

Appendix 4D Half-Year Financial Report

Name of entity

ACTINOGEN LIMITED

ABN or equivalent company reference

14 086 778 476

Current Period: 1 July 2014 to 31 December 2014
(Previous corresponding period: 1 July 2013 to 31 December 2013)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenues from operations	Down	27%	to	121,590
Comprehensive Loss from operations after tax attributable to members	Up	698%	to	1,222,531
Comprehensive Loss for the period attributable to members	Up	698%	to	1,222,531

	31 December 2014	31 December 2013
NTA Backing	\$	\$
Net tangible asset backing per ordinary share	0.005	0.007

BRIEF EXPLANATION OF THE ABOVE FIGURES

The decrease in net tangible asset backing per ordinary share reflects the proceeds from the issue of shares and options and the loss from operations during the half-year. The net loss of the Consolidated Entity for the half-year after income tax increased to \$1,222,531 (2013: \$153,242).

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

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

Actinogen Limited acquired 100% of the issued capital in Corticine Limited on 1/12/2014.

Dividend / Distribution Payments or Reinvestment Plans

Not applicable. No dividends have been paid or declared during the half-year ended 31 December 2014, in the previous year ended 30 June 2014 or in the previous corresponding period. The Consolidated Entity does not propose to pay dividends.

Associates / Joint Ventures

Not applicable. Actinogen Limited has not engaged in the acquisition of associates nor has it engaged in any joint ventures in the half-year ended 31 December 2014.

Foreign Entities

Not applicable.

Review Conclusion

This report is based on the financial statements for the half-year ended 31 December 2014. The financial statements have been subject to a review by an independent auditor and the review is not subject to qualification.



Managing Director: Bill Ketelbey
Date: Friday, 27 February 2015

ACTINOGEN LIMITED

ABN 14 086 778 476

www.actinogen.com.au

FINANCIAL REPORT
2014

For the Half-Year Ended 31 December 2014

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CORPORATE DIRECTORY

Board of Directors

Non-Executive Chairman – Mr Martin Rogers
Managing Director – Dr Bill Ketelbey
Non-Executive Director – Dr Jason Loveridge
Non-Executive Director – Dr Anton Uvarov

Company Secretary

Company Secretary - Peter Webse

Principal Place of Business / Registered Office

Level 10, 15 - 17 Young Street
Sydney NSW 2000

Postal Address

PO Box 271
West Perth WA 6872

Contact Details

Telephone: 02 9251 5620
www.actinogen.com.au
ABN 14 086 778 476

Auditors

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

Lawyers

GTP Legal
Level 1, 28 Ord Street
West Perth WA 6005

Share Register

Automic Registry Services
Suite 1A, Level 1
7 Ventnor Avenue
West Perth WA 6005

Actinogen Limited shares are listed on
the Australian Stock Exchange (ASX)

Bankers

National Australia Bank
1232 Hay Street
West Perth WA 6005

ACTINOGEN LIMITED DIRECTORS' REPORT

The Directors present their report on Actinogen Limited for half-year ended 31 December 2014.

➤ INFORMATION ON DIRECTORS

Directors

The names of the Directors of Actinogen Limited who have held office during and since the end of the half-year are set out below. The Directors were in office throughout the entire financial interim period and up to the date of this report unless stated otherwise.

Mr Martin Rogers – Non-Executive Chairman (Appointed 1 December 2014)
Dr Bill Ketelbey – Managing Director (Appointed 18 December 2014)
Dr Jason Loveridge – Non-Executive Director (Appointed 1 December 2014)
Dr Anton Uvarov – Non-Executive Director (Appointed 16 December 2013)
Dr Brendan de Kauwe – Executive Director (Appointed 23 September 2013 as Non-Executive Director, then appointed as Executive Director on 19 November 2014; Resigned 18 December 2014)
Mr Daniel Parasiliti – Non-Executive Director (Appointed 23 September 2013; Resigned 1 December 2014)

➤ OPERATIONS AND FINANCIAL REVIEW

Principle activities

The principal activity of the Consolidated Entity during the interim period was on biotechnology focused on the development of novel treatments for Alzheimer's disease and other major age-related neurodegenerative disorders

Highlights during the Half Year

- Acquisition of Corticrine Limited completed
- VAT refund due in March Quarter
- Dr Bill Ketelbey appointed CEO
- \$2.39 million in additional capital raised
- Update on Actinogen's legacy research
- Changes to the Actinogen Board
- Appointment of Clinical Advisors

Acquisition of Corticrine Limited

The acquisition of 100% of Corticrine Ltd, a pharmaceutical company focused on the development of new therapies for Alzheimer's dementia, was completed on 1 December 2014. Corticrine had licensed worldwide development and commercialisation rights from the University of Edinburgh to Xanamem™ (formerly known as UE2343), which is in clinical development for Alzheimer's disease. With significant support from the Wellcome Trust, the University of Edinburgh successfully completed a Phase 1 single ascending dose (SAD) study of Xanamem™ in healthy human volunteers. It was shown to be well tolerated in humans with no serious adverse events.

The new management team and advisory board for Actinogen Medical are in place and ready to take the project forward. Near term value inflection points – a Phase 1 multiple ascending dose study

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DIRECTORS' REPORT

of Xanamem™ that will commence in February 2015, and Phase 2 proof-of-concept study in patients with mild cognitive impairment expected to dose the first patient in 2016.

The Board of Directors is extremely pleased to have secured a project of such calibre and potential, and believe that the transaction will transform Actinogen into a clinical stage company with an asset that has the potential to become an important treatment for Alzheimer's dementia, a multi-billion dollar market. According to the World Health Organization 18M people have been affected globally with Alzheimer's with 5.1M in the US alone. The market could possibly surpass \$20B USD with the approval of the new drug to treat the disease.

VAT Refund

A VAT refund of approximately GBP 238,000 (approx. AUD \$452,000) is due in the March 2015 quarter.

Capital raising

During the half year the Consolidated Entity successfully completed two capital raisings. The initial capital raising saw the Consolidated Entity raise \$1 million (Tranche 1) in September 2014; and following shareholder approval at the AGM in November 2014, the Consolidated Entity raised an additional \$1.39 million (Tranche 2) accompanying the acquisition of Corticrine Limited. This resulted in a total available working capital of approximately \$3.2M in early December 2014. These funds are considered adequate to finalise the Xanamem™ Phase 1 clinical program, and the last two pre-clinical studies being run in parallel

Dr Bill Ketelbey appointed CEO

Dr Bill Ketelbey was appointed Chief Executive Officer. Dr Ketelbey is a highly experienced and successful healthcare and pharmaceutical sector professional, with 30 years' experience in the industry, including senior medical and management roles with global pharmaceutical giant, Pfizer. Dr Ketelbey is a qualified medical doctor from the University of the Witwatersrand, South Africa, an MBA graduate from Macquarie University and has specialist expertise in pharmaceutical medicine including in particular experience in neurological drugs. He is a Fellow of the Faculty of Pharmaceutical Medicine of the Royal College of Physicians in the UK.

Prior to joining Actinogen Medical, Dr Ketelbey was Regional Vice President of Medical Affairs for Pfizer's Primary Care Business Unit for Australia and New Zealand, Japan, Canada, Korea and Country Medical Director for Pfizer Australia and New Zealand. At Pfizer, Dr Ketelbey was responsible for leading the development of numerous market leading medicines in a broad range of therapeutic areas, including in Alzheimer's disease. At Pfizer, Dr Ketelbey was in charge of the Australian/New Zealand development, and involved in the launch and commercialisation of Aricept™ (donepezil), an acetylcholinesterase inhibitor, the market leading Alzheimer's disease therapy locally and globally. More recently he was involved in developing monoclonal antibodies directed at amyloid plaques, a hallmark of Alzheimer's. As Actinogen Medical's CEO, is responsible for overseeing the development and commercialisation of Xanamem™ for the treatment of Alzheimer's disease and mild cognitive impairment.

Legacy research

Actinogen's other work during the quarter was focused on antimicrobial early stage drug discovery with its scientific team currently conducting trials at its laboratory premises at Murdoch University's State Agricultural Biotechnology Centre (SABC) in Western Australia. Previously a panel of over 6000 actinobacteria were screened for novel antimicrobials active against Methicillin Resistant Staphylococcus Aureus (MRSA), Vancomycin Resistant Enterococci (VRE), Candida spp. and Clostridium difficile. The Company has identified the importance of continuing the research in this field due to the global demand for new potential agents and on the back of positive initial results conducted on numerous strains of bacteria, in particular MRSA and VRE.

During the quarter the Consolidate Entity's experimental activities in this project included: (a) retesting isolates of interest to confirm antimicrobial activity against Candida spp., MRSA, C. difficile, and VRE; (b) isolation of the active components of antimicrobial isolate supernatants using in-house fraction collection techniques. These included anti-Candida isolates (7 isolates in total), anti-

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DIRECTORS' REPORT

MRSA isolates (9 isolates in total), anti-C. difficile isolates (2 isolates in total). Anti-microbial activity was confirmed in several filtrates and the Consolidated Entity will carry out further investigation during the next quarter.

Changes to Actinogen's Board:

Following completion of Corticrine transaction, the following changes were made to the Board of Directors:

- **Appointment of Dr Jason Loveridge (founder of Corticrine) – Non-Executive Director**
Dr Loveridge brings extensive experience in developing clinical stage biotechnology companies to the Board of Actinogen.
- **Appointment of Mr Martin Rogers – Non-Executive Chairman**
Mr Rogers is a well-recognized Australian biotechnology entrepreneur and executive. The appointment of Mr Rogers will add substantial capital markets experience to the current Board of Actinogen Limited.
- **Appointment of Dr Bill Ketelbey – Managing Director**
Dr Bill Ketelbey was appointed to the Board as Managing Director, on the 18th December.
- **Other**
In other Board changes Dr Brendan de Kauwe and Mr Daniel Parasiliti resigned from the Board.

Appointment of Clinical Advisors:

Following the approval of the Corticrine transaction, the Company made the following appointments:

- **Professor Alan Boyd**
Professor Alan Boyd is a co-founder of Corticrine Ltd. Alan began his 30 years' pharmaceutical career with Glaxo Group Research Ltd. From 1988 he led ICI's cardiovascular medical research team, later assuming the role of Director of Clinical and Medical Affairs at ICI Pharma, Canada. In 1999, after four years as Head of Medical Research for Zeneca Pharmaceuticals (now Astra Zeneca), he became Director of Research and Development for Ark Therapeutics Ltd where he was responsible for the development of their gene based medicines portfolio. In 2005 Alan set up Boyd Consultants. The focus of which is to aid and support early stage life-science based companies.

A graduate in Biochemistry and Medicine from the University of Birmingham, UK Professor Boyd is a Vice-President of the Faculty of Pharmaceutical Medicine, Royal College of Physicians, UK. Professor Boyd is also an Honorary Professor in the College of Medical and Dental Sciences at the University of Birmingham Medical School.

- **Professor Brian Walker**
Brian Walker is clinical Professor of Endocrinology and Head of the University of Edinburgh/British Heart Foundation Centre for Cardiovascular Science.

His prolific translational research over 20 years has concerned the role of glucocorticoids in metabolic syndrome and cardiovascular disease. He published the original description of 11 β -HSD1 as an amplifier of glucocorticoid action, identifying this enzyme as a prime therapeutic target (Corticrine lead compound, UE2343 is a patented novel inhibitor of 11 β -HSD1).

Professor Walker co-chairs the CORTisol NETWORK (CORNET) international consortium that has conducted GWAS meta-analyses for cortisol. He is Co-Director of the Edinburgh Clinical Academic Training (ECAT) scheme, mentor to its many recruits in various disciplines, former chair of the development group of the Edinburgh MSc in Translational Medicine, and has been a member of the Wellcome Trust's Clinical Interview Committee since 2007. He has extensive experience collaborating with and advising on pharmaceutical R&D.

ACTINOGEN LIMITED DIRECTORS' REPORT

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2014 has been received and is set out on page 8.

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



Dr Bill Kerelbey
Managing Director / Chief Executive Officer

Date: Friday, 27 February 2015
Perth Western Australia

Auditor's Independence Declaration to the Directors of Actinogen Limited

In relation to our review of the financial report of Actinogen Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



T G Dachs
Partner
27 February 2015

ACTINOGEN LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME

For the half-year ended 31 December 2014

	Half-year ended 31/12/2014	Half-year ended 31/12/2013
	\$	\$
Revenue from continuing operations	18,088	20,000
Other income	103,502	147,063
<i>Total revenue & other income</i>	<u>121,590</u>	<u>167,063</u>
Business development	(219,433)	(116,794)
Corporate administration expenses	(191,189)	(104,687)
Research & development expenses	(457,656)	(82,795)
Finance costs	(1,028)	-
Share-based payment expenses	(473,315)	-
Impairment expenses	(1,500)	(16,029)
<i>Total expenses</i>	<u>(1,344,121)</u>	<u>(320,305)</u>
Loss Before Income Tax	(1,222,531)	(153,242)
Income tax benefit/(expense)	-	-
Loss for the year	(1,222,531)	(153,242)
Other comprehensive income for the year net of tax	-	-
Total comprehensive loss for the half-year	(1,222,531)	(153,242)
Earnings per share for (loss) attributable to the ordinary equity holders of the company		
Basic loss per share (cents)	(0.44)	(0.10)
Dilutive loss per share (cents)	(0.44)	(0.10)
Adjustment factor: 1.45		

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

ACTINOGEN LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Note	Half-year ended 31/12/2014 \$	Full-year ended 30/06/2014 \$
CURRENT ASSETS			
Cash and cash equivalents	4	2,052,488	1,127,676
Trade and other receivables	6	531,110	25,926
TOTAL CURRENT ASSETS		2,583,598	1,153,602
NON-CURRENT ASSETS			
Available for sale financial assets		-	1,500
Property, plant and equipment	7	98,125	106,637
Intangible assets	8	5,756,744	-
TOTAL NON-CURRENT ASSETS		5,854,869	108,137
TOTAL ASSETS		8,438,467	1,261,739
CURRENT LIABILITIES			
Trade and other payables	10	96,527	49,927
TOTAL LIABILITIES		96,527	49,927
NET ASSETS		8,341,940	1,211,812
EQUITY			
Issued capital	11	16,048,450	7,245,614
Reserved shares	11	(1,140,000)	-
Reserves	12	5,478,946	4,789,123
Accumulated losses		(12,045,456)	(10,822,925)
TOTAL EQUITY		8,341,940	1,211,812

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

ACTINOGEN LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2014

Half-year ended 31/12/2014	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Reserve Shares \$	Total \$
Balance as at 1/7/2014	7,245,614	(10,822,925)	4,789,123	-	1,211,812
Loss for the half-year	-	(1,222,531)	-	-	(1,222,531)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the half- year	-	(1,222,531)	-	-	(1,222,531)
Shares issued during the half-year	9,030,000	-	-	(1,140,000)	7,890,000
Share-based payments	-	-	689,823	-	689,823
Capital raising costs	(227,164)	-	-	-	(227,164)
Balance as at 31/12/2014	16,048,450	(12,045,456)	5,478,946	(1,140,000)	8,341,940

Full-year ended 30/6/2014	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Reserve Shares \$	Total \$
Balance as at 1/7/2013	5,788,433	(10,382,703)	4,788,623	-	194,353
Loss for the year	-	(440,222)	-	-	(440,222)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	(440,222)	-	-	(440,222)
Transactions with equity holders in their capacity as equity holders					
Shares issued during the year	1,565,000	-	-	-	1,565,000
Capital raising costs	(137,819)	-	-	-	(137,819)
Options issued during the year	-	-	500	-	500
Shares issued upon exercise of options	30,000	-	-	-	30,000
Balance as at 30/6/2014	7,245,614	(10,822,925)	4,789,123	-	1,211,812

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

ACTINOGEN LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2014

	Note	Half-year ended 31/12/2014 \$	Half-year ended 31/12/2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		18,219	110
Payments to suppliers and employees		(872,805)	(266,799)
Research and development incentive		103,502	146,954
Net cash inflow/(outflow) from operating activities		(751,084)	(119,735)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,331)	(5,252)
Payments associated with acquisition of Corticine Limited - VAT and Stamp Duty	9	(482,609)	-
Net cash outflow from investing activities		(486,940)	(5,252)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		2,162,836	1,365,679
Net cash inflow from financing activities		2,162,836	1,365,679
Net increase/(decrease) in cash and cash equivalents		924,812	1,240,692
Cash and cash equivalents at beginning of the half year		1,127,676	112,517
CASH AND CASH EQUIVALENTS AT END OF THE HALF YEAR		2,052,488	1,353,209

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

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY

a) Basis of preparation

The interim financial statements for the half-year ended 31 December 2014 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 2014 and any public announcements made by Actinogen 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 do not take into account changing money values or, except where stated, current valuations of available for sale investments. The financial statements have been prepared on a going concern basis.

b) Going concern basis

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The consolidated entity has incurred a net loss for the period ended 31 December 2014 of \$1,222,531 (31 December 2013: \$153,242) and experienced net cash outflows from operating activities of \$751,084 (31 December 2013: \$119,735). The consolidated entity has successfully raised \$2,162,836 during the period.

The ability of the consolidated entity to execute its currently planned research and development expenditure activities requires the consolidated entity to raise additional capital within the next 12 months. Accordingly, the consolidated entity is in the process of investigating various options for the raising of additional funds.

The Directors have reviewed the consolidated entity's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the consolidated entity will be successful in raising additional capital to enable it to continue to operate and meet its obligations as and when they fall due.

Should the consolidated entity not achieve the matters set out above, there is significant uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

Changes in accounting policies

Except as disclosed below, the half-year financial report has been prepared using the same accounting policies and methods of computation as used in the annual financial statements for the year ended 30 June 2014.

The Group has adopted all new and amended Accounting Standards and interpretations mandatory from 1 July 2014, including:

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reference	Title
AASB 2012-3	<p>Amendments to Australian Accounting Standards - <i>Offsetting Financial Assets and Financial Liabilities</i></p> <p>AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.</p>
AASB 2013-3	<p>Amendments to AASB 136 – <i>Recoverable Amount Disclosures for Non-Financial Assets</i></p> <p>AASB 2013-3 amends the disclosure requirements in AASB 136 <i>Impairment of Assets</i>. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.</p>
AASB 1031	<p><i>Materiality</i></p> <p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the <i>Framework</i> (issued December 2013) that contain guidance on materiality.</p> <p>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.</p> <p>AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.</p>
AASB 2013-9	<p>Amendments to Australian Accounting Standards – <i>Conceptual Framework, Materiality and Financial Instruments</i></p> <p>The Standard contains three main parts and makes amendments to a number Standards and Interpretations.</p> <p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p>

Reference	Title	Summary
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	<p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) <i>Annual Improvements to IFRSs 2010–2012 Cycle</i> and <i>Annual Improvements to IFRSs 2011–2013 Cycle</i>.</p> <p>Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:</p> <ul style="list-style-type: none"> ▶ AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	<p>Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items:</p> <ul style="list-style-type: none"> ▶ AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.

The adoptions of the above amendments had no material impact on the financial position or financial performance of the Group.

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. DIVIDENDS

No dividends were paid or proposed during the half-year ended 31 December 2014.

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 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" basis.

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.

4. CASH AND CASH EQUIVALENTS

	Half-year ended 31/12/2014	Full-year ended 30/06/2014
	\$	\$
Cash at bank and on hand	2,037,250	1,112,676
Short term deposits	15,238	15,000
Total cash and cash equivalents	2,052,488	1,127,676

5. FINANCIAL INSTRUMENTS

Set out below is an overview of the financial instruments, other than cash and short-term deposits, held by the Company as at 31 December 2014:

ACTINOGEN LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Cash and cash equivalents	Loan and receivables / amortised cost	Available-for-sale
As at 31/12/2014	\$	\$	\$
Financial assets:			
Equity instruments	-	-	-
Total non-current	-	-	-
Cash & cash equivalents	2,052,488	-	-
Trade and other receivables	-	531,110	-
Total current	2,052,488	531,110	-
Total assets	2,052,488	531,110	-
Financial liabilities:			
Trade and other payables	-	96,527	-
Total current	-	96,527	-
Total liabilities	-	96,527	-
Net exposure	2,052,488	434,583	-

	Cash and cash equivalents	Loan and receivables / amortised cost	Available-for-sale
As at 30/6/2014	\$	\$	\$
Financial assets:			
Equity instruments	-	-	1,500
Total non-current	-	-	1,500
Cash & cash equivalents	1,127,676	-	-
Trade and other receivables	-	25,926	-
Total current	1,127,676	25,926	-
Total assets	1,127,676	25,926	1,500
Financial liabilities:			
Trade and other payables	-	49,927	-
Total current	-	49,927	-
Total liabilities	-	49,927	-
Net exposure	1,127,676	(24,001)	1,500

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Group's assets measured and recognised at fair value at 31 December 2014 and 30 June 2014.

<u>At 31/12/2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Available-for-sale financial assets	-	-	-	-
Equity securities	-	-	-	-
Total assets	-	-	-	-
<u>At 30/6/2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Available-for-sale financial assets	-	-	-	-
Equity securities	1,500	-	-	1,500
Total assets	1,500	-	-	1,500

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 Group is the current bid prices at the end of the financial year. These instruments are included in Level 1.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 December 2014:

The carrying value of trade receivables and trade payables are assumed to approximate their fair value due to their short-term nature.

At 31/12/2014	Carrying amount	Fair value
	\$	\$
Financial assets:		
Equity instruments	-	-
Total non-current	-	-
Trade and other receivables	531,110	531,110
Total current	531,110	531,110
Total	531,110	531,110
 Financial liabilities:		
Trade and other payables	96,527	96,527
Total current	96,527	96,527
Total	96,527	96,527
	Carrying amount	Fair value
At 30/6/2014	\$	\$
Financial assets:		
Equity instruments	1,500	1,500
Total non-current	1,500	1,500
Trade and other receivables	25,926	25,926
Total current	25,926	25,926
Total	27,426	27,426
 Financial liabilities:		
Trade and other payables	49,927	49,927
Total current	49,927	49,927
Total	49,927	49,927

ACTINOGEN LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. TRADE AND OTHER RECEIVABLES

	Half-year ended 31/12/2014	Full-year ended 30/06/2014
	\$	\$
Trade and other debtors	7,570	-
Prepayments	5,564	15,042
Goods and services tax receivable	65,505	10,753
VAT Receivable	452,471	-
Other	-	131
Total trade and other receivables	531,110	25,926

7. PROPERTY, PLANT AND EQUIPMENT

	Half-year ended 31/12/2014	Full-year ended 30/06/2014
	\$	\$
At cost	209,507	205,174
Accumulated depreciation	(111,382)	(98,537)
Total property, plant and equipment	98,125	106,637

Movements during the period	Plant and Equipment	Office Equipment	Computer Equipment	Total
Balance at 1/7/2014	102,759	214	3,664	106,637
Acquisitions	-	-	4,331	4,331
Disposals	-	-	-	-
Depreciation	(10,654)	(86)	(2,103)	(12,843)
Balance at 31/12/2014	92,105	128	5,892	98,125

Movements during the period	Plant and Equipment	Office Equipment	Computer Equipment	Total
Balance at 1/7/2013	119,692	358	400	120,450
Acquisitions	-	-	4,685	4,685
Disposals	(4,903)	-	-	(4,903)
Depreciation	(12,030)	(144)	(1,421)	(13,595)
Balance at 30/6/2014	102,759	214	3,664	106,637

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS

	Half-year ended 31/12/2014	Full-year ended 30/06/2014
	\$	\$
At cost	5,756,744	16,029
Accumulated amortisation and impairment	-	(16,029)
Total intangible assets	5,756,744	-
	Intellectual	
Movements during the Period	Property	Software
Balance at 1 July 2014	-	16,029
Acquisitions	5,756,744	-
Amortisation and impairment expense	-	-
Balance at 31 December 2014	5,756,744	16,029
Balance at 1 July 2013	-	16,029
Acquisitions	-	-
Amortisation and impairment expense	-	(16,029)
Balance at 30 June 2014	-	-

Intellectual property totaling \$5,756,744 comprises licences acquired through Corticrine Limited, the value of research performed to date and the progression of testing to human trials. For further information refer to Note 9.

9. ACQUISITION OF CORTICRINE LIMITED

On 1 December 2014, Actinogen Limited acquired 100% of the shares in Corticrine Limited, an unlisted company based in the United Kingdom, in exchange for 125,000,000 ordinary shares in Actinogen at 0.044 cents per share. The total acquisition consideration therefore equaled \$5,500,000.

Corticrine had licensed worldwide development and commercialisation right from the University of Edinburgh to Xanamem TM (UE2343), which is in clinical development of Alzheimer's disease.

Actinogen acquired Corticrine Limited to gain access to the license, so as to focus on the development of novel treatments for Alzheimer's disease and other major age related neurodegenerative disorders.

The acquisition was settled on 1 December 2014, following Actinogen meeting the conditions precedent of the share sale and purchase agreement entered into between Actinogen and the shareholders of Corticrine Limited. The acquisition of Corticrine Limited has been accounted for as an asset acquisition in accordance with Australian Accounting Standards.

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Assets acquired and liabilities assumed

The carrying amounts based on relative fair values attributed to the assets and liabilities acquired as at the date of acquisition are detailed below:

<u>Net Assets acquired</u>	Fair Value recognised on acquisition (\$)
Cash	314
Trade and other receivables	7,352
Intangible asset	5,756,744
Intercompany loan payable to Actinoger	(47,902)
Net assets	5,716,508

% of voting rights acquired – 100%

The consideration paid of \$5,500,000 of issued capital, being 125,000,000 ordinary shares issued at \$0.044 per share, and \$216,058 of capitalised share-based payments in relation to the facilitator options issued as part of the acquisition, refer to Note 11.

Due to the nature of the intangible asset acquired a fair value was unable to be estimated reliably at the date of acquisition due to:

- the uncertainty around its ability to produce positive cash flow profits over a period of time;
- the lack of longer terms cash flow models; and
- the general risks associated with commercialisation and development of new therapies for Alzheimer disease.

As a result, the asset and the corresponding increase in equity has been measured indirectly by reference to the fair value of the shares granted, measured at the date the asset was acquired being 1 December 2014. Refer to Note 8 for further information on the Intangible Asset arising on acquisition.

10. TRADE AND OTHER PAYABLES

	Half-year ended 31/12/2014	Full-year ended 30/06/2014
	\$	\$
Trade payables	55,309	8,930
Accruals and other payables	24,458	40,997
Employee liabilities	16,760	-
Total trade and other payables	96,527	49,927

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. ISSUED CAPITAL

Ordinary shares issued and fully paid

	Half-year ended 31/12/2014	Full-year ended 30/06/2014
	\$	\$
492,132,338 (2014: 202,632,338)		
fully paid ordinary shares	17,702,391	8,672,391
Capital raising costs	(1,653,941)	(1,426,777)
Total contributed equity	16,048,450	7,245,614

Movements in ordinary shares issued and fully paid during the half-year

	Date	Quantity	Unit Price \$	Total \$
Balance carried forward 1 July 2013		89,264,709		5,788,433
Issue of shares - private placement	7/10/2013	13,000,000	0.005	65,000
<i>Pre-consolidated balance</i>		102,264,709		5,853,433
Consolidation of shares (1:2 basis)*	10/12/2013	(51,132,371)	-	-
<i>Post-consolidated balance</i>		51,132,338		5,853,433
Issue of shares - private placement	12/12/2013	150,000,000	0.01	1,500,000
Capital raising costs		-	-	(137,819)
Exercise of options:	10/04/2014	1,500,000	0.02	30,000
Balance at 30 June 2014		202,632,338		7,245,614
Issue of shares - Tranche 1	2/09/2014	50,000,000	0.02	1,000,000
Issue of shares - Tranche 2	1/12/2014	50,000,000	0.02	1,000,000
Capital raising costs		-	-	(227,164)
Issue of shares - Director placement	1/12/2014	19,500,000	0.02	390,000
Consideration shares - Acquisition of Corticine Ltd	3/12/2014	125,000,000	0.044	5,500,000
Issue of loan shares	3/12/2014	33,000,000	0.02	660,000
Issue of loan shares	12/12/2014	12,000,000	0.04	480,000
Balance at 31/12/2014		492,132,338		16,048,450

Movements in reserve shares issued during the half-year

	Date	Quantity	Unit Price \$	Total \$
Reserve shares	3/12/2014	(33,000,000)	\$ 0.02	(660,000)
Reserve shares	12/12/2014	(12,000,000)	\$ 0.04	(480,000)
Balance at 31/12/2014		(45,000,000)		(1,140,000)

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the half-year the Company issued 45,000,000 Loan Shares under the Employee Share Plan approved at the Annual General Meeting of shareholders on 19 November 2014. The details of these loan shares are listed below:

- 33,000,000 shares issued at \$0.02 each on 1 December 2014; and
- 12,000,000 shares issued at \$0.04 each on 12 December 2014.

The Loan Shares represent an option arrangement. Due to the vesting conditions attached to the loan shares, these shares will be expensed over the vesting period. The key terms of the Employee Share Plan and of each limited recourse loan provided under the Plan are as follows:

- (i) the loan may only be applied towards the subscription price for the Loan Shares;
- (ii) the loan will be interest free, provided that if the loan is not repaid by the repayment date set by the Board, the loan will incur interest at 9% per annum after that date (which will accrue on a daily basis and compound annually on the then outstanding loan balance);
- (iii) by signing and returning a limited recourse loan application, the participants of the Plan (each a Participant) acknowledges and agrees that the Loan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of the Participant until the loan is repaid in full to the Company;
- (iv) the Company has security over the Loan Shares as security for repayment of the loan;
- (v) the loan becomes repayable on the earliest of:
 - (A) five years from the date on which the loan is advanced to the Participant;
 - (B) one month after the Participant resigns or ceases to be employed by the Company other than (i) where the Participant is removed from office by shareholders of the Company, or (ii) where the Company does not renew the Participant's executive employment agreement or (iii) where the Company dismisses the Participant other than for cause; and
 - (C) (by the legal personal representative of the Participant) six months after the Participant ceases to be an employee of the Company due to their death;

(Repayment Date),

- (vi) notwithstanding paragraph (v) above, the Participant may repay all or part of the loan at any time before the Repayment Date; and
- (vii) the loan will be limited recourse such that on the Repayment Date the repayment obligation under the limited recourse loan will be limited to the lesser of (i) the outstanding balance of the limited recourse loan and (ii) the market value of the Loan Shares on that date. In addition, where the Participant has elected for the Loan Shares to be provided to the Company in full satisfaction of the loan, the Company must accept the Loan Shares as full settlement of the repayment obligation under the limited recourse loan.

(b) Rights attaching to Loan Shares

The Loan Shares will rank equally with all other fully paid ordinary shares on issue in the capital of the Company. Holders of Loan Shares issued under the Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Company's constitution. In addition, holders of Loan Shares issued under the Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the Company's constitution.

(c) Vesting conditions

Under the Employee Share Plan, the Directors may issue the Loan Shares subject to vesting conditions (including performance milestones and time based retention hurdles), such that the holder of the Loan Shares is only entitled to the benefit of the Loan Shares once the vesting conditions are met. If the vesting conditions are not met, the holder will lose their entitlement to the Loan Shares and the Company may buy-back or arrange for the sale of those Loan Shares. This enables the Board to attract, incentivise and retain key personnel and to align the interests of those personnel and Shareholders through equity participation.

The vesting conditions are summarised in the table below:

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Recipient	Class of Loan Share	Quantity	Issue Price	Vesting Date
Jason Lov eridge	Class A	3,000,000	\$ 0.02	Upon successful completion of the phase 1b multiple ascending dose study.
Jason Lov eridge	Class B	3,000,000	\$ 0.02	Upon funding of the phase 2a proof of concept study.
Martin Rogers	Class C	7,500,000	\$ 0.02	Upon Shares trading on the ASX above \$0.04 for ten consecutive trading days.
Martin Rogers	Class D	7,500,000	\$ 0.02	Upon Shares trading on the ASX above \$0.06 for ten consecutive trading days.
Martin Rogers	Class E	5,000,000	\$ 0.02	Upon recruitment of the phase 1b multiple ascending dose study.
Martin Rogers	Class F	5,000,000	\$ 0.02	Upon recruitment of the phase 2a proof of concept study.
Vincent Ruffles	Class G	2,000,000	\$ 0.04	3 years from commencement of employment.
Bill Ketelbey	Class H	6,000,000	\$ 0.04	3 years from commencement of employment.
Bill Ketelbey	Class I	3,000,000	\$ 0.04	Upon Share trading on the ASX at 150% of the share price on the date of commencement of employment for 10 consecutive trading days.
Bill Ketelbey	Class J	3,000,000	\$ 0.04	Upon recruitm ent of Phase II Xanamen Study

(a) Sale of Loan Shares

The Loan Shares may only be sold by a Participant where the Participant has been granted a limited recourse loan and the loan has been repaid in full (otherwise any dealing by the Participant in the Loan Shares is prohibited without the prior written consent of the Company).

If the loan becomes due and payable under the limited recourse loan agreement and the Participant has not repaid the amount of the loan in full within 21 days of the due date, then the Participant will forfeit their interest in the Loan Shares as full consideration for the repayment of the outstanding loan balance, and the Company may either (at its election) take such action in the Participant's name or direct that the Participant take such action in relation to the Loan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking a buy-back of the Loan Shares or selling the Loan Shares.

12. RESERVES

	Half-year ended 31/12/2014	Full-year ended 30/06/2014
	\$	\$
Option reserve	5,478,946	4,789,123
	5,478,946	4,789,123

Movements in option reserve during the half-year

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

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Half-year ended 31/12/2014	Full-year ended 30/06/2014
	\$	\$
Option Reserve		
Balance at the beginning of the Period	4,789,123	4,788,623
Issue of options during the Period	689,823	500
Balance at end of the Period	5,478,946	4,789,123

Option Reserve:

During the half-year, the Company issued 5,500,000 unlisted Facilitator Options at \$0.02 per option, exercisable on or before 30 November 2018. These options were valued at \$216,508 and since they were issued in connection with the acquisition of Corticrine Limited they have been included in the Intangible Asset amount.

As mentioned above in Note 11, during the half-year the Company issued 45,000,000 Loan Shares under the Employee Share Plan approved at the Annual General Meeting of shareholders on 19 November 2014. These Loan Shares represent an option arrangement. Due to the vesting conditions attached to the loan shares, these shares will be expensed over the vesting period. At the end of the half-year the Company expensed \$83,315 through the consolidated statement of comprehensive income.

During the half-year, the Company issued 19,500,000 Director Placement Shares. This was subject to shareholder approval which occurred on 19 November 2014, and therefore were fair valued based on the closing price on 19 November 2014 which was 4 cents. The difference between the issue price and the share price at measurement date of 2 cents is treated as a Share based payment (as it is a discount on fair value). At the end of the half-year a share-based payment of \$390,000 was recognised.

At the end of the Period the Company had the following options on issue:

- 9,103,177 listed options exercisable at \$0.40 per option on or before 30 September 2015;
- 48,500,000 unlisted options exercisable at \$0.02 per option on or before 30 November 2018; and
- 5,500,000 unlisted Facilitator options exercisable at \$0.02 per option on or before 30 November 2018.

13. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities or assets as at 31 December 2014 (2013: Nil).

14. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No 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 periods.

ACTINOGEN LIMITED

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 9 to 25 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 2014 and its performance for the half-year ended on that date, and,
- (b) Subject to the disclosure in Note 1 "Going concern basis", 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: Friday, 27 February 2015
Perth, Western Australia

To the members of Actinogen Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Actinogen Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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.

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 controls as the directors determine are 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, we have become aware of any matter that makes us believe that the 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 2013 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*. As the auditor of Actinogen Limited, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its 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*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 (b) in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



T G Dachs
Partner
Perth
27 February 2015