

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 2015 to 31 December 2015
(Previous corresponding period: 1 July 2014 to 31 December 2014)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenues from operations	Up	398%	to	90,035
Net Loss from operations after tax attributable to members	Down	5%	to	1,164,517
Comprehensive Loss for the period attributable to members	Down	7%	to	1,138,735

	31 December 2015 \$	31 December 2014 \$
NTA Backing		
Net tangible asset backing per ordinary share	0.015	0.005

BRIEF EXPLANATION OF THE ABOVE FIGURES

The increase in net tangible asset backing per ordinary share for the half year is largely the result of the \$10.8 million raised from the issue of 114 million ordinary shares in May 2015.

Other income from operations increased due to a larger R&D Rebate receivable to the Consolidated Entity amounting to \$1,321,732 (2014: 103,502). This contributed to the decrease in net loss from operations after tax of \$1,164,517 (2014: \$1,222,531). The total comprehensive loss of the Consolidated Entity for the half-year after income tax decreased to \$1,138,735 (2014: \$1,222,531). Of this comprehensive loss, \$25,782 relates to an unrealised gain from investments held in listed shares. This amount was recognised through other comprehensive income.

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

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

Not applicable. No entity over which control has been gained or lost during the period has occurred. As at 31 December 2015, Actinogen Medical Limited remains holding 100% of the issued capital in Corticine Limited.

Dividend / Distribution Payments or Reinvestment Plans

Not applicable. No dividends have been paid or declared during the half-year ended 31 December 2015, in the previous year ended 30 June 2015 or in the previous corresponding period. The Consolidated Entity does not propose to pay dividends.

Associates / Joint Ventures

Not applicable. Actinogen Medical Limited has not engaged in the acquisition of associates nor has it engaged in any joint ventures in the half-year ended 31 December 2015.

Foreign Entities

Not applicable.

Review Conclusion

This report is based on the financial statements for the half-year ended 31 December 2015. The financial statements have been subject to a review by an independent auditor and the review is not subject to qualification.



Managing Director / Chief Executive Officer: Dr. Bill Ketelbey
Date: Friday, 19 February 2016

ACTINOGEN MEDICAL LIMITED

ABN 14 086 778 476

www.actinogen.com.au

FINANCIAL REPORT
2015

For the Half-Year Ended 31 December 2015

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CORPORATE DIRECTORY

Board of Directors

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 9, Suite 1, 68 Pitt Street
Sydney NSW 2000

Postal Address

PO Box 271
West Perth WA 6872

Contact Details

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

Share Register

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

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

Auditors

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

Lawyers

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

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 "the Consolidated Entity") for half-year ended 31 December 2015.

➤ 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.

Mr Martin Rogers – 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)

➤ 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

- (i) Excellent progress with Xanamem research program.
- (ii) Research and Regulatory commercial partners recruited
- (iii) Successful Regulatory review
- (iv) Xanamem Manufacturing complete
- (v) Actinogen Medical Limited approved for R&D rebate
- (vi) Resourcing nears completion
- (vii) Company Name change from Actinogen Limited to Actinogen Medical Limited

(i) **Excellent progress with Xanamem research program.**

In the second half of 2015, excellent progress was made with the research and development of Xanamem. Two studies - the second Phase 1 study and the second animal toxicology study were successfully completed.

The Phase 1 study included 3 sub-studies - a Multiple Ascending Dose study in 24 subjects, a fed/fasted study of 12 subjects and a CNS pharmacokinetic study on 4 subjects. This final sub-study demonstrated that Xanamem efficiently crosses the blood-brain-barrier in concentrations adequate to effectively block the 11 β -HSD1 enzyme in the brain, the primary target for Xanamem in Alzheimer's disease. The data from all these trials helped to confirm the optimum dose for Xanamem in the XanADu trial to be 35mg twice daily. Importantly the results from the studies confirmed the safety and tolerability of Xanamem even at the highest doses of 35mg twice daily, and revealed no unexpected results or safety concerns.

Additionally, Actinogen Medical initiated a series of drug interaction studies that will read out in the first quarter of 2016. Successful completion of this preliminary research has allowed Actinogen Medical to make significant progress in drafting the full protocol for the XanADu Phase 2 trial in mild Alzheimer's disease, and to update the supporting Investigator Brochure. Both key documents are expected to be

ACTINOGEN MEDICAL LIMITED

DIRECTORS' REPORT

complete in January 2016 allowing Actinogen to progress to selecting research sites for XanADu and for finalising the regulatory submissions for the XanADu trial.

Everything remains well on track to ensure recruitment of the first patients in Q2 2016. The study is expected to read out in about 2 years. As it is a double blind placebo controlled randomised study, no results will be known until the trial completes. The last patient is expected to be recruited around the end of 2017.

(ii) Research and Regulatory commercial partners recruited

To support the research initiatives over 2015 and going forward to 2016 and beyond, Research and Regulatory commercial partners were recruited in 2015. The Contract Research Organisation (CRO) responsible for managing the XanADu study, is finalising the drafting of the full trial protocol, while the contract with the CRO to manage the XanADu study was signed in mid-February 2016. Additionally, in the second half 2015, the Regulatory consultancy ERA Consulting (ERA) has begun developing the necessary regulatory submissions to submit to the regulatory authorities in each of the geographies in which the XanADu trial will be run. This includes an IND submission to the FDA, to allow the study to be run in the USA. These submissions will all be complete and submitted in Q1 2016.

(iii) Successful Regulatory review

Additionally, ERA has undertaken a full due diligence gap analysis on all the research and regulatory data at Actinogen Medical, to ensure that any potential data gaps are identified. This exercise successfully completed in the second half of 2015, with contingency plans developed to address the data gaps identified. Actinogen Medical is confident of having a complete data-set and of being "partner ready" for any future discussions with potential partners.

(iv) Xanamem manufacturing complete

During the second half of 2015, the manufacturing of Xanamem was successfully completed at a facility in the UK and delivered to the formulation and packaging contractors in Australia. Actinogen Medical is confident of having adequate Xanamem for the XanADu trial and any additional trials currently under consideration.

(v) Actinogen Medical approved for R&D rebate

Actinogen Medical received acknowledgement from the Australian Governments AusIndustry that their application for the R&D tax rebate for the whole XanADu research program was successful. The first R&D rebate of \$1,321,732 was deposited in to the Company's bank account on 8 February 2016.

(vi) Resourcing nears completion

In 2015 Actinogen Medical moved to new offices in Pitt St in the Sydney CBD, allowing for adequate expansion and growth of the business over the next 3 years. Key management and operational roles were filled in the half-year interim period, including the recruitment of a Director of Strategy and Business Development (this is not an appointment to the Board of Directors). It is not envisaged that significant additional resourcing is necessary for short to medium term. The focus over the next 12 months is on initiating the XanADu trial and developing an adequate patient recruitment momentum to ensure the study completes on time, while at the same time developing and implementing a sound business development strategy.

(vii) Company Name Change from Actinogen Limited to Actinogen Medical Limited

Following the passing of a resolution at the AGM in November 2015, the Company's name was changed from Actinogen Limited to Actinogen Medical Limited. This new company name better reflects the biomedical nature of the business and underlies the evolution of Actinogen Medical Limited away from the legacy research undertaken by Actinogen Limited.

ACTINOGEN MEDICAL 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 2015 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 Keefelbey
Managing Director / Chief Executive Officer

Date: Friday, 19 February 2016
Sydney, New South Wales

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

As lead auditor for the review of Actinogen Medical Limited for the half-year ended 31 December 2015, 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.

This declaration is in respect of Actinogen Medical Limited and the entities it controlled during the financial period.



Ernst & Young



T G Dachs
Partner
19 February 2016

ACTINOGEN MEDICAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2015

	Note	Half-year ended 31/12/2015 \$	Half-year ended 31/12/2014 \$
Revenue from continuing operations		90,035	18,088
Other income	4	1,321,732	103,502
<i>Total revenue & other income</i>	4	<u>1,411,767</u>	<u>121,590</u>
Business development		(302,274)	(219,433)
Corporate administration expenses		(316,205)	(191,189)
Research & development expenses		(1,595,070)	(457,656)
Finance costs		(3,222)	(1,028)
Share-based payment expenses	13	(221,546)	(473,315)
Amortisation expense		(178,203)	-
Impairment expenses		-	(1,500)
Other expenses		40,236	-
<i>Total expenses</i>		<u>(2,576,284)</u>	<u>(1,344,121)</u>
Loss Before Income Tax		(1,164,517)	(1,222,531)
Income tax benefit/(expense)		-	-
Loss for the half-year		(1,164,517)	(1,222,531)
Other comprehensive income for the half-year net of tax	8	25,782	-
Total comprehensive loss for the half-year		(1,138,735)	(1,222,531)
Earnings/(loss) per share for attributable to the ordinary equity holders of the company			
Basic loss per share (cents)		(0.192)	(0.447)

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

ACTINOGEN MEDICAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

		Half-year ended	Full-year ended
		31/12/2015	30/06/2015
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	2,702,746	9,805,610
Trade and other receivables	7	1,373,663	215,460
Available-for-sale financial investments	8	5,166,420	-
TOTAL CURRENT ASSETS		9,242,829	10,021,070
NON-CURRENT ASSETS			
Property, plant and equipment	9	14,100	6,755
Intangible assets	10	5,373,220	5,551,423
TOTAL NON-CURRENT ASSETS		5,387,320	5,558,178
TOTAL ASSETS		14,630,149	15,579,248
CURRENT LIABILITIES			
Trade and other payables	11	190,730	222,640
TOTAL LIABILITIES		190,730	222,640
NET ASSETS		14,439,419	15,356,608
EQUITY			
Contributed equity	12	26,254,891	26,254,891
Reserve shares	12	(1,140,000)	(1,140,000)
Reserves	13	6,717,197	6,495,651
Accumulated losses		(17,392,669)	(16,253,934)
TOTAL EQUITY		14,439,419	15,356,608

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

ACTINOGEN MEDICAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2015

Half-year ended 31/12/2015	Contributed Equity	Accumulated Losses	Option Reserve	Reserve Shares	Total
	\$	\$	\$	\$	\$
Balance as at 1/7/2015	26,254,891	(16,253,934)	6,495,651	(1,140,000)	15,356,608
Loss for the half-year	-	(1,164,517)	-	-	(1,164,517)
Other comprehensive income	-	25,782	-	-	25,782
Total comprehensive income for the year	-	(1,138,735)	-	-	(1,138,735)
Transactions with equity holders in their capacity as equity holders					
Shares issued during the half-year	-	-	-	-	-
Share-based payments	-	-	221,546	-	221,546
Capital raising costs	-	-	-	-	-
Balance as at 31/12/2015	26,254,891	(17,392,669)	6,717,197	(1,140,000)	14,439,419
	\$	\$	\$	\$	\$
Full-year ended 30/6/2015					
Balance as at 1/7/2014	7,245,614	(10,822,925)	4,789,123	-	1,211,812
Loss for the year	-	(5,431,009)	-	-	(5,431,009)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	(5,431,009)	-	-	(5,431,009)
Transactions with equity holders in their capacity as equity holders					
Shares issued during the year	19,862,500	-	-	(1,140,000)	18,722,500
Capital raising costs	(853,223)	-	-	-	(853,223)
Share-based payments	-	-	1,706,528	-	1,706,528
Balance as at 30/6/2015	26,254,891	(16,253,934)	6,495,651	(1,140,000)	15,356,608

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

ACTINOGEN MEDICAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2015

	Half-year ended 31/12/2015	Half-year ended 31/12/2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	90,035	18,219
Interest paid	(3,426)	(1,028)
Payments to suppliers and employees	(535,916)	(380,606)
Payments for research and development	(1,500,857)	(491,171)
Research and development tax offset	-	103,502
Net cash inflow/(outflow) from operating activities	(1,950,164)	(751,084)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,061)	(4,331)
Payments associated with acquisition of Corticine Limited - VAT and stamp duty	-	(482,609)
Payments for acquisition of available for sale financial assets - listed shares	(5,140,639)	-
Net cash inflow/(outflow) from investing activities	(5,152,700)	(486,940)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	-	2,162,836
Net cash inflow from financing activities	-	2,162,836
Net increase/(decrease) in cash and cash equivalents	(7,102,864)	924,812
Cash and cash equivalents at beginning of the half-year	9,805,610	1,127,676
CASH AND CASH EQUIVALENTS AT END OF THE HALF-YEAR	2,702,746	2,052,488
5		

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

ACTINOGEN MEDICAL 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 2015 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 2015 and any public announcements made by Actinogen Medical Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The half-year report has been prepared on an accruals basis and on the basis of historical costs and 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 total comprehensive loss for the period ended 31 December 2015 of \$1,138,735 (31 December 2014: \$1,222,531) and experienced net cash outflows from operating activities of \$1,950,164 (31 December 2014: \$751,084).

During the year ended 30 June 2015, the consolidated entity successfully raised approximately \$13 million (not including transaction costs) to execute its research and development expenditure activities. 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 have sufficient capital to enable it to continue to operate and meet its obligations as and when they fall due.

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 2015.

The Consolidated Entity has adopted all new and amended Accounting Standards and interpretations mandatory from 1 July 2015, including:

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015

The adoptions of the above amendment had no material impact on the financial position or financial performance of the Consolidated Entity.

ACTINOGEN MEDICAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. DIVIDENDS

No dividends were paid or proposed during the half-year ended 31 December 2015.

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. REVENUE

	Half-year ended 31/12/2015	Half-year ended 31/12/2014
	\$	\$
Revenue		
Interest Income	90,035	18,088
	90,035	18,088
<u>Other income</u>		
Research and development rebate	1,321,732	103,502
<i>Total other income</i>	1,321,732	103,502
Total revenue	1,411,767	121,590

On 18 December 2015, the Company lodged its Research and Development rebate claim with the Australian Tax Office. Funds were deposited into the Company's bank account on 8 February 2016.

5. CASH AND CASH EQUIVALENTS

	Half-year ended 31/12/2015	Full-year ended 30/06/2015
	\$	\$
Cash at bank and on hand	2,600,091	9,775,125
Short term deposits	102,655	30,485
Total cash and cash equivalents	2,702,746	9,805,610

6. FINANCIAL INSTRUMENTS

Set out below is an overview of the financial instruments held by the Company as at 31 December 2015:

ACTINOGEN MEDICAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Cash and cash equivalents	Loan and receivables	Available-for- sale
As at 31/12/2015	\$	\$	\$
Financial assets:			
Available-for-sale- investments	-	-	5,166,420
Total non-current	-	-	5,166,420
Cash & cash equivalents	2,702,746	-	-
Trade and other receivables	-	1,373,663	-
Total current	2,702,746	1,373,663	-
Total assets	2,702,746	1,373,663	5,166,420
Financial liabilities:			
Trade and other payables	-	190,730	-
Total current	-	190,730	-
Total liabilities	-	190,730	-
Net exposure	2,702,746	1,182,933	5,166,420

	Cash and cash equivalents	Loan and receivables	Available-for- sale
As at 30/6/2015	\$	\$	\$
Financial assets:			
Available-for-sale- investments	-	-	-
Total non-current	-	-	-
Cash & cash equivalents	9,805,610	-	-
Trade and other receivables	-	215,460	-
Total current	9,805,610	215,460	-
Total assets	9,805,610	215,460	-
Financial liabilities:			
Trade and other payables	-	222,640	-
Total current	-	222,640	-
Total liabilities	-	222,640	-
Net exposure	9,805,610	(7,180)	-

ACTINOGEN MEDICAL 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 Company's assets measured and recognised at fair value at 31 December 2015 and 30 June 2015.

<u>At 31/12/2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Available-for-sale financial investments	5,166,420	-	-	-
Equity securities	-	-	-	-
Total assets	5,166,420	-	-	-
<u>At 30/6/2015</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	-	-	-	-

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

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 December 2015. The carrying value of trade receivables and trade payables are assumed to approximate their fair value due to their short-term nature.

<u>At 31/12/2015</u>	<u>Carrying amount</u>	<u>Fair value</u>
	<u>\$</u>	<u>\$</u>
Financial assets:		
Available-for-sale-investments	5,166,420	5,166,420
Trade and other receivables	1,373,663	1,373,663
Total current	6,540,083	6,540,083
Total	6,540,083	6,540,083
Financial liabilities:		
Trade and other payables	190,730	190,730
Total current	190,730	190,730
Total	190,730	190,730

ACTINOGEN MEDICAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. TRADE AND OTHER RECEIVABLES

	Half-year ended 31/12/2015	Full-year ended 30/06/2015
	\$	\$
Research and development rebate	1,321,732	-
Prepayments	5,681	33,953
Goods and services tax receivable	46,250	181,507
Total trade and other receivables	1,373,663	215,460

8. AVAILABLE-FOR-SALE INVESTMENTS

	Half-year ended 31/12/2015	Full-year ended 30/06/2015
	\$	\$
Listed investments at fair value	5,166,420	-
Fair value	5,166,420	-

Movements during the half-year

	Half-year ended 31/12/2015	Full-year ended 30/06/2015
	\$	\$
At beginning of the year	-	1,500
Investment in listed shares at cost	5,140,638	-
Gain/(loss) on listed shares	25,782	-
Impairment of available for sale financial assets	-	(1,500)
At end of the year	5,166,420	-

As at the 31/12/2015, the market value of the investments in listed shares amounted to \$5,166,420, which saw the Company recognise an unrealised gain in other comprehensive income.

9. PROPERTY, PLANT AND EQUIPMENT

	Half-year ended 31/12/2015	Full-year ended 30/06/2015
	\$	\$
At cost	22,523	10,462
Accumulated depreciation	(8,423)	(3,707)
Total property, plant and equipment	14,100	6,755

ACTINOGEN MEDICAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movements during the half-year

	Plant and Equipment	Office Equipment	Computer Equipment	General Pool	Total
Balance at 1/7/2015	-	-	3,631	3,124	6,755
Acquisitions	-	-	3,678	8,383	12,061
Disposals	-	-	-	-	-
Depreciation	-	-	(3,501)	(1,215)	(4,716)
Balance at 31/12/2015	-	-	3,808	10,292	14,100

	Plant and Equipment	Office Equipment	Computer Equipment	General Pool	Total
Balance at 1/7/2014	102,759	215	3,663	-	106,637
Acquisitions	-	-	4,332	3,789	8,121
Disposals	(93,884)	(144)	(1,069)	-	(95,097)
Depreciation	(8,875)	(71)	(3,295)	(665)	(12,906)
Balance at 30/6/2015	-	-	3,631	3,124	6,755

10. INTANGIBLE ASSETS

	Half-year ended 31/12/2015	Full-year ended 30/06/2015
	\$	\$
At cost	5,756,744	5,756,744
Accumulated amortisation	(383,524)	(205,321)
Total intangible assets	5,373,220	5,551,423

Movements during the half-year

	Intellectual Property
Balance at 1 July 2015	5,551,423
Acquisitions	-
Amortisation expense	(178,203)
Balance at 31 December 2015	5,373,220
Balance at 1 July 2014	5,756,744
Acquisitions	(205,321)
Amortisation expense	-
Balance at 30 June 2015	5,551,423

Intellectual property totalling \$5,373,220 comprises patents and licences initially acquired through Corticrine Limited. On 8 December 2014, Actinogen Medical entered into an Assignment

ACTINOGEN MEDICAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Licence Agreement with Corticrine Limited for the assignment of all of Corticrine's interest in, to and under the Licence Agreement to Actinogen Medical and the assumption by Actinogen Medical of all of Corticrine's obligations in respect of such assignment (Assignment).

The intellectual property is supported by seven patent families, the most recent of which will expire in 2031. The patent useful life has been aligned to the patent term and as a result, those patents are amortised on a straight-line basis over the period of the patent.

11. TRADE AND OTHER PAYABLES

	Half-year ended 31/12/2015	Full-year ended 30/06/2015
	\$	\$
Trade and other payables	112,499	195,941
Accruals	11,500	15,000
Provision for annual leave	26,244	-
PAYG payable	40,487	11,699
Total trade and other payables	190,730	222,640

12. ISSUED CAPITAL

Ordinary shares issued and fully paid

	Half-year ended 31/12/2015	Full-year ended 30/06/2015
	\$	\$
Fully paid ordinary shares 606,158,558	28,534,891	28,534,891
Capital raising costs	(2,280,000)	(2,280,000)
Total contributed equity	26,254,891	26,254,891

ACTINOGEN MEDICAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

There were no movements in ordinary shares issued and fully paid during the half-year.

	Date	Quantity	Unit Price \$	Total \$
Balance carried forward 1 July 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		-	-	(227,163)
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
Placement shares	6/05/2015	105,289,474	0.095	10,002,500
Share Purchase Plan	20/05/2015	8,736,746	0.095	830,000
Capital raising costs		-	-	(626,060)
Balance at 30/6/2015		606,158,558		26,254,891
Balance at 31/12/2015		606,158,558		26,254,891

Movements in reserve shares issued during the half-year

There were no movements in reserve shares issued and fully paid 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 30/6/2015		(45,000,000)		(1,140,000)
Balance at 31/12/2015		(45,000,000)		(1,140,000)

13. RESERVES

	Half-year ended	Full-year ended
	31/12/2015	30/06/2015
	\$	\$
Option reserve	6,717,197	6,495,651

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 MEDICAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Half-year ended 31/12/2015	Full-year ended 30/06/2015
	\$	\$
Option Reserve		
Opening balance	6,495,651	4,789,123
Share-based payment expense	221,546	1,706,528
Closing balance	6,717,197	6,495,651

Option Reserve:

During the previous half-year ended 31 December 2014, 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. During the half-year the Company expensed \$221,546 through the consolidated statement of comprehensive income.

14. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities or assets as at 31 December 2015 (2014: Nil).

15. 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 MEDICAL LIMITED DIRECTORS' DECLARATION

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 20 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 2015 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, 19 February 2016
Sydney, New South Wales

Report on the half-year financial report to the members of Actinogen Medical Limited

We have reviewed the accompanying half-year financial report of Actinogen Medical Limited which comprises the statement of financial position as at 31 December 2015, 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 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 consolidated entity's financial position as at 31 December 2015 and its performance for the half-year on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Actinogen Medical Limited and the entities it controlled during the period, 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 Medical 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 2015 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*.



Ernst & Young



T G Dachs
Partner
Perth
19 February 2016