

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 2018 to 31 December 2018
(Previous corresponding period: 1 July 2017 to 31 December 2017)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31/12/2018	31/12/2017	Movement (%)	Movement (\$)	Up / Down
Revenue and other income	79,829	219,110	-64%	(139,281)	Down
Loss from ordinary activities after tax attributable to members	(7,132,677)	(3,625,960)	97%	(3,506,717)	Up
Comprehensive loss for the period attributable to members	(7,132,677)	(3,625,032)	97%	(3,507,645)	Up
Net tangible asset per share	0.014	0.007	100%	0.007	Up

BRIEF EXPLANATION OF THE ABOVE FIGURES

Total revenue and other income relates to interest received on cash held in short-term cash deposits. The increase in interest revenue has been derived from larger amounts of cash on hand held due to capital raisings (an institutional placement, a share purchase plan; and a share purchase plan shortfall) and various exercises of options during the calendar year ended 31 December 2018. For further information, refer to the 2018 Annual Financial Report: Operations and Financial Review section contained within the Directors' Report.

During the half-year, the total net loss after tax increased due to an enhanced spend on research and development ("R&D"). Where R&D spend is primarily on supporting XanADu, the Phase II study of Xanamem™ in mild Alzheimer's disease, and general working capital; in an ASX announcement dated 30 July 2018, Actinogen Medical Limited ("the Company" or "Actinogen Medical") announced a significant expansion of its Xanamem clinical development program. Nine additional studies were initiated over the reporting period that will significantly expand the growing data-set on Xanamem over the next few quarters. This will allow for a more informed development of Xanamem going forward and value-add to the Company's ongoing discussions with potential partners on the future clinical development and commercialisation of Xanamem.

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 2018, in the previous financial year ended 30 June 2018 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 2018.

Foreign Entities

Not applicable.

Review Conclusion

This report is based on the Interim Financial Statements for the Half-Year Ended 31 December 2018. The financial statements have 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: Friday, 22 February 2019

ACTINOGEN MEDICAL LIMITED

ABN 14 086 778 476

www.actinogen.com.au

INTERIM FINANCIAL REPORT

For the Half-Year Ended 31 December 2018

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CORPORATE DIRECTORY

Board of Directors

Non-Executive Chairman – Dr Geoffrey Brooke

Managing Director – Dr Bill Ketelbey

Non-Executive Director – Dr George Morstyn

Company Secretary

Company Secretary - Peter Webse

Principal Place of Business / Registered Office

Suite 901, Level 9, 109 Pitt Street

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

11 Mounts Bay Road

Perth WA 6000

Lawyers

K&L Gates

Level 25 South Tower

525 Collins Street

Melbourne VIC 3000

GTP Legal

68 Aberdeen Street

Northbridge WA 6003

Bankers

National Australia Bank

1232 Hay Street

West Perth WA 6005

ACTINOGEN MEDICAL LIMITED

DIRECTORS' REPORT

The Directors present their report on Actinogen Medical Limited ("the Company" or "Actinogen Medical") for the half-year ended 31 December 2018.

➤ INFORMATION ON DIRECTORS

Directors

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

- Dr Bill Ketelbey – Managing Director (Appointed 18 December 2014 – Current)
- Dr Geoffrey Brooke - Non-Executive Chairman (Appointed 1 March 2017 – Current)
- Dr Jason Loveridge – Non-Executive Director (Appointed 1 December 2014 – 30 November 2016), Non-Executive Chairman (Appointed 30 November 2016 – 1 March 2017), Non-Executive Director (Appointed 1 March 2017 – 28 November 2018)
- Dr George Morstyn - Non-Executive Director (Appointed 1 December 2017 – Current)

➤ OPERATIONS AND FINANCIAL REVIEW

Principal Activities

The second half of the 2018 calendar year was a significant period for Actinogen Medical. The Company continued to make strong progress and achieve important milestones in the development of Xanamem. In particular, the Company successfully enrolled its final patient for the XanADu trial, with a total of 186 patients enrolled into the Phase II trial, exceeding the original patient target, and ahead of schedule.

The Company also strengthened its cash position via an equity raising. In the process, it introduced three new institutional investors to the register, including US specialist biotech investor: Biotechnology Value Fund, and leading Australian institutional investors: Australian Ethical Investment, and Platinum Investment Management.

The funds from the raising allowed Actinogen Medical to expand its clinical data and develop value-adding studies to enhance the growing data-set on Xanamem. In total, nine additional clinical and pre-clinical studies were initiated during the period to support the next phase of Xanamem's development. This will enhance the data set for Xanamem, and for the treatment of Alzheimer's disease and cognitive impairment associated with neurological and metabolic diseases.

2019 will be a landmark year for Actinogen Medical. The Company expects to announce the results for XanADu in May/June this year and for a number of additional studies that were initiated over the past six months. Results from all these studies will lay the foundation for the next stage of Xanamem's development, add to its data package and go a long way to defining the effectiveness and safety of Xanamem in Alzheimer's treatment.

Highlights during the Half Year

- a) Progress with XanADu – Phase II trial for Xanamem in mild Alzheimer's disease
- b) Successful equity raisings and expanded development program
- c) Research and development tax rebate
- d) Supporting research highlights cortisol hypothesis
- e) Investor relations and business development
- f) Corporate update
- g) Management update

ACTINOGEN MEDICAL LIMITED

DIRECTORS' REPORT

a) Progress with XanADu – Phase II trial for Xanamem in mild Alzheimer's disease

In the reporting period, the Company successfully enrolled its final patient for the XanADu trial. The Company not only reached this significant milestone ahead of the target date, but also exceed its original patient target of 174, with 186 patients enrolled.

The XanADu results will be pivotal in the Company's development as they are expected to help establish the safety and efficacy of Xanamem in the treatment of Alzheimer's disease, and place the Company a step closer to bringing to market a novel treatment for this disease. Actinogen Medical remains on track to report results from XanADu during the second quarter of the 2019 calendar year.

b) Successful equity raisings and expanded development program:

During the reporting period, the Company received proceeds of \$7,846,350 from the issue of fully paid ordinary shares. This was made up of \$690,000 in proceeds from the exercise of options during the period; whilst the remaining \$7,156,350 was through the following successful capital raisings:

- \$5,643,850 under the Private Placement (Tranche 2) completed in July 2018. Tranche 1 of the Private Placement was completed in May 2018 raising \$9,356,150; and
- \$1,512,500 under the Share Purchase Plan and Shortfall completed in July 2018.

The Private Placement brought in three new institutional shareholders: Biotechnology Value Fund from San Francisco, Australian Ethical Investment and Platinum Investment Management. The addition of these institutional investors reshaped the register, with institutions now making up to nearly 40 per cent of the register.

The funds raised allow Actinogen Medical to fund the next stage of development work for Xanamem and to expand its development program to include:

- Target occupancy studies which aim to demonstrate the effect different doses of Xanamem has on inhibiting the 11B-HSD1 enzyme in the human brain. Work on these studies is well underway, with results anticipated during the second quarter of the 2019 calendar year, in-line with the expected results from XanADu.
- Higher dose safety studies which aim to expand the safety data-set for Xanamem and allow for a potential higher dosage to be used, if necessary, in future clinical studies. The first Phase I study began dosing in February 2019.
- Additional safety toxicology studies to allow for longer treatment periods, as required by global regulators in the development of any drug. The majority of these studies have started.

c) Research and development tax rebate

In October 2018, the Company received an R&D tax incentive rebate of \$3,158,000 for the 2017/2018 financial year, further strengthening its cash position.

d) Supporting research highlights cortisol hypothesis

During the half-year, a number of new independent studies lent strong support to the Company's cortisol hypothesis, which underpins Xanamem's development. The hypothesis holds that by reducing cortisol (the "stress hormone") in the brain, the cognitive decline associated with Alzheimer's disease could be slowed, or even prevented.

The two studies - one published by Stuart et al. in scientific journal *Nature* and the other by Echouffo-Tcheugui et al. in *Neurology* – endorse the growing evidence supporting the association between stress and age-related cognitive decline.

These studies provide strong validation and support for the development of Xanamem, which is specifically designed to block the production of cortisol in the brain.

ACTINOGEN MEDICAL LIMITED

DIRECTORS' REPORT

e) Investor relations and business development

During the reporting period, the Company's CEO, Dr. Bill Ketelbey, presented at multiple investor, biotech and Alzheimer's disease conferences. Such conference activities aim to present an update on the Company and raise awareness of Xanamem's on-going development.

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

- AusBiotech Invest and Partnering Conference in Melbourne on 30 October 2018
- Clinical Trials on Alzheimer's Disease (CTAD) in Barcelona on 24-27 October 2018
- Australian Microcap Investment Conference in Melbourne on 18 October 2018
- AC4R Annual Scientific Meeting in Sydney on 12 October 2018
- Finance News Network Investor Conference in Sydney on 18 September 2018
- Healthcare Investment Day in Singapore on 12 September 2018
- BioShares Biotech Summit in Queenstown in July 2018

Business development activities increased during the reporting period, with the CEO and the head of Business Development meeting with numerous potential corporate partners to assist with Xanamem's current and future development.

Included in the program, Actinogen Medical participated in numerous partnering meetings during the JP Morgan Week in San Francisco in January 2019. JP Morgan is a major healthcare conference that attracts the global pharmaceutical and biotech companies and provides an excellent forum for identifying potential commercial partners.

f) Corporate update

At the Company's Annual General Meeting, held on 28 November 2018, Dr George Morstyn was re-elected to the Board as a Non-Executive Director. His reappointment continues to add significant drug development expertise to Actinogen Medical.

Additionally, Dr Jason Loveridge retired as a Non-Executive Director of the Company at the conclusion of the Annual General Meeting. While Dr Loveridge was due for re-election, due to work-related commitments in his executive role at the European-based 4SC, Dr Loveridge made the decision that he was unable to stand again as a director of Actinogen Medical. Dr Loveridge had been a Non-Executive Director of Actinogen Medical since the establishment of the Company in 2014 and was instrumental in initially identifying Xanamem as a potential licensing opportunity for the Company. He also played a crucial role in the subsequent successful licensing negotiations with Edinburgh University in 2014.

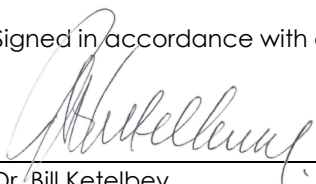
g) Management update

During the reporting period, Actinogen Medical appointed a Clinical Development Manager to manage the new development program of Xanamem. Additionally, new service providers were appointed to assist with communications and investor relations needs in light of the ongoing good progress made with the development of Xanamem

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of The Corporations Act 2001 for the half-year ended 31 December 2018 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: Friday, 22 February 2019
Sydney, New South Wales

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 2018, 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
22 February 2019

ACTINOGEN MEDICAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-year ended 31/12/2018 \$	Half-year ended 31/12/2017 \$
<i>Revenue and other income</i>			
Revenue and other income		79,829	219,110
Total revenue & other income	5	79,829	219,110
<i>Business development</i>			
Business development		(383,777)	(119,255)
Corporate administration expenses		(344,416)	(355,418)
Research & development expenses	5	(6,268,096)	(3,026,577)
Finance costs		(3,118)	(6,207)
Realised loss on available-for-sale listed investments		-	(3,885)
Share-based payment expenses		(36,348)	(155,865)
Amortisation expense		(176,751)	(176,266)
Depreciation expense		-	(1,597)
Total expenses		(7,212,506)	(3,845,070)
Loss Before Income Tax		(7,132,677)	(3,625,960)
Income tax expense		-	-
Loss for the Half-Year		(7,132,677)	(3,625,960)
<i>Other comprehensive income</i>			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Net fair value (gain)/losses for available-for-sale listed investments		-	928
Total comprehensive loss for the Half-Year		(7,132,677)	(3,625,032)
Loss per share for attributable to the ordinary equity holders of the Company			
Basic loss per share (cents)		(0.656)	(0.574)
Dilutive loss per share (cents)		(0.656)	(0.574)

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 2018

	Note	As at 31/12/2018 \$	As at 30/06/2018 \$
CURRENT ASSETS			
Cash and cash equivalents	6	15,467,829	9,896,760
Trade and other receivables	7	395,048	3,532,414
TOTAL CURRENT ASSETS		15,862,877	13,429,174
NON-CURRENT ASSETS			
Intangible assets	8	4,313,202	4,489,953
Other receivable	9	35,266	107,037
TOTAL NON-CURRENT ASSETS		4,348,468	4,596,990
TOTAL ASSETS		20,211,345	18,026,164
CURRENT LIABILITIES			
Trade and other payables	10	1,871,621	649,225
Provision for employee entitlements		129,039	119,028
TOTAL LIABILITIES		2,000,660	768,253
NET ASSETS		18,210,685	17,257,911
EQUITY			
Contributed equity	11	47,967,341	40,438,238
Reserve shares	11	(520,000)	(1,040,000)
Reserves	12	7,204,656	7,168,308
Accumulated losses		(36,441,312)	(29,308,635)
TOTAL EQUITY		18,210,685	17,257,911

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 2018

	Contributed Equity	Accumulated Losses	Option Reserve	Reserve Shares	Total
Half-year ended 31/12/2018	\$	\$	\$	\$	\$
Balance as at 1/7/2018	40,438,238	(29,308,635)	7,168,308	(1,040,000)	17,257,911
Loss for the half-year	-	(7,132,677)	-	-	(7,132,677)
Total comprehensive loss for the half-year	-	(7,132,677)	-	-	(7,132,677)
<i>Transactions with equity holders in their capacity as equity holders:</i>					
Shares issued during the half-year	7,846,350	-	-	-	7,846,350
Capital raising costs	(317,247)	-	-	-	(317,247)
Repayment of LTI Rights	-	-	-	520,000	520,000
Share-based payments	-	-	36,348	-	36,348
Balance as at 31/12/2018	47,967,341	(36,441,312)	7,204,656	(520,000)	18,210,685

	Contributed Equity	Accumulated Losses	Available-for- sale Reserve	Option Reserve	Reserve Shares	Total
Half-year ended 31/12/2017	\$	\$	\$	\$	\$	\$
Balance as at 1/7/2017	26,578,391	(23,078,026)	76,607	6,928,794	(1,140,000)	9,365,766
Loss for the half-year	-	(3,625,960)	-	-	-	(3,625,960)
Other comprehensive income	-	-	928	-	-	928
Total comprehensive loss for the half-year	-	(3,625,960)	928	-	-	(3,625,032)
<i>Transactions with equity holders in their capacity as equity holders:</i>						
Shares issued during the half-year	3,660,000	-	-	-	-	3,660,000
Capital raising costs	(219,600)	-	-	-	-	(219,600)
Cancellation on unvested LTI Rights	(100,000)	-	-	-	100,000	-
Share-based payments	-	-	-	155,865	-	155,865
Balance as at 31/12/2017	29,918,791	(26,703,986)	77,535	7,084,659	(1,040,000)	9,336,999

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 2018

	Note	Half-year ended 31/12/2018 \$	Half-year ended 31/12/2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		-	29,799
Interest received		59,829	9,392
Interest paid		(3,118)	(6,207)
Payments to suppliers and employees		(708,188)	(471,116)
Payments for research and development		(5,076,328)	(2,724,179)
Government grant and rebate received		3,178,000	1,215,998
Net cash (outflow) from operating activities		(2,549,805)	(1,946,313)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(273)
Proceeds on disposal of available-for-sale listed		-	1,001,341
Proceeds from expiration of bank guarantee		71,771	-
Net cash inflow from investing activities		71,771	1,001,068
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	11 (a)	7,156,350	3,660,000
Transaction costs associated with issue of shares	11 (a)	(317,247)	(219,600)
Proceeds from exercise of options	11 (a)	690,000	-
Repayment of LTI Rights by former Directors	11 (b)	520,000	-
Share application monies (unallotted)		-	30,000
Net cash inflow from financing activities		8,049,103	3,470,400
Net increase in cash and cash equivalents		5,571,069	2,525,155
Cash and cash equivalents at beginning of the year		9,896,760	1,894,605
CASH AND CASH EQUIVALENTS AT END OF THE HALF-YEAR	6	15,467,829	4,419,760

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 2018

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY

a) Basis of preparation

The interim financial statements for the half-year ended 31 December 2018 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 financial statements for the year ended 30 June 2018 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 statements have 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 statements have 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 2018 of \$7,132,677 (31 December 2017: \$3,625,960) and experienced net cash outflows from operating activities of \$2,549,805 (31 December 2017: outflows of \$1,946,313).

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) Changes in accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 30 June 2018 with the exception of the adoption of AASB15 Revenue from Contracts with Customers and AASB9 Financial Instruments. Adoption of these two standards did not have any significant impact of the financial statements. The Company has not early adopted any of the accounting standards that have been issued but are not yet effective as of balance date. The Company will assess the impact of these new standards during the reporting period to which they are applicable.

2. DIVIDENDS

No dividends were paid or proposed during the half-year ended 31 December 2018 (31 December 2017: 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 2018

4. FINANCIAL INSTRUMENTS

Set out below is an overview of the financial assets held by the Company as at 31 December 2018 and 30 June 2018:

	Financial assets and liabilities held at amortised cost	Financial asset and liabilities held at amortised cost
	31/12/2018	30/06/2018
	\$	\$
Financial assets		
Cash and cash equivalents	15,467,829	9,896,760
Trade and other receivables	395,048	3,532,414
Total current financial assets	15,862,877	13,429,174
Other receivable	35,266	107,037
Total non-current financial assets	35,266	107,037
Total financial assets	15,898,143	13,536,211
Financial liabilities:		
Trade and other payables	(1,871,621)	(649,225)
Total current financial liabilities	(1,871,621)	(649,225)

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).

There were no financial assets and financial liabilities to measure and recognise at fair value as at 31 December 2018 and 30 June 2018.

Fair Values

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

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

5. REVENUE, OTHER INCOME AND EXPENSES

	Half-year ended 31/12/2018	Half-year ended 31/12/2017
	\$	\$
Revenue		
Dividends received on listed investments	-	29,799
Interest	59,829	9,392
<i>Total revenue</i>	59,829	39,191
Other income		
Business growth grant	20,000	-
Research and development tax rebate	-	179,919
<i>Total other income</i>	20,000	179,919
Total revenue and other income	79,829	219,110
Expenses		
<i>Research and development ('R&D') expenses:</i>		
Research consultants	114,066	67,396
Administrative	17,345	30,842
Laboratory expenses	5,328,646	2,242,385
Travel and accommodation costs	115,951	124,232
R&D employee expenses	692,088	561,722
<i>Total research and development expenses:</i>	6,268,096	3,026,577

6. CASH AND CASH EQUIVALENTS

	As at 31/12/2018	As at 30/06/2018
	\$	\$
Cash at bank and on hand	1,902,829	9,829,796
Short term deposits	13,565,000	66,964
Total cash and cash equivalents (a)	15,467,829	9,896,760

During the period the following inflows of cash contributed to the closing cash position as at 31 December 2018:

- The Company completed its Private Placement (Tranche 2) raising \$5,643,850 (in addition to \$9,356,150 which was raised in May 2018 (Tranche 1));
- The Company completed a Share Purchase Plan ('SPP') raising a total of \$952,500 from the issue of 19,050,000 fully paid ordinary shares; and \$560,000 under the SPP Shortfall from the issue of 11,200,000 fully paid ordinary shares;
- Proceeds of \$690,000 from the exercise of options;

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

- On 8 October 2018, the Company received a research and development (“R&D”) rebate from the ATO totalling \$3,158,000 for the R&D rebate receivable recognised during the financial year ended 30 June 2018 (Refer to Note 7); and
- The Company applied for, and was granted, a Business Growth Grant from the Department of Innovation and Science for \$20,000 (plus GST) (Refer to Note 5).

(a) Short-term deposits:

Of the \$13,565,000 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 \$13,500,000 are held in interest-bearing term deposits also held with the NAB.

7. TRADE AND OTHER RECEIVABLES

	As at 31/12/2018	As at 30/06/2018
	\$	\$
Prepayments (a)	16,896	47,375
Goods and services tax receivable (b)	378,110	312,904
R&D tax rebate receivable	-	3,158,000
Other receivable	42	14,135
Total trade and other receivables	395,048	3,532,414

(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 2018 that is refundable to the Company.

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

8. INTANGIBLE ASSETS

	As at 31/12/2018	As at 30/06/2018
	\$	\$
At cost	5,756,743	5,756,743
Accumulated amortisation	(1,443,541)	(1,266,790)
Total intangible assets	4,313,202	4,489,953

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Movements during the period

	Intellectual Property \$
Balance at 1/7/2018	4,489,953
Amortisation expense during the half-year	(176,751)
Balance at 31/12/2018	4,313,202
Balance at 1/7/2017	4,843,453
Amortisation expense during the year	(353,500)
Balance at 30/6/2018	4,489,953

9. OTHER RECEIVABLES

	As at 31/12/2018 \$	As at 30/06/2018 \$
Restricted cash - bank guarantee (a)	35,266	107,037
Total other receivables	35,266	107,037

(a) Restricted cash relates to a bank guarantee that the Company took out in order to secure and rent office space at Suite 901, Level 9, 109 Pitt Street, Sydney, NSW, 2000. The cash is restricted over the term of the lease which is 3 years from 1 June 2018.

10. TRADE AND OTHER PAYABLES

	As at 31/12/2018 \$	As at 30/06/2018 \$
Trade and other payables	1,780,450	507,399
Accruals and other payables	13,800	25,500
Goods and services tax payable	2,133	108
NAB credit cards	26,537	54,574
Provision for payroll tax	-	27,445
PAYG payable	48,701	34,199
Total trade and other payables	1,871,621	649,225

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

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

11. ISSUED CAPITAL

	As at 31/12/2018	As at 30/06/2018
	\$	\$
Fully paid ordinary shares (Quantity on issue: 1,117,943,558)	51,360,891	43,514,541
Capital raising costs	(3,393,550)	(3,076,303)
Total contributed equity	47,967,341	40,438,238

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

Fully paid ordinary shares	Date	Quantity	Unit Price \$	Total \$
Balance carried forward 1 July 2017		620,193,558		26,578,391
Capital Raising Tranche 1	8/12/2017	91,500,000	0.04	3,660,000
Capital raising costs	-	-	-	(219,600)
Less cancellation of loan shares	14/12/2017	(5,000,000)	0.02	(100,000)
Capital Raising Tranche 2	22/01/2018	40,500,000	0.04	1,620,000
Capital raising costs	-	-	-	(97,200)
Exercise of unlisted options	12/04/2018	3,000,000	0.02	60,000
Exercise of unlisted options	14/05/2018	3,000,000	0.02	60,000
Private Placement Tranche 1	28/05/2018	187,122,994	0.05	9,356,150
Capital raising costs	-	-	-	(479,503)
Balance at 30 June 2018		940,316,552		40,438,238
Exercise of unlisted options (i)	4/07/2018	4,000,000	0.02	80,000
Private Placement T2 (BVF) (ii)	12/07/2018	112,877,006	0.05	5,643,850
Capital raising costs - Bell Potter (iii)	12/07/2018			(282,192)
Share Purchase Plan (ii)	13/07/2018	19,050,000	0.05	952,500
Share Purchase Plan (Shortfall)(ii)	17/07/2018	11,200,000	0.05	560,000
Capital raising costs - Bell Potter (iii)	17/07/2018			(35,055)
Exercise of unlisted options (i)	18/09/2018	2,750,000	0.02	55,000
Exercise of unlisted options (i)	14/11/2018	20,550,000	0.02	411,000
Exercise of unlisted options (i)	30/11/2018	7,200,000	0.02	144,000
Balance at 31 December 2018		1,117,943,558		47,967,341

- (i) Total proceeds from the exercise of options during the interim period totalled \$690,000
- (ii) Total proceeds from Capitals Raisings completed during the interim period totalled \$7,156,350.
- (iii) Total transaction costs associated with issue of shares issued during the interim period totalled (\$317,247).

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

(b) Movements in reserve shares issued during the period

Performance shares (LTI Rights)	Date	Quantity	Unit Price \$	Total \$
Balance carried forward 1 July 2017		(45,000,000)		(1,140,000)
Cancellation of unvested LTI Rights	14/12/2017	5,000,000	0.02	100,000
Balance at 30 June 2018		(40,000,000)		(1,040,000)
Payment for LTI Rights by MR (i)	30/11/2018	20,000,000	0.02	400,000
Payment LTI Rights by JL (ii)	6/12/2018	6,000,000	0.02	120,000
Balance at 31 December 2018		(14,000,000)		(520,000)

- (i) In December 2018, Mr Martin Rogers paid \$400,000 to the Company to exercise the rights attached to the 20,000,000 LTI Rights issued to Mr Rogers when he was previously a Director of the Company.
- (ii) In December 2018, Dr Jason Loveridge paid \$120,000 to the Company to exercise the rights attached to the 6,000,000 LTI Rights issued to Dr Loveridge when he was previously a Director of the Company.

12. RESERVES

	As at 31/12/2018	As at 30/06/2018
	\$	\$
Option reserve (a)	7,204,656	7,168,308
Available-for-sale investments reserve (b)	-	-
Total reserves	7,204,656	7,168,308

(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 and employee share options. Details in movement in option reserves is shown below.

	As at 31/12/2018	As at 30/06/2018
	\$	\$
Option reserve		
Opening balance	7,168,308	6,928,794
Share-based payment expense on LTI Rights	-	41,428
SBP expense on director options	29,388	130,068
SBP expense on employee options (Tranche 1)	15,007	76,388
Lapse of employee options (Tranche 1)	(22,834)	(37,078)
SBP expense on employee options (Tranche 2)	-	10,188
SBP expense on employee options (Tranche 3)	-	10,815
SBP expense on employee options (Tranche 4)	1,671	-
SBP expense on director options granted at AGM (28/11/2018)	7,139	-
SBP expense on director options	5,977	7,705
Closing balance	7,204,656	7,168,308

ACTINOGEN MEDICAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

During the half-year, \$36,461 in share-based payment expenses (31 December 2017: \$155,865) were recognised through the statement of comprehensive income in connection with Director and Employee Options on issue. This amount is made up the following:

- \$16,791 total in share-based payment expense of employee options on issue (31 December 2017: \$137,435);
- (\$22,834) share-based payment expense reversal relating to 1,112,500 employee options that lapsed on 30 November 2018 due to the milestones not being met. This subsequently, required the reversal of the share-based expense charges previously recognised (31 December 2017: (\$22,998) share-based payment expense reversal relating to 1,093,750 employee options lapsing); and
- \$42,054 total in share-based expense relating to Director options on issue (31 December 2017: \$41,428).

(b) Movements in available-for-sale reserve during the period

	As at	As at
	31/12/2018	30/06/2018
	\$	\$
	<hr/>	<hr/>
Available-for-sale investments reserve		
Opening balance	-	76,607
Transfer of available-for-sale reserve upon disposal of available-for-sale-listed investments	-	(76,607)
	<hr/>	<hr/>
Closing balance	-	-
	<hr/>	<hr/>

13. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities or assets as at 31 December 2018 (2017: 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

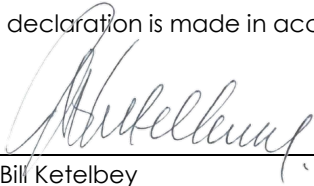
Other than transactions with Key Management Personnel in the ordinary course of business, there were no other related party transactions that occurred during the half-year.

**ACTINOGEN MEDICAL LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

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 19 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 2018 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: Friday, 22 February 2019
Sydney, New South Wales

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

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Actinogen Medical Limited (the Company), which comprises the statement of financial position as at 31 December 2018, 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 2018 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

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

The logo for Ernst & Young, featuring the company name in a stylized, cursive script.

Ernst & Young

A handwritten signature in black ink, appearing to be 'P. Dreyer'.

Pierre Dreyer
Partner
Perth
22 February 2019