

Appendix 4D Half-Year Financial Report

Name of entity

ACTINOGEN LIMITED

ABN or equivalent company reference

14 086 778 476

Current Period: 1 July 2011 to 31 December 2011

(Previous corresponding period: 1 July 2010 to 31 December 2010)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenues from operations	Down	7.02%	to	30,201
Comprehensive Loss from operations after tax attributable to members	Up	108.64%	to	1,030,924
Comprehensive Loss for the period attributable to members	Up	108.64%	to	1,030,924

NTA Backing	31 December 2011 \$	31 December 2010 \$
Net tangible asset backing per ordinary share	.01	.02

BRIEF EXPLANATION OF THE ABOVE FIGURES

The company listed on the ASX during the 2008 year. The year ended 30 June 2011 was the company's third full year of operations.

The reduction in net tangible asset backing per ordinary share reflects the loss from operations during the year which was largely due to \$667,464 impairment of goodwill associated with the acquisition of Celgenics Limited. The consolidated net loss of the company for the half year after income tax increased to \$1,003,004 (2010: \$548,897).

The principal activity of the company has been to pursue biotech projects as set out in the Review of Operations. The company has maintained its stable laboratory staff of 6 qualified practitioners working in the company's laboratory in the Pathwest facility located within the Queen Elizabeth II Medical Centre in Nedlands Western Australia.

SUBSIDIARY ENTITY ACTIVITY

During the half- year ended 31 December 2011, Actinogen Limited engaged in the acquisition of subsidiary company, Celgenics Limited. 100% of the issued shares of Celgenics Limited were acquired on 17 October 2011. The acquisition is expected to strengthen and increase resource allocations to the Research and Development programs. The acquired business contributed nil profit and a net loss of \$1,919 to the group for the period 17 October 2011 to 31 December 2011.

DIVIDEND / DISTRIBUTION PAYMENTS OR REINVESTMENT PLANS

Not applicable. No dividends have been paid or declared during the half - year ended 31 December 2011, in the previous year ended 30 June 2011 or in the previous corresponding period. The company 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 2011.

FOREIGN ENTITIES

Not applicable. Actinogen Limited does not have any international entities.

MODIFIED AUDIT OPINION

Actinogen Limited has not received a modified audit opinion for the half-year ended 31 December 2011.

This report is based on the financial statements for the half-year ended 31 December 2011. The financial statements have been subject to a review by an independent auditor.



.....
Dr Zhukov Pervan

Date: 29 February 2012

ACTINOGEN LIMITED

ABN 14 086 778 476

**INTERIM FINANCIAL
STATEMENTS 2011**

For the Half-Year Ended 31 December 2011

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ACTINOGEN LIMITED

DIRECTORS REPORT

The directors present their report on the consolidated entity consisting of Actinogen Limited and the entities it controlled at the end of, or during the half year ended 31 December 2011.

Directors

The names of the directors of the company in office any time during or since the end of the half year are:

David Zohar – Executive Director (Appointed 26 March 1999)
Zhukov Pervan – Executive Chairman (Appointed 26 March 1999)
David Keast – Scientific Director (Appointed 1 November 2003)
Alan Morton – Non-Executive Director (Appointed 18 July 2009)
Simon England – Non-Executive Director (Appointed 18 July 2009)

Review of Operations

The principal activity of the company has been to pursue biotech projects. The consolidated net loss of the company for the half year after income tax was \$1,003,004 (2010: \$548,897).

The company has maintained its stable laboratory staff by of 6 qualified practitioners working in the company's laboratory in the Pathwest facility located within the Queen Elizabeth II Medical Centre in Nedlands Western Australia.

During the half year ended 31 December 2011 the laboratory work saw a number of interesting results for Actinogen Ltd.

1. The company maintained its primary focus on the isolation and testing of Actinomycetes from Western Australian soils with its in house collection now approaching 6000 isolates stored at two subzero temperatures. Primary testing continues against MRSA, VRE, *Candida* species, *Pseudomonas aeruginosa* and *Clostridium difficile* as well as isolates being tested for cytotoxicity against four human cell lines in our search for novel anti-cancer agents.

The anticancer section has been boosted by the acquisition of Celgenics a company dedicated to the discovery of actinomycetes that produce cytotoxic agents directed against Cancer Stem Cells (CSC). Current information suggests that these cells might be responsible for the development of secondary tumours after the primary tumours have been removed. New chemotherapeutic agents directed against the CSC are required.

2. Our primary testing which located a small number of cellulase producers has been verified by the CSIRO using paper and glycerol in particular and Actinogen is now seeking commercial interests in this area with the possibility of extending its interests into bio-ethanol production for the bio-fuel industry.

This R&D section of the company has been the focus of the company's effort over the last six months and continues to be so. New screening tests are also being investigated for use in the discovery of actinomycetes both from the company's library and new isolates for ones capable of digesting lignin.

3. Of the isolates that have activity against *C. difficile* three have justified their activity against a variety of bacteria that form part of the normal gut flora. The bioactive molecules involved are now being fractionated in preparation for structural analysis.
4. Actinogen has published a major manuscript in the scientific literature detailing its findings of a new siderophore, not found to be excreted into the surrounding medium that has the ability to trap iron.
5. Dr Kerry Carson attended and represented Actinogen at the annual Australian Society for Microbiology meeting and Dr Armin Postmaster attended an advanced training course in the field of High Pressure Liquid Chromatography (HPLC). HPLC is a major requirement in the determination of the characteristics of bioactive molecules of interest to Actinogen's various R&D projects.

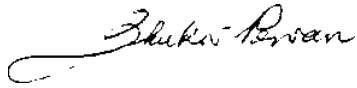
ACTINOGEN LIMITED

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 2011 has been received and is set out on page 3.

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



Dr Zhukov Pervan
Executive Chairman

29 February 2012
Perth Western Australia

ACTINOGEN LIMITED AUDITORS INDEPENDENCE DECLARATION



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The Directors
Actinogen Ltd
Level 7
231 Adelaide Terrace
Perth WA 6000

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2011 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 29th February 2011



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

ACTINOGEN LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2011

	Note	31.12.2011 \$	31.12.2010 \$
Revenue from continuing operations	2	30,201	32,480
Other income	2	10,898	15,172
Laboratory expenses		(236,434)	(240,415)
Finance Costs		(590)	(695)
Administration		(137,727)	(82,779)
Trademarks & patents		(100)	(1,630)
Depreciation		(9,699)	(9,783)
Employee expense		(248,729)	(259,872)
Reversal of impairment/(impairment of receivables)		-	(1,375)
Impairment of available for sale financial assets		(720)	-
Impairment of goodwill	11	(667,464)	-
Total Expenditure		(1,260,364)	(596,549)
Loss Before Income Tax		(1,260,364)	(548,897)
Income tax benefit/(expense)	3	257,360	-
Loss for the half-year		(1,003,004)	(548,897)
Comprehensive Income			
Changes in the fair value of available for sale financial assets		(27,920)	54,780
Other comprehensive income for the half-year net of tax		(27,920)	54,780
Total comprehensive loss for the half-year		(1,030,924)	(494,117)
Earnings per share for (loss) attributable to the ordinary equity holders of the company			
Basic loss per share (cents)		(1.61)	(1.35)

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 2011

	Note	31.12.2011 \$	30.06.2011 \$
CURRENT ASSETS			
Cash and cash equivalents		208,045	861,185
Trade and other receivables		374,523	45,645
TOTAL CURRENT ASSETS		582,568	906,830
NON-CURRENT ASSETS			
Available for sale financial assets	9	45,000	73,640
Property, plant and equipment		144,717	144,308
Intangible assets		16,029	16,029
TOTAL NON-CURRENT ASSETS		205,746	233,977
TOTAL ASSETS		788,314	1,140,807
CURRENT LIABILITIES			
Trade and other payables		90,409	91,744
Provisions		3,345	2,936
TOTAL CURRENT LIABILITIES		93,754	94,680
TOTAL LIABILITIES		93,754	94,680
NET ASSETS		694,560	1,046,127
EQUITY			
Contributed equity		5,599,825	4,920,468
Reserves		4,786,623	4,814,543
Accumulated losses		(9,691,888)	(8,688,884)
TOTAL EQUITY		694,560	1,046,127

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 2011

	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Available- for-sale Investments Revaluation Reserve \$	Total \$
2010					
Balance as at 1.07.2010	4,322,640	(7,946,504)	4,788,623	3,500	1,168,259
Total comprehensive income for the half-year					
Loss for the half-year	-	(548,897)	-	-	(548,897)
Other comprehensive income					
Change in fair value of available for sale financial assets	-	-	-	54,780	54,780
Total other comprehensive income for the half-year	-	-	-	54,780	54,780
Total comprehensive income for the half-year	-	(548,897)	-	54,780	(494,117)
Transactions with equity holders in their capacity as equity holders					
Shares issued during the half-year	524,900	-	-	-	524,900
Capital raising costs	(142,024)	-	-	-	(142,024)
Balance as at 31.12.2010	4,705,516	(8,495,401)	4,788,623	58,280	1,057,018

ACTINOGEN LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2011

	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Available- for-sale Investments Revaluation Reserve \$	Total \$
2011					
Balance as at 1.07.2011	4,920,468	(8,688,884)	4,788,623	25,920	1,046,127
Total comprehensive income for the half-year					
Loss for the half-year	-	(1,003,004)	-	-	(1,003,004)
Other comprehensive income					
Change in fair value of available for sale financial assets	-	-	-	(27,920)	(27,920)
Total other comprehensive income for the half-year	-	-	-	(27,920)	(27,920)
Total comprehensive income for the half-year	-	(1,003,004)	-	(27,920)	(1,030,924)
Transactions with equity holders in their capacity as equity holders					
Shares issued during the half-year	679,357	-	-	-	679,357
Capital raising costs	-	-	-	-	-
Balance as at 31.12.2011	5,599,825	(9,691,888)	4,788,623	(2,000)	694,560

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 2011

	Note	31.12.2011 \$	31.12.2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		15,054	47,921
Interest received		10,898	15,172
Payments to suppliers and employees		(677,326)	(586,959)
Transaction costs relating to acquisition of subsidiary		(2,000)	-
Net cash (outflow) from operating activities		(653,374)	(523,866)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		-	(2,623)
Net cash acquired from acquisition of subsidiary		234	-
Net cash (inflow) from investing activities		234	(2,623)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares		-	524,900
Payment of share issue costs		-	(142,024)
Net cash inflow from financing activities		-	382,876
Net (decrease) in cash and cash equivalents		(653,140)	(143,613)
Cash and cash equivalents at beginning of the half-year		861,185	1,085,386
CASH AND CASH EQUIVALENTS AT END OF THE HALF-YEAR		208,045	941,773

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

ACTINOGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation

These consolidated general purpose financial statements for the interim half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These consolidated interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual statements for the year ended 30 June 2011 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 accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Reporting Basis and Conventions

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 non-current assets. The financial statements have been prepared on a going concern basis.

2. Revenue	31.12.2011	31.12.2010
From Continuing Activities	30,201	32,480
	<u>30,201</u>	<u>32,480</u>
Other Income		
Interest Income	10,898	15,172
	<u>10,898</u>	<u>15,172</u>

3. Income Tax Benefit	31.12.2011	31.12.2010
Research and development tax offset	257,360	-
	<u>257,360</u>	<u>-</u>

4. Dividends

No dividends were paid or proposed during the half year ended 31 December 2011.

5. 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" manner without dissemination to any separately identifiable segments.

The company management operate the business as a whole without any special responsibilities for any separately identifiable segments of the business.

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 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. Contingent Liabilities

The Directors are not aware of any contingent liabilities or assets as at 31 December 2011 (2010: Nil).

7. 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.

8. Equity securities issued

	2011 Shares	2010 Shares	2011 \$	2010 \$
Issue of ordinary shares during the half year				
Issue of shares for acquisition of subsidiary	31,000,003	-	679,357	-
Issue of shares from rights issue	-	6,561,253	-	524,900
	31,000,003	6,561,253	679,357	524,900

9. Available for Sale Financial Assets

	31.12.2011	30.06.2011
Listed investments at fair value	45,000	73,640
Fair value	45,000	73,640
At beginning of period	73,640	59,720
Acquisitions	-	-
Fair value adjustments	(27,920)	22,420
Impairment of available for sale financial assets	(720)	(8,500)
At end of period	45,000	73,640

10. Related Party Transactions

The following related party transactions occurred during the half year with Director related entities.

Consulting fees of \$15,200 (excl GST) were paid to Lawton Gillon, which is a director related entity of Simon England.

The company utilises rental premises and facilities from Iron Mountain Mining Ltd, a director related entity of David Zohar. Costs incurred were \$36,504 (excl GST) during the half year ended 31 December 2011 of which \$18,818 (excl GST) was outstanding at 31 December 2011.

The company utilises administration support services from United Orogen Ltd, a director related entity of David Zohar. Costs incurred were \$8 (excl GST) during the half year ended 31 December 2011 of which \$8 (excl GST) is outstanding at 31 December 2011.

ACTINOGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

During the half-year the company provided secretarial and other services to various related entities. Total amounts charged were (excl GST) during the half-year ended 31 December 2011 and remain outstanding to Actinogen Ltd as at 31 December 2011 are as follows:

	\$	Outstanding (\$)
Iron Mountain Mining Ltd	23,369	17,069
Red River Resources Ltd	20,286	15,161
Swan Cove Enterprises Pty Ltd	200	956
United Orogen Ltd	14,662	12,300
Total	58,517	45,486

The company held available for sale financial assets during the half-year in the following related parties:

- 500,000 shares and 250,000 options in Eagle Nickel Ltd, a director related entity of David Zohar and Dr Pervan. These shares and options were on hand at half-year end. The cost of these shares and options was \$150,000 and the fair value at the end of the period was \$9,000 (June 2011: \$11,000).
- The company holds 720,000 shares in Iron Mountain Mining Ltd, a listed public company related to David Zohar. The fair value of the Iron Mountain Mining Ltd shares at the end of the period was \$36,000 (June 2011: \$62,640).

11. Business Combination

Current Period

On 17 October 2011 Actinogen Limited acquired 100% of the issued shares in Celgenics Limited for consideration of \$679,357. The acquisition is expected to strengthen and increase resource allocations to the Research and Development programs.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$
Purchase consideration	
Share consideration	679,357
Total Purchase consideration	679,357

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value
Cash and cash equivalents	234
Receivable	1,552
Property, plant and equipment	10,107
Net identifiable assets acquired	11,893
Add: Goodwill (refer note 12)	667,464
	679,357

(i) Revenue and profit contribution

The acquired business contributed nil profit and a net loss of \$1,919 to the group for the period 17 October 2011 to 31 December 2011.

ACTINOGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(ii) *Revenue and expense recognition*

The revenue and expenses of Celgenics Limited have been recognised in the consolidated statement of comprehensive income on the basis each item relates to post-acquisition operations.

12. Intangible Assets - Goodwill

	31 December 2011 \$
Opening net book amount	-
Acquisition of subsidiary (note 11)	667,464
Impairment of goodwill	(667,464)
Closing net book amount	-

The \$667,464 goodwill obtained on the acquisition of Celgenics Limited has been impaired on the basis that a fair value cannot be ascertained.

ACTINOGEN LIMITED

DIRECTORS' DECLARATION

In the director's opinion:

- (a) The financial statements and notes set out on pages 4 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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 Zhukov Pervan
Executive Chairman

29 February 2012
Perth, Western Australia



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Independent Review Report to the Members of Actinogen Ltd

The financial report and directors' responsibility

The interim financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Actinogen Ltd for the half-year ended 31 December 2011.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Actinogen Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*.

Conclusion

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

- giving a true and fair view of the financial position as at 31 December 2011 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


Rothsay

Rothsay



Graham R Swan
Partner

Dated 29th February 2012



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).