received	4,630,761	3,178,000
Net cash inflow/(outflow) from operating activities	527,008	(2,549,805)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	8 (16,078)	-
Proceeds from expiration of NAB bank guarantee	-	71,771
Net cash (outflow)/inflow from investing activities	(16,078)	71,771
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	7,156,350
Transaction costs associated with issue of shares	-	(317,247)
Proceeds from exercise of options	-	690,000
Lease payment (property rental)	1 (b) iv (50,014)	-
Repayment of loan attached to LTI Rights	11 (b) 360,000	520,000
Net cash inflow from financing activities	309,986	8,049,103
Net increase in cash and cash equivalents	820,916	5,571,069
Cash and cash equivalents at beginning of the year	7,636,601	9,896,760
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6 8,457,517	15,467,829

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 2019

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY

a) Basis of preparation

The interim financial report for the half-year ended 31 December 2019 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 report does not include all the information and disclosures required in the annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Actinogen Medical during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial report has been prepared on an accrual basis and on the basis of historical costs and does not take into account changing money values. The interim financial report has been prepared on a going concern basis which assumes continuity of business and the realisation of assets and liabilities in the ordinary course of business.

The Company has incurred a loss for the period ended 31 December 2019 of \$4,040,509 (31 December 2018: \$7,132,677) and experienced net cash inflows from operating activities of \$527,008 (31 December 2018: outflows of \$2,549,805).

The Directors believe that the Company has sufficient cash resources to allow it to meet its committed expenditure for at least the next 12 months. For this reason, the Directors consider the going concern basis of preparation to be appropriate.

b) New and amended Accounting Standards and interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the annual financial report for the year ended 30 June 2019 with the exception of the adoption of AASB 16 Leases. Other than the adoption of AASB 16 (see below), the adoption of the new and amended accounting standards and interpretations had no impact on the Company.

The Company has not early adopted any other accounting standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these standards, interpretations or amendments is not expected to have a material impact on the financial position or performance of the Company.

The Company has applied, for the first time, AASB 16 from 1 July 2019, and has not restated comparatives for the prior period as permitted under the specific transition provisions in AASB 16. The nature and effect of these changes are disclosed below.

AASB 16 Leases

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Company adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Company elected to use the transition practical expedients allowing (a) the standard to be applied only to contracts that were previously identified as leases applying AASB 117 and IFRIC 4 at the date of initial application, and (b) the measuring the right-of-use asset on transition as being equal to the amount of the lease liability initially recognised on transition.

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	Half year ended 31/12/2019
	\$
Operating lease commitments as at 30 June 2019	195,720
Weighted average incremental borrowing rate as at 1 July 2019	5.23%
Discounted operating lease commitments at 1 July 2019	185,754
Add:	
Option to extend for another three years	281,859
Lease liabilities as at 1 July 2019	467,613

i. The effect of adoption of AASB 16 is as follows:

The impact on the condensed interim consolidated statement of financial position as at 31 December 2019 is an increase in right-of-use asset of \$467,613 and an increase in the lease liability of \$467,613.

ii. Nature of the effect of adoption of AASB 16

The Company has lease contracts for property rental and an item of office equipment. Before the adoption of AASB 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease (as it held no finance leases). In an operating lease, the leased property was not capitalised and the lease payments were recognised as an expense in the condensed interim statement of comprehensive loss on a straight-line basis over the lease term. Prepaid rent was recognised under prepaid rental expenses and accounts payable.

Upon adoption of AASB 16, the Company applied a single recognition and measurement approach for all leases of which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

In accordance with the modified retrospective method of adoption of AASB 16, the Company applied AASB 16 at the date of initial application by measuring the right-of-use assets based on the amount equal to the lease liabilities.

Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

ACTINOGEN MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

iii. Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of AASB 16, which have been applied from the date of initial application:

Right-of-use asset

The Company recognises a right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. A right-of-use asset is subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below USD\$5,000). Lease payments on short-term leases and leases of low-value assets are expensed on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has the option under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew and renewal periods (e.g., a change in business strategy).

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

iv. Amounts recognised in the condensed interim consolidated statements of financial position and comprehensive loss:

Set out below are the carrying amounts of the Company's assets and lease liabilities recognised in the condensed interim consolidated statement of financial position and the movements during the six-month period ended 31 December 2019:

	Right-Of-Use Assets	Total	Lease Liability
	\$	\$	\$
As at 1 July 2019	-	-	-
Initial adoption of AASB 16	467,613	467,613	467,613
Depreciation expense	(47,556)	(47,556)	-
Interest expense (i)	-	-	11,814
Payments (i)	-	-	(50,014)
As at 31 December 2019 (ii)	420,057	420,057	429,413

- i. The principal component of the \$50,014 lease payments made during the half-year ended 31 December 2019 equates to \$39,970 (which is net of \$10,044 in interest expense paid).
- ii. Of the total lease liability amounting to \$429,413, \$99,494 is current; and \$329,919 is non-current.

Set out below are the amounts recognised in the condensed interim consolidated statement of comprehensive loss for the six-month period ended 31 December 2019:

	As at
	31/12/2019
	\$
Depreciation expense on right-of-use asset	47,556
Interest expense on lease liabilities	11,814
Rent expense - short-term leases	780
Total amounts recognised in profit or loss	60,150

2. DIVIDENDS

No dividends were paid or proposed during the half-year ended 31 December 2019 (31 December 2018: None).

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 2019

4. FINANCIAL INSTRUMENTS

Set out below is an overview of the financial assets held by the Company as at 31 December 2019 and 30 June 2019:

	Cash and cash equivalents	Financial assets / liabilities at amortised cost
As at 31 December 2019	\$	\$
Financial assets:		
Cash and cash equivalents	8,457,517	-
Trade and other receivables	-	785,141
Total current assets	8,457,517	785,141
Total assets	8,457,517	785,141
Financial liabilities:		
Trade and other payables	-	583,874
Total current liabilities	-	583,874
Total liabilities	-	583,874
Net exposure	8,457,517	201,267
	Cash and cash equivalents	Financial assets / liabilities at amortised cost
As at 30 June 2019	\$	\$
Financial assets:		
Cash and cash equivalents	7,636,601	-
Trade and other receivables	-	4,890,521
Total current assets	7,636,601	4,890,521
Total assets	7,636,601	4,890,521
Financial liabilities:		
Trade and other payables	-	433,575
Total current liabilities	-	433,575
Total liabilities	-	433,575
Net exposure	7,636,601	4,456,946

Fair Value Measurements

AASB 7 Financial Instruments 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).

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

There were no financial assets and financial liabilities to measure and recognise at fair value as at 31 December 2019 and 30 June 2019.

Fair Values

The carrying value of financial instruments are assumed to approximate their fair value due to their short-term nature.

5. REVENUE AND OTHER INCOME; AND RESEARCH & DEVELOPMENT EXPENSES

	Half-Year ended 31/12/2019	Half-Year ended 31/12/2018
	\$	\$
Revenue from contracts with customers		
Interest revenue	58,058	59,829
	58,058	59,829
<u>Other income</u>		
Government grants	27,500	20,000
Government R&D tax rebate	653,509	-
<i>Total other income</i>	681,009	20,000
Total revenue and income	739,067	79,829

	Half-Year ended 31/12/2019	Half-Year ended 31/12/2018
	\$	\$
Research and development expenses:		
Research consultants	89,657	114,066
Administrative	78,562	17,345
Laboratory expenses	2,841,504	5,328,646
Travel and accommodation costs	147,424	115,951
Research & development employee expenses	687,823	692,088
	3,844,970	6,268,096

6. CASH AND CASH EQUIVALENTS

	As at 31/12/2019	As at 30/06/2019
	\$	\$
Cash at bank and on hand (a)	4,392,516	1,571,600
Short term deposits (a)(b)	4,065,001	6,065,001
Total cash and cash equivalents	8,457,517	7,636,601

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

(a) During the period the following inflows of cash contributed to the closing cash position:

- The Company received \$360,000 from Dr Ketelbey representing the repayment of 9,000,000 Loan Shares (aka. LTI Rights) issued at \$0.04 each; previously granted to him at the commencement of his employment on 15 December 2014;
- The Company received \$58,058 in interest revenue from cash held in interest-bearing accounts and short-term deposits;
- The Company received a research and development ("R&D") rebate from the ATO totalling \$4,603,261 for the R&D rebate receivable recognised during the financial year ended 30 June 2019; and
- The Company applied for a government grant and successfully received \$27,500 from the Department of Innovation and Science.

(b) Short-term deposits:

Of the \$4,065,000 held in short-term deposits, \$65,000 relates to a deposit held with the National Australian Bank (NAB) for the credit cards issued by the NAB to Actinogen Medical. The remaining \$4,000,000 is held in interest-bearing term deposits also held with the NAB.

7. TRADE AND OTHER RECEIVABLES

	As at 31/12/2019	As at 30/06/2019
	\$	\$
Prepayments (a)	22,843	57,115
Goods and services tax receivable (b)	108,789	230,145
R&D tax rebate receivable (c)	653,509	4,603,261
Total trade and other receivables	785,141	4,890,521

(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 2019 that is refundable to the Company.

(c) R&D tax rebate receivable: During the half-year, the Company received a cash inflow, paid by the ATO, of \$4,603,261 clearing out the R&D rebate receivable recognised as 30 June 2019 in connection with R&D expenditure incurred during the financial year ended 30 June 2019.

In addition to this, as at 31 December 2019, the Company recognised as income receivable an amount of \$653,509 which is the balance of the FY2019 R&D rebate receivable that was lodged with, and approved by, the ATO during the half-year period. Subsequent to period end, on 12 February 2020, the ATO paid the \$653,509 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 2019

8. PROPERTY, PLANT & EQUIPMENT

	As at 31/12/2019	As at 30/06/2019
	\$	\$
At cost	16,078	-
Accumulated depreciation	(980)	-
Total property, plant and equipment	15,098	-

Movements during the period

	Computer Equipment	Total
	\$	\$
Balance at 1 July 2019	-	-
Acquisitions	16,078	16,078
Depreciation	(980)	(980)
Balance at 31 December 2019	15,098	15,098
Balance at 1 July 2018	-	-
Acquisitions	-	-
Depreciation	-	-
Balance at 30 June 2019	-	-

9. INTANGIBLE ASSETS

	As at 31/12/2019	As at 30/06/2019
	\$	\$
At cost	5,756,743	5,756,743
Accumulated amortisation	(1,777,949)	(1,620,290)
Accumulated impairment loss	(476,900)	(476,900)
Total intangible assets	3,501,894	3,659,553

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Movements during the period

	Intellectual Property \$
Balance at 1 July 2019	<u>3,659,553</u>
Amortisation expense	(157,659)
Balance at 31 December 2019	<u>3,501,894</u>
Balance at 1 July 2018	4,489,953
Amortisation expense	(353,500)
Impairment loss	(476,900)
Balance at 30 June 2019	<u>3,659,553</u>

10. TRADE AND OTHER PAYABLES

	As at 31/12/2019 \$	As at 30/06/2019 \$
Trade payables	423,471	282,822
Accruals and other payables	13,800	58,939
Goods and services tax payable	62,188	522
NAB credit cards	31,150	33,542
Provision for payroll tax	-	32,000
PAYG payable	53,265	25,750
Total trade and other payables	<u>583,874</u>	<u>433,575</u>

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

11. ISSUED CAPITAL

	As at 31/12/2019 \$	As at 30/06/2019 \$
Fully paid ordinary shares (1,119,231,320)	51,438,157	51,438,157
Capital raising costs	(3,393,551)	(3,393,551)
Total contributed equity	<u>48,044,606</u>	<u>48,044,606</u>

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

(a) Movements in ordinary shares issued and fully paid during the period

During the half-year ended 31 December 2019 there were no movements in fully paid ordinary shares as illustrated in the schedule below:

	Date	Quantity	Unit Price \$	Total \$
Balance carried forward 1 July 2018		940,316,552		40,438,238
Exercise of Unlisted Options	4/07/2018	4,000,000	0.02	80,000
Private Placement T2 (BVF)	12/07/2018	112,877,006	0.05	5,643,850
Capital raising costs - Bell Potter	12/07/2018			(282,192)
Share purchase plan	13/07/2018	19,050,000	0.05	952,500
Share purchase plan (shortfall)	24/07/2018	11,200,000	0.05	560,000
Capital raising costs - Bell Potter	17/07/2018			(35,056)
Exercise of Unlisted Options	18/09/2018	2,750,000	0.02	55,000
Exercise of Unlisted Options	14/11/2018	20,550,000	0.02	411,000
Exercise of Unlisted Options	30/11/2018	7,200,000	0.02	144,000
Exercise of Unlisted Options	4/04/2019	1,287,762	0.06	77,266
Balance at 30 June 2019		1,119,231,320		48,044,606
Balance at 31 December 2019		1,119,231,320		48,044,606

(b) Movements in reserve shares issued during the period

Reserve shares	Date	Quantity	Unit Price \$	Total \$
Balance carried forward 1 July 2018		(40,000,000)		(1,040,000)
Repayment of loan shares by Mr Rogers	30/11/2018	20,000,000	0.02	400,000
Repayment of loan shares by Dr Loveridge	6/12/2018	6,000,000	0.02	120,000
Repayment of loan shares by Mr Ruffles	15/03/2019	2,000,000	0.02	40,000
Balance at 30 June 2019		(12,000,000)		(480,000)
Repayment of loan shares by Dr Ketelebey (i)	30/11/2019	9,000,000	0.04	360,000
Balance at 31 December 2019 (ii)		(3,000,000)		(120,000)

- i. The Company received \$360,000 from Dr Ketelbey representing the repayment of 9,000,000 Loan Shares (aka. LTI Rights) issued at \$0.04 each; previously granted to him at the commencement of his employment on 15 December 2014.
- ii. Subsequent to period end, on 31 January 2020, the remaining 3,000,000 Loan Shares previously issued at \$0.04 each to Dr Ketelbey had vesting conditions attached that were not met. The Board resolved that the Company would proceed with the buy-back of these shares (for nil consideration) and immediately cancel the 3,000,000 Loan Shares, as repayment in full of the loan applicable to the Loan Shares.

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

12. RESERVES

	As at 31/12/2019	As at 30/06/2019
	\$	\$
Option Reserve	7,387,940	7,296,257
Total reserves	7,387,940	7,296,257

(a) 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, employee, and consultancy share options. During the half-year, \$91,683 in share-based payment expenses were recognised through the statement of comprehensive income in connection with the Director, employee, and consultancy share options on issue. Details in movement in option reserves is shown below.

	As at 31/12/2019	As at 30/06/2019
	\$	\$
Option Reserve		
Opening balance	7,296,257	7,168,308
Share-based payment expense on Director options	62,698	102,896
Share-based payment expense on employee options	15,010	36,571
Lapse of employee options	-	(22,834)
Share-based payment expense on consultant options	13,975	11,316
Closing balance	7,387,940	7,296,257

13. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities or assets as at 31 December 2019 (2018: Nil).

14. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no matters or circumstances that have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of the Company in subsequent financial years.

15. RELATED PARTY DISCLOSURE

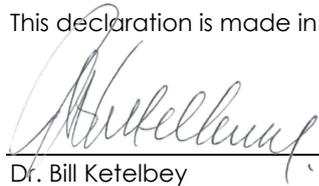
Other than transactions with Key Management Personnel in the ordinary course of business, there were no other related party transactions that occurred during the half-year.

**ACTINOGEN MEDICAL LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

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 22 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 2019 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, 20 February 2020
Sydney, New South Wales



**Building a better
working world**

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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 2019, 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 summary 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 2019 and of its financial performance for the half-year ended on that date.
- 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 2019 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.



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Independence

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

Ernst & Young

Pierre Dreyer
Partner
Perth
20 February 2020