

ACTINOGEN LIMITED

ABN 14 086 778 476

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2012

ACTINOGEN LIMITED

ABN 14 086 778 476

ANNUAL REPORT – 30 JUNE 2012

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CORPORATE DIRECTORY

Directors	Mr David Zohar – Executive Director Dr Zhukov Pervan – Executive Chairman Professor David Keast – Scientific Director Professor Alan Morton - Non Executive Director Mr Christopher Simon England – Non Executive Director
Company Secretary	Ms Shoshanna Zohar
Principal registered office in Australia	Level 7, 231 Adelaide Terrace Perth, Western Australia, 6000
Share Registry	Computershare Investor Services Pty Ltd 2/ 45 St Georges Terrace Perth, Western Australia, 6000
Auditor	Rothsay Level 18, 152-158 St Georges Terrace Perth, Western Australia, 6000
Solicitors	Lawton Gillon Level 11 16 St Georges Terrace Perth, Western Australia, 6000
Bankers	National Australia Bank
Stock exchange listings	Actinogen Limited shares are listed on the Australian Securities Exchange under ACW and ACWOA.
Website address	www.actinogen.com.au
Email	info@actinogen.com.au

ACTINOGEN LIMITED

CORPORATE GOVERNANCE STATEMENT

Introduction

The Group has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity and pursuing the true spirit of corporate governance commensurate with the Group's needs. To the extent they are applicable; the Group has adopted the *Eight Essential Corporate Governance Principles and Best Practice Recommendations* ("Recommendations") as published by ASX Corporate Governance Council. As the Group's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Group's Board Charter, Code of Conduct, Trading Policy, and Group Securities policy documents have been posted on the website.

Board Composition and Remuneration

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the financial report and their term of office are detailed in the Directors' Report. There is no formal policy or procedure regarding the taking of professional advice by the independent directors; however no restrictions are placed on the independent directors to take advice on matters arising from their roles as independent directors of the Group, or the reimbursement of the costs incurred by the Group.

Professor Morton and Mr England are considered by the Board to be independent directors. The determination by the Board as to whether individual directors are independent is a matter of judgement. In making this determination the Board has followed the guidance in Box 2.1 of the Recommendations and the *Guide to Reporting on Principle 2*. The Board considers the relationships the independent directors have with the Group do not materially impact on their independence. In determining the materiality of these relationships, the Board has considered both quantitative and qualitative factors. In determining the quantitative factors the Board considers that a relationship is immaterial where it is equal to or less than 5% of the base amount. In applying this level of materiality to the relationship of the independent directors in the case of shareholders and suppliers, the Board considers that the independent directors' interest is less than 5% of the base amount. In respect to the qualitative measures the Board has considered the factors affecting the independent directors' relationship with the Group and consider these qualitative factors to be immaterial in the assessment of their independence. There is an agreed procedure by the board of directors to take independent professional advice at the expense of the Group.

Disclosure as to the nature and amount of remuneration paid to the Directors of the Group is included in the Directors report and notes to the financial statements in the Group's annual report each year. The structure and objectives of the remuneration policy and its links to the Group's performance is disclosed in the annual Directors' Report. The only form of retirement benefit to which non-executive directors are entitled, is superannuation.

Corporate Reporting

The Executive Chairman has made the following certifications to the board:

- that the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Group and are in accordance with relevant accounting standards.
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the Group's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

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CORPORATE GOVERNANCE STATEMENT

Code of Conduct

The Group has developed a Code of Conduct (the Code) which has been fully endorsed by the board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behavior and professionalism and the practices necessary to maintain confidence in the Group's integrity. The Code of Conduct appears on the Group's website.

In summary, the Code requires that at all times all Group personnel act with the utmost integrity, objectivity, in the best interests of the Group and in compliance with the letter and the spirit of the law and Group policies.

Any breaches of the Code are reported to the chairman in the first instance for notification to the board.

The directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

Continuous disclosure and shareholder communication

The Group has a policy that information concerning the Group that a reasonable person would expect to have a material effect on the price of the Group's securities is continuously disclosed as required under the Australian Stock Exchange (ASX) listing rules.

The Group encourages communication with shareholders and the attendance and effective participation by shareholders at general meetings.

The Company Secretary has been nominated as the persons responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Group's website as soon as it is disclosed to the ASX.

Annual and half yearly reports are made available on the Group's website and mailed to those shareholders who request a hard copy.

Explanations for Departures from Best Practice Recommendations

Principle 1 recommendation 1.1, 1.2, 1.3

Notification of Departure:

The Group has not: (1) formally disclosed the functions reserved to the Board and those delegated to management; (2) the process for evaluating the performance of senior executives, and; (3) whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process which is to be disclosed.

Explanation for Departure:

The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management, and evaluating the performance of senior executives. The Board has established a framework for the management of the Group and the roles and responsibilities of the Board and management. Previously, due to the small size of the Board and of the Group, the Board did not think that it was necessary to formally document the roles of the Board and management as these roles were clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Group, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Group and ensuring that shareholder value is increased.

ACTINOGEN LIMITED

CORPORATE GOVERNANCE STATEMENT

Principle 2 Recommendation 2.1

Notification of Departure:

The Board does not have a majority of independent Directors.

Explanation for Departure:

The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Group's business and level of operations. The Board considers that its structure is, and will continue to be, appropriate in the context of the Group's recent history. The Group considers that the non-independent Directors possess the skills and experience suitable for building the Group. Furthermore, the Board considers that in the current phase of the Group's growth, the Group's shareholders are better served by directors who have a vested interest in the Group. The Board intends to reconsider its composition as the Group's operations evolve, and may appoint independent directors as it deems appropriate.

As of the date of this report the Group has 3 non-independent directors (including the Chairman) and 2 independent directors.

Principle 2 Recommendation 2.2

Notification of Departure:

The Board does not have an independent chairman.

Explanation for Departure:

Dr Pervan who is the Group's current chairman also has an executive position on the Board and accordingly is classified as a non-independent director.

The Board believe that the executive duties exercised by Dr Pervan on behalf of the Group do not impinge on the proper and effective discharge of his duties as the Chairman, particularly given the size of the Group, its stage of development and current activities being undertaken. More specifically, the skills and experience that Dr Pervan brings to the Group make him ideally suited to the role.

In the future, as the Group grows and increases in size and level of activity, the Board will reconsider the position of the Chairman and whether the appointment of an independent chairman is warranted.

Principle 2 Recommendation 2.4

Notification of Departure:

The full Board carries out the role of a nomination committee in the Nomination Committee Charter formalised on 1 March 2007. The Board has not adopted a charter relevant to the specific functions of a nomination committee.

Explanation for Departure:

The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee, in particular at this early stage of the Group's operations, where the Group's focus is on the retention of directors and senior executives. In the future, as the Group grows and increases in size and level of activity, the Board will reconsider the establishment of a separate nomination committee.

Principle 2 Recommendation 2.5

Notification of Departure:

The Group has not disclosed the process for evaluating the performance of the board, and individual directors.

Explanation for Departure:

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CORPORATE GOVERNANCE STATEMENT

The Board considers that at this time no efficiencies or other benefits would be gained by introducing formal evaluations. In the future, as the Group grows and increases in size and activity, the Board will consider the establishment of formal board and individual director evaluation processes.

Principle 2 Recommendation 2.6

Notification of Departure:

The Group has not disclosed whether a performance evaluation for the board, and directors has taken place in the reporting period and whether it was in accordance with a disclosed process.

Explanation for Departure:

The Board considers that at this time no efficiencies or other benefits would be gained by introducing formal evaluations. In the future, as the Group grows and increases in size and activity, the Board will consider the establishment of formal board and individual director evaluation processes.

Principle 3 Recommendation 3.2, 3.3, 3.5

Notification of Departure:

The Group has not established a policy concerning diversity

Explanation for Departure:

The Group considers that at this time no efficiencies or benefits would be gained by introducing a formal diversity policy. In the future, as the Group grows and increases in size and activity, the Board will consider the establishment and disclosure of formal diversity policy.

Currently there is one female representing 14% of the entire organisation that is employed by the Group. There were no females occupying the senior executive or board positions during the financial year.

Principle 4 Recommendation 4.1, 4.2, 4.3, 4.4

Notification of Departure:

There is no separate Audit Committee.

Explanation for Departure:

The Group's financial statements are prepared by the company accountant and reviewed in detail by the full Board. The Board also relies on the functions and capabilities of its external auditors to ensure proper audit of financial statements. While the Board considers this process sufficient to ensure integrity in financial reporting in the current circumstances, it will continue to monitor whether any further safeguards are required and make changes as appropriate.

Principle 6 Recommendation 6.1, 6.2

Notification of Departure:

The Group does not have a formal documented Shareholder communication policy.

Explanation for Departure:

The Group strongly encourages more communication between the shareholders and the Group and board. All general meetings include briefings by board members to provide a deeper insight into the Group, opportunities for the shareholders to have their questions answered, and following all general meetings, the directors encourage shareholders to chat informally with them. As the Group grows in size, the board is very keen to develop more formal and expansive communications with shareholders.

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CORPORATE GOVERNANCE STATEMENT

Principle 7 Recommendation 7.1

Notification of Departure:

The Group has not established policies for the oversight and management of business risks, or disclosed its risk management policies and assessment framework.

Explanation for Departure:

The Board is aware of the various risks that affect the Group and its particular business and has implemented a number of controls to mitigate or limit the effects of these risks. As the Group grows and increases in size and activity, the Board will develop formal policies to deal with risk oversight and management and internal compliance.

Principle 8 Recommendation 8.1, 8.2, 8.4.

Notification of Departure:

The Group has not established a remuneration committee.

Explanation for Departure:

The current remuneration of the Directors is disclosed in the Directors Report included in the Annual Report. Remuneration is currently in accordance with the general principals recommended by the ASX. Non-executive Directors receive a fixed fee for their services and do not receive performance based remuneration. Due to the early stage of development and small size of the Group, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate to set aside time at 2 Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with Corporations Act requirements, especially in respect of related party transactions. That is, none of the Directors participate in any deliberations regarding their own remuneration or related issues.

ACTINOGEN LIMITED

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Actinogen Limited (Group or Consolidated Entity) and the entities it controlled at the end of, or during, the year ended 30 June 2012.

DIRECTORS

The following persons were directors of the Group during the whole of the financial year.

David Zohar (appointed 26 March 1999)

BSc DipEd

Executive Director

Mr Zohar has undertaken undergraduate studies in Geology and post graduate studies in Accountancy and Commercial Law. He has been active in the exploration industry for over 20 years. He has been a director and/or CEO of a number of exploration companies and has also negotiated numerous agreements with various companies and other participants within the mining industry. He has been involved in the formation and/or listing on the ASX of several public mining companies. Directorships of other listed public companies over the past three years are Red River Resources Limited, United Orogen Ltd Ltd, Iron Mountain Mining Ltd, Eagle Nickel Ltd, Terrain Minerals Ltd and Aluminex Resources Ltd.

Mr Zohar holds 17,557,985 ordinary shares in Actinogen Ltd.

Zhukov Pervan (appointed 26 March 1999)

Executive Chairman

MB,BS(WA), FRACGP, FAICD

Dr Pervan is a Doctor of Medicine with over 35 years experience in various capacities in Western Australia. He has consulted to several university and government bodies in many areas. He has conducted original research in collaboration with the University of Western Australia Departments of Microbiology and Human Movement. This research has been published in international journals.

In the past Dr Pervan has served as a Director of several public companies involved in exploration and in the general commercial world, including Agforce Limited, Gold Lake Mining Pty Ltd, Innovative Coatings Limited and Visionglow Global Limited. Directorships of listed public companies over the past three years are United Orogen Ltd Ltd, Eagle Nickel Ltd and Iron Mountain Mining Ltd.

Dr Pervan holds 17,133,334 ordinary shares in Actinogen Ltd.

Professor David Keast (appointed 1 November 2003)

CDA (Seale Hayne Agric. College, UK), BSc, MSc, PhD, MASM

Scientific Director

Professor Keast was on the staff of the University of Western Australia for 34 years. He is currently an Honorary Research Fellow in microbiology at the University of Western Australia. He has over 220 publications, reviews and chapters in international scientific journals in the areas of microbiology, immunology and sports science.

He has wide experience in reviewing research applications for medical, cancer research and biological research for the major granting bodies in Australia. He has broad experience in administration, particularly at higher degree scholarship levels and reviewed and examined research at all levels. He has experience in contract research and patent development.

Professor Keast has held no other Directorships in a listed Public Companies over the past 3 years.

Professor Keast holds 13,733,333 ordinary shares in Actinogen Ltd.

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DIRECTORS' REPORT

Professor Alan Morton – (appointed 18 July 2007)

AM, Dip PE, MSc, EdD, DSc(HC), DEd(HC), FACSM, FASMF, FACHPER, FAAESS

Professor Morton was appointed a Member of the General Division of the Order of Australia (AM) in the Queen's Birthday Honour List (2001). He has been on the staff at the University of Western Australia for 30 years. He is an exercise physiologist with university teaching and research experience in Australia, Canada and the United States of America.

He has more than 260 scientific publications in the form of books, booklets, book chapters and research articles which appear in international journals of medicine, sports medicine and exercise science. He has reviewed research for a number of international scientific societies and is currently on the editorial board of an international sports medicine journal.

Professor Morton is, or has been on a number of medical and scientific advisory committees, the Board of Directors of the National Heart Foundation (WA Branch) and the Executive Committee of the Asthma Foundation (WA Branch).

Professor Morton has held no other Directorships in Public Companies over the past 3 years.

Professor Morton holds 666,666 ordinary shares in Actinogen Ltd.

Christopher Simon England (appointed 18 July 2007)

BCom, LLB (Hons), GAICD

Non-Executive Director

Simon England is a lawyer with over 15 years experience in private practice. He has considerable experience in all areas of commercial law including the formation and listing of public companies on the ASX and ASX compliance requirements for listed companies.

He has completed the Australian Institute of Group Directors Course for Group Directors. He is the chairman of ASX listed Iron Mountain Mining Limited and has no other Directorships in Public Companies during the past 3 years.

Mr England holds 500,000 ordinary shares in Actinogen Ltd.

Company Secretary

The following person held the position of company secretary during the financial year.

Suraj Sanghani (appointed 13 May 2011) (resigned 4 July 2012)

BCom CA GradDip ACG

Mr Sanghani is a chartered accountant with over 5 years experience in the auditing and accounting profession and in commerce. This included roles with Ernst & Young, as well as roles with a number of ASX listed exploration companies operating domestically and internationally.

Mr Sanghani has a Bachelor of Commerce Degree from the University of Western Australia and is a member of the Institute of Chartered Accountants in Australia. He is also an associate member of Chartered Secretaries Australia.

Mr Sanghani has no interest in ordinary shares or options in Actinogen Ltd.

Mr Sanghani resigned as company secretary of Actinogen Ltd on 4 July 2012.

ACTINOGEN LIMITED

DIRECTORS' REPORT

The following person held the position of company secretary as of 4 July 2012.

Shoshanna Zohar (appointed 4 July 2012)
BLaw (Hons)

Ms Zohar is a lawyer with over 5 years experience and is currently acting as In House Counsel for Actinogen. Ms Zohar has a Bachelor of Laws (Honours) from Murdoch University and has previously worked in law firms practicing in corporate law, including Minter Ellison and Clavey Legal.

Ms Zohar is also the Company secretary of Iron Mountain Mining Ltd, United Orogen Ltd and Red River Resources Ltd.

Ms Zohar holds 100,001 ordinary shares in Actinogen Ltd

Principal activities

The principal activities of the Group have been to undertake research of biological material obtained from field work and samples obtained from external sources for commercial applications. The net loss of the Group for the year after income tax was \$1,529,156 (2011: \$742,380).

Financial Position

The net assets of the Group at year end are \$346,990 (2011: \$1,046,127).

Dividends

No amounts have been paid or declared by way of dividend since the date of incorporation.

The directors recommend that no final dividend be paid.

Review of Operations

The year 2011-2012 has been one of both progress and consolidation of Actinogen's R&D.

In September 2011 Actinogen acquired the biotechnology company Celgenics Ltd. This company was dedicated to the discovery and isolation of soil actinomycetes that have the capacity to produce bioactive molecules directed against the human Cancer Stem Cell (CSC).

Scientific information is now accumulating that indicates that most human tumours contain a small population of cells (1-2%) that have properties similar to embryonic stem cells. These cells have a small series of distinctive cell membrane "markers", in particular CD+133 that allow them to be detected in a tumour cell mix.

It is believed that this group of cells can be resistant to current chemotherapy. It is also conjectured that these cells are in a semi dormant form, or slowly dividing, but can be activated at any time, currently by unknown mechanisms, after primary chemotherapy treatments, to rapidly replicate and develop into secondary tumours. Therefore, there is a pressing need to develop a new series of anti cancer agents that are either directed to both the primary replicating tumour cells and the CSC or directly against the CSC.

Actinogen has an active screening programme designed to discover actinomycetes with the capacity to produce anti cancer molecules and the introduction of both the actinomycete 'library' of Celgenics and the technologies that it was developing in the area of the CSC chemotherapy greatly strengthen Actinogen's R&D in the area of the search for new anti-cancer agents.

Actinogen has also consolidated its R&D programme in three other areas. The company is now progressing to obtain commercial support to sell on or market products in these areas.

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DIRECTORS' REPORT

[1] Agricultural interests

(A) Plant growth hormones

Actinogen has a small number of actinomycete isolates that have been shown to have the ability to synthesize plant growth hormones. The growth hormones have been identified and this area has progressed to pot trials. The isolates have been shown to induce significant plant growth, in particular with respect to root biomass. These properties can be developed to enhance plant establishment and growth in the nursery industry, horticulture, the orchard industry and possibly in broad-acre farming.

Actinogen is currently proceeding to the legal registration of this methodology and larger scale field trials will follow.

Actinogen is actively progressing towards commercialization of this product area.

(B) Saline tolerant actinomycetes

Actinogen has a small series of actinomycetes that are tolerant of up to at least 10% saline, in laboratory studies. In this series there are isolates that can also synthesize cellulases and others that produce anti-fungal agents. The combination of these properties provides for the development of a microbial product that has the potential not only to begin rehabilitation of salt affected soils through new humus production but one that also can aid cellulose digestion to provide nutrient to the organisms and aid in fungal control which is often a problem in the rehabilitation of these soils.

Actinogen is actively pursuing commercial interests in this area, with particular reference to field trial initiatives.

(C) Biofumigation

There is current concern with the chemicals being used to control fungal pathogens in household lawns, sports fields, and horticulture in particular. Current chemicals used to control fungal infections are finding their way into the food chain and are also, in the case of lawns proving to produce reactive rashes on the feet etc of people. Some of the agents are bromine based and these are likely to be banned for use in the horticulture and orchard industries.

Actinogen has a series of isolates that synthesize volatile antifungal chemicals, including polyenes.

It has developed the concept of using these organisms to be sprayed onto the ground. The organisms should migrate into the ground and produce the volatile anti fungal agents to then rise through the plant biomass and effectively induce a biofumigation process.

Actinogen is developing a bench model to detect the most active isolates in this area and wishes to obtain early commercial interest in this area to be able to rapidly develop pot and field trials.

[2] Cellulase(s) and biofuel.

During the course of Actinogen's R&D designed to discover soil actinomycetes that can digest the newer starch based plastics it has located a series of isolates that are constitutive producers of cellulase(s). One isolate has been discovered that produces, using various cellulosic substrates, cellulase(s) that are more active than some commercially available preparations. Actinogen's results have been confirmed externally by the CSIRO, and the isolate was shown to produce low levels of sugars, which could become available for down-stream fermentation by yeasts into ethanol. This is the basis for the ethanol biofuel industry.

Current trials are designed to optimize conditions for the production of higher levels of sugars and to test various cellulosic biomass preparations as nutrient sources for sugar production. These sources will include bio-glycerol, the waste product from biodiesel production, straw, papers and other human green waste sources and are already coming on line.

This section of Actinogen's R&D has taken priority over 2011-2012.

Following Actinogen's developments in this area, the company has plans in place to proceed to a pilot plant for the production of ethanol. To this end Actinogen is actively raising new capital.

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DIRECTORS' REPORT

[3] Antibiotics

Over 2011-2012 Actinogen has consolidated this area of its R&D programme. The company now has a series of isolates that have been shown to produce antibiotic activity against a panel of Methicillin Resistant *Staph. Aureus* (MRSA) that is designed to exclude commonly used antibiotics. This series is now progressing to further analyses with the aim of excluding isolates that are producing any of the more obscure antibiotics.

Actinogen also has an isolate that is producing what appears to be producing a new antibiotic against an emerging pathogenic gram positive anaerobic bacterium.

In addition it has a third isolate that is active against a panel of pathogenic *Candida* species.

This is of particular interest as it is often difficult to find anti fungal treatments that are effective against *Candida* infections that do not have some serious side effects on subjects.

Both of the latter agents are now proceeding to Mass Spectral structural analysis to determine their uniqueness or relation to other known agents.

No further details can be released at this stage.

Actinogen has had a successful and productive 2011-2012 R&D year which has progressed significantly to allow the company to proceed to the development of commercial links.

Significant changes in the state of affairs

During the year ended 30 June 2012, the Group issued 39,198,285 ordinary shares and 8,136,282 options as follows:

	Shares	Options
Acquisition of Celgenics Limited	31,000,003	
Rights Issue	8,136,282	8,136,282
Exercise of options	62,000	
Total	39,198,285	8,136,282

There were no significant changes in the state of affairs of the Group during the year other than for the loss for the year as noted elsewhere in this report.

Matters subsequent to the end of the financial year

On 1 August 2012, 34,303,000 options expired.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of the Group in subsequent financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The directors believe the Group is not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

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DIRECTORS' REPORT

Greenhouse Gas and Energy data reporting requirements

The group is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the group intends to take as a result.

The National Greenhouse and Energy Reporting Act 2007 requires the group to report its annual greenhouse gas emissions and energy use.

For the year ended 30 June 2012 the group was below the reported threshold for both legislative reporting requirements therefore is not required to register or report. The group will continue to monitor its registration and reporting requirements however it does not expect to have future reporting requirements.

REMUNERATION REPORT (AUDITED)

The information contained in the remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

The Group's policy for determining the nature and amount of remuneration to board members and senior executives are as follows:

Executive Remuneration

The Group's remuneration policy for Executive Directors is designed to promote superior performance and long term commitment to the Group. Executives receive a base salary which is market related. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the best interests of the Group and its shareholders to do so. The Board's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

- Reward reflects the competitive market in which the Group operates
- Individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Refer below for details of Executive Directors' remuneration.

Non- Executive Directors

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The Board recommends the actual payments to directors. The maximum aggregate remuneration approved for non-executive directors is currently \$150,000. During the financial year, Actinogen Limited paid a premium of \$14,125 to insure the directors and secretaries of the company and its Australian-based controlled entities.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Refer below for details of Non-Executive Directors' remuneration.

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DIRECTORS' REPORT

Executives are also entitled to participate in the employee share and option arrangements. Refer to Note 18(b) to the financial report for details of all Directors' share and option holdings.

The Executive Directors and Executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to Directors and Executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$150,000). Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group and are able to participate in an employee option plan (none adopted to date).

Performance based remuneration

The Group currently has no performance based remuneration component built into Director and Executive remuneration packages.

The Board believes that as the Group is in its start up phase of development it is not feasible to establish meaningful Key Performance Indicators from which to base Director and Executive remuneration packages. Once the Group is more fully established the Board will reconsider this policy.

Group performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and Executives. Currently, this is facilitated through the issue of options to the majority of Directors and Executives to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth. For details of Directors and Executives interests in options at year end, refer to note 18(b) of the financial statements.

Details of remuneration

Details of the remuneration of the directors and Key Management Personnel of the Group are set out below.

The Key Management Personnel of the Group are the Directors and Company Secretary. The following persons are also the 5 highest paid as required to be disclosed under the Corporations Act 2001.

David Zohar (Executive Director)
Zhukov Pervan (Executive Chairman)
David Keast (Scientific Director)
Alan Morton (Non-Executive Director)
Christopher Simon England (Non-Executive Director)

ACTINOGEN LIMITED

DIRECTORS' REPORT

Key Management Personnel Remuneration:

2012

Name	Short Term		Post-employment	Share Based Payments		Total	Value of Share Based payments as a % of total remuneration %
	Cash salary and fees \$	Cash bonus \$	Superannuation \$	Options \$	Shares \$		
Directors							
David Alan Zohar	66,666	-	6,000	-	-	72,666	-
Zhukov Pervan	80,007	-	-	-	-	80,007	-
David Keast	126,666	-	-	-	-	126,666	-
Alan Morton	25,000	-	-	-	-	25,000	-
Christopher England	30,000	-	-	-	-	30,000	-
Company Secretary							
Suraj Sanghani ¹	-	-	-	-	-	-	-
Total	328,339	-	6,000	-	-	334,339	-

2011

Name	Short Term		Post-employment	Share Based Payments		Total	Value of Share Based payments as a % of total remuneration %
	Cash salary and fees \$	Cash bonus \$	Superannuation \$	Options \$	Shares \$		
Directors							
David Alan Zohar	80,000	-	7,200	-	-	87,200	-
Zhukov Pervan	80,007	-	-	-	-	80,007	-
David Keast	118,183	-	29,167	-	-	147,350	-
Alan Morton	30,000	-	-	-	-	30,000	-
Christopher England	37,500	-	-	-	-	37,500	-
Company Secretary							
Suraj Sanghani ¹	-	-	-	-	-	-	-
Total	345,690	-	36,367	-	-	382,057	-

¹ Suraj Sanghani is employed and remunerated by Iron Mountain Mining Ltd. Iron Mountain Mining Ltd charges Actinogen Ltd for the time spent by Mr Sanghani on the company's affairs. Iron Mountain Mining Ltd has recharged \$30,607 (2011: \$6,820) by Actinogen Ltd for services provided by Mr Sanghani during the financial year ended 30 June 2012. Mr Sanghani was appointed company secretary on 13 May 2011.

There are no short term incentive plans in place for Key Management Personnel at any time during the 2011 or 2012 years.

Service Agreements and remuneration commitments

The Group does not have any commitments for future expenditure other than normal operating expenses. The directors are not aware of any contingent liabilities existing for the Group.

Share Based Compensation

ACTINOGEN LIMITED

DIRECTORS' REPORT

No options were granted, exercised, vested or forfeited during the year.

Additional Information

The table below sets out the performance of the Group and the consequences of performance on shareholders' wealth for the period from listing on the Australian Securities Exchange on 16 October 2007 to the end of the current financial period.

	2012	2011	2010	2009	2008
Quoted price of ordinary shares at period end (cents)	3.0	3.1	2.0	8.0	6.0
Quoted price of options at period end (cents)	-	0.1	-	0.2	1.1
Loss per share	2.12	1.66	1.85	2.21	1.15
Dividends paid	-	-	-	-	-

Securitisation Policy

The Group's security trading policy provides guidance on acceptable transactions in dealing in the Group's various securities, including shares, debt notes and options. The Group's security trading policy defines dealing in the Group securities to include:

- (a) Subscribing for, purchasing or selling Company Securities or entering into an agreement to do any of those things;
- (b) Advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family Company or family trust) to trade in Company Securities; and
- (c) Entering into agreements or transactions which operate to limit the economic risk of a person's holdings in Company Securities.

The securities trading policy details acceptable and unacceptable times for trading in Company Securities including detailing potential civil and criminal penalties for misuse of "inside information". The Directors must not deal in Company Securities without providing written notification to the Chairman. The Chairman must not deal in Company Securities without the prior approval of the Chief Executive Officer. The Directors are responsible for disclosure to the market of all transactions or contracts involving the Company's shares.

The Group Employee Option Plan rules contain a restriction on removing the 'at risk' aspect of the options granted to Key Management Personnel and Executives. Participants in the Group Employee Option Plan may not enter into derivative transactions with third parties to eliminate the performance element of the options. This rule is enforced via an annual declaration of compliance by all option plan participants.

End of Audited Remuneration Report

ACTINOGEN LIMITED

DIRECTORS' REPORT

Meetings of directors

The following table sets out the number of meetings of the Group's Directors held while each Director was in the office and the number of meetings attended by each Director.

Director	Number of meeting available to attend	Number of meetings attended
D Zohar	3	3
Z Pervan	3	3
D Keast	3	3
A Morton	3	3
S England	3	3

Shares under option

Unissued ordinary shares of the Group under options at the date of this report are as follows:

Date options granted	Expiry Date	Issue price of shares	Number under option
13 December 2010	30 September 2015	20 cents	6,468,078
14 January 2011	30 September 2015	20 cents	2,270,000
9 March 2011	30 September 2015	20 cents	732,000
18 May 2012	30 September 2015	20 cents	7,073,352
14 June 2012	30 September 2015	20 cents	1,062,930

No option holder has any right under the options to participate in any other share issue of the Group. 62,000 shares were issued from options exercised during the year.

Insurance of officers

During the financial year, Actinogen Limited paid a premium of \$14,125 to insure the directors and secretaries of the company and its Australian-based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the entity in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage from themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity of auditors

The Group has not, during or since the financial year, in respect of any person who is or has been an auditor of the Group or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Proceedings on behalf of the Group

No person has applied for leave of Court, under section 237 of the *Corporations Act 2001*, to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is party for the purpose of taking responsibility on behalf of the Group for all or part of these proceedings.

The Group was not a party to any such proceedings during the year.

ACTINOGEN LIMITED

DIRECTORS' REPORT

Non-audit services

No fees were paid for non-audit services to the external auditors and their associated entities during the year ended 30 June 2012 and 30 June 2011.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2012 has been received and can be found on page 19.

This report is made in accordance with a resolution of the Board of Directors.



David Zohar
Director

Perth, Western Australia

31 August 2012

ACTINOGEN LIMITED

AUDITORS' INDEPENDENCE DECLARATION



Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 6364 5076 www.rothsay.com.au

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 30 June 2012 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 31 August 2012



Chartered Accountants

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

ACTINOGEN LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME
As at 30 June 2012

	Notes	2012 \$	2011 \$
Revenue from continuing operations	5	64,444	94,453
Laboratory expenses		(427,100)	(390,891)
Finance Costs		(1,009)	(1,076)
Administration expenses		(228,196)	(189,809)
Trademarks & patents		(100)	-
Depreciation		(19,369)	(19,545)
Employee Benefits expense		(486,662)	(509,651)
Impairment of available for sale financial assets		(21,060)	(8,500)
Impairment of goodwill		(667,464)	-
(Loss) Before Income Tax		(1,786,516)	(1,025,019)
Income tax benefit / (expense)	6	<u>257,360</u>	<u>282,639</u>
(Loss) for the year		(1,529,156)	(742,380)
Other Comprehensive Income			
Changes in the fair value of available for sale financial assets		(25,920)	22,420
Other comprehensive income for the year net of tax		<u>(25,920)</u>	<u>22,420</u>
Total comprehensive income for the year attributable to the equity holders of Actinogen Limited		<u>(1,555,076)</u>	<u>(719,960)</u>
Earnings per share for profit/(loss) attributable to the ordinary equity holders of Actinogen Limited			
Basic and diluted loss per share (cents per share)	16	(2.12)	(1.66)

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 30 June 2012

	Notes	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	7	203,735	861,185
Trade and other receivables	8	81,999	45,645
TOTAL CURRENT ASSETS		285,734	906,830
NON CURRENT ASSETS			
Available-for-sale financial assets	9	26,660	73,640
Property, plant and equipment	10	137,376	144,308
Intangible assets	11	16,029	16,029
TOTAL NON CURRENT ASSETS		180,065	233,977
TOTAL ASSETS		465,799	1,140,807
CURRENT LIABILITIES			
Trade and other payables	12	118,809	91,744
Provisions	13	-	2,936
TOTAL CURRENT LIABILITIES		118,809	94,680
NET ASSETS		346,990	1,046,127
EQUITY			
Contributed equity	14	5,776,407	4,920,468
Reserves	15	4,788,623	4,814,543
Accumulated losses		(10,218,040)	(8,688,884)
TOTAL EQUITY		346,990	1,046,127

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

ACTINOGEN LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2012

	Notes	2012 \$	2011 \$
Cash flow from operating activities			
Interest received		12,882	35,633
Receipts from customers		72,004	58,192
Payments to employees and suppliers		(1,166,187)	(1,182,168)
Research and development tax offset		<u>257,360</u>	<u>282,639</u>
Net cash (outflow) from operating activities	20	<u>(823,941)</u>	<u>(805,704)</u>
Cash flow from investing activities			
Payment for acquisition of subsidiary, net of cash acquired		234	-
Payment for property, plant & equipment		<u>(2,327)</u>	<u>(16,325)</u>
Net cash (outflow) from investing activities		<u>(2,093)</u>	<u>(16,325)</u>
Cash flow from financing activities			
Proceeds from issue of shares		256,489	771,295
Capital raising costs associated with share issue		<u>(87,905)</u>	<u>(173,467)</u>
Net cash (inflow) from financing activities		<u>168,584</u>	<u>597,828</u>
Net increase/(decrease) in cash and cash equivalents		<u>(657,450)</u>	<u>(224,201)</u>
Cash and cash equivalents at beginning of year		<u>861,185</u>	<u>1,085,386</u>
Cash and cash equivalents at end of year	7	<u><u>203,735</u></u>	<u><u>861,185</u></u>

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

ACTINOGEN LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2012

	Contributed Equity	Accumulated Losses	Option Reserve	Available-for- Sale Investments Revaluation Reserve	Total
	\$	\$	\$	\$	\$
2011					
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 year					
Loss for the year	-	(742,380)	-	-	(742,380)
Other comprehensive income					
Change in fair value of available for sale financial assets	-	-	-	22,420	22,420
Total other comprehensive income for the year	-	-	-	22,420	22,420
Total comprehensive income for the year	-	(742,380)	-	22,420	(719,960)
Transactions with equity holders in their capacity as equity holders					
Shares issued during the year	771,295	-	-	-	771,295
Capital Raising Costs	(173,467)	-	-	-	(173,467)
Balance as at 30.06.2011	4,920,468	(8,688,884)	4,788,623	25,920	1,046,127

ACTINOGEN LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2012

	Contributed Equity	Accumulated Losses	Option Reserve	Available-for- Sale Investments Revaluation Reserve	Total
	\$	\$	\$	\$	\$
2012					
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 year					
Loss for the year	-	(1,529,156)	-	-	(1,529,156)
Other comprehensive income					
Change in fair value of available for sale financial assets	-	-	-	(25,920)	(25,920)
Total other comprehensive income for the year	-	-	-	(25,920)	(25,920)
Total comprehensive income for the year	-	(1,529,156)	-	(25,920)	(1,555,076)
Transactions with equity holders in their capacity as equity holders					
Shares issued during the year	935,846	-	-	-	935,846
Capital Raising Costs	(79,907)	-	-	-	(79,907)
Balance as at 30.06.2012	<u>5,776,407</u>	<u>(10,218,040)</u>	<u>4,788,623</u>	<u>-</u>	<u>346,990</u>

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

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. The financial statements have been prepared on a going concern basis.

Compliance with IFRS

The financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Actinogen Limited (company) as at 30 June 2012 and the results of all subsidiaries for the year then ended. Actinogen Limited and its subsidiaries together are referred to in this financial report as either the Consolidated Entity or Group.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(c)).

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the statement of comprehensive income. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of financial position and statement of changes in equity respectively.

Changes in ownership interests

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2012

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Iron Mountain Mining Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(d) Impairment of assets

At each reporting date, the Group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of comprehensive income.

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2012

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(e) Property, Plant & Equipment

Each asset of property, plant and equipment is carried at cost, less where applicable, any accumulated depreciation and impairment losses. Plant and equipment is measured on the cost basis less depreciation and impairment losses.

Depreciation

Items of property, plant and equipment are depreciated using the diminishing value method over their estimated useful lives to the Group. The depreciation rates used for each class of asset for the current period are as follows:

- Plant and Equipment 7.5% to 37.5%

Assets are depreciated from the date the asset is ready for use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets continual use or subsequent disposal. The expected cash flows have been discounted to their present value in determining the recoverable amount.

(f) Intangible Assets

(i) Scientific databases

Expenditure incurred upon the acquisition of scientific databases are capitalised as an intangible asset. Scientific databases are not amortised as it is considered that they have an indefinite useful life. Scientific databases are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less impairment losses.

(g) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the reporting period.

Deferred income tax is accounted for using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax from the initial recognition of an asset or liability, in a transaction other than a business combination is not accounted for if it arises that at the time of the transaction affects either accounting or taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2012

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group's entitlement to the Research and Development tax rebate is recognised as a tax benefit upon receipt from the Australian Taxation Office.

(h) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(i) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(j) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, high liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown with borrowings in current liabilities in the statement of financial position.

(k) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2012

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Services revenue is recognised upon issue of an invoice.

(l) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effect interest method, less allowance for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within impairment losses – financial assets. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against impairment losses – financial assets in the statement of comprehensive income.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Contributed Equity

Ordinary issued share capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

(o) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(p) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2012

even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(r) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets initially recognised at fair value with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

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Subsequent measurement

Available for sale financial assets are subsequently measured at fair value. Changes in the fair value of available for sale financial assets are recognised in the consolidated statement of comprehensive income.

Loans and receivables are carried at amortised cost using the effective interest rate method.

Details of how the fair value of financial instruments is determined and disclosed in Note 2.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the consolidated statement of comprehensive income. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the consolidated statement of comprehensive income.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(t) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Comparatives are shown for the year ended 30 June 2011.

(u) Going Concern

For the year ended 30 June 2012, the Group recorded a loss of \$1,529,156(2011: \$742,380). At 30 June 2012, the cash balance was \$203,735 (2011: \$861,185).

The accounts have been prepared on a going concern basis. The Directors have determined that future capital raisings or asset sales will be required in order to continue the Group's research and development activities to a position where a commercially marketable product is achieved.

The ability of the Group to continue as a going concern is dependent upon the Group raising further capital or realising funds from the sale of assets sufficient to meet the Group's expenditure commitments.

The Directors have prepared a cash flow forecast for the foreseeable future reflecting the above mentioned expectations and their effect upon the Group. The achievement of the forecast is dependent upon the future capital raising and/or sale of assets, the outcome of which is uncertain.

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In the event that sufficient capital raising or asset sales at an amount and timing necessary to meet the future budgeted operational and investing activities of the Group is unfavorable the Directors believe that they will be able to contain the operating and investment activities sufficiently to ensure that the Group can meet its debts as and when they become due and payable.

In the event that the events referred to above results in a negative outcome, then the going concern basis of accounting may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities other than in the normal course of business and in amounts different from that stated in the financial report.

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

(v) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

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(ii) *AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013)

On 30 June 2010, the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Actinogen Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the Group.

(iii) *AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2011) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013)*

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

(iv) *AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012)*

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

(v) *AASB 2010-9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011/1 January 2013)*

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This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

(vi) AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2011-7] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2011-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010-7.]

This Standard is not expected to impact the Group.

(vii) AASB 1054: Australian Additional Disclosures (applies to periods beginning on or after 1 January 2013)

This Standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.

This Standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:

- compliance with Australian Accounting Standards;
- the statutory basis or reporting framework for financial statements;
- whether the financial statements are general purpose or special purpose;
- audit fees; and
- imputation credits.

This Standard is not expected to impact the Group.

(viii) AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project – Reduced disclosure regime [AASB 101 & AASB 1054] (applies to periods beginning on or after 1 July 2013)

This Standard makes amendments to the application of the revised disclosures to Tier 2 entities that are

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applying AASB 1053.

This Standard is not expected to impact the Group.

(ix) AASB 10: Consolidated Financial Statements (applies to periods beginning on or after 1 January 2013)

This Standard establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and Interpretation 112 *Consolidation – Special Purpose Entities*.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This Standard is not expected to impact the Group.

(x) AASB 12: Disclosures of Interests in Other Entities (applies to periods beginning on or after 1 January 2013)

This Standard includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The Group has not yet determined any potential impact on the financial statements.

(xi) AASB 13: Fair Value Measurement (applies to periods beginning on or after 1 January 2013)

This Standard establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under AASB when fair value is required or permitted by AASB. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The Group has not yet determined any potential impact on the financial statements.

(xii) AASB 119: Employee Benefits (applicable for annual reporting periods commencing on or after 1 January 2013)

The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The definition of short-term benefits has been revised, meaning some annual leave entitlements may become long-term in nature with a revised measurement. Similarly the timing for recognising a provision for termination benefits has been revised, such that provisions can only be recognised when the offer cannot be withdrawn.

Consequential amendments were also made to other standards via AASB 2011-10.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk in these areas is not significant enough to warrant a formalised specific risk management program.

Risk management is carried out by the Board of Directors in their day to day function as the overseers of the business.

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The Consolidated Entity holds the following financial instruments:

	2012 \$	2011 \$
Financial Assets		
Cash and cash equivalents	203,735	861,185
Trade and other receivables	-	15,286
Available for sale financial assets	26,660	73,640
	<u>230,395</u>	<u>950,111</u>
Financial Liabilities		
Trade and other payables	8,946	29,171
	<u>8,946</u>	<u>29,171</u>

(a) Market Risk

(i) Foreign Exchange Risk

The Group's operations are limited to domestic activities within Australia.

Company sensitivity

The Group's profit would not be impacted by changes in exchange rates.

(ii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as available-for-sale. The Group is not exposed to commodity price risk.

The majority of the Group's equity investments are publicly traded and are listed on the Australian Securities Exchange.

The Group manages equity securities price risk by only investing in companies where the Board has a detailed understanding of its financial and operating position.

The table below summarises the impact of increases/decreases of the all ordinaries index on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the all ordinaries index had decreased by 11.25% (2011 – increased by 7.84%) (being the actual movement in the all ordinaries index for those periods) with all other variables held constant and all the Consolidated Entity's equity instruments moved according to the historical correlation with the index.

	Impact on Post Tax Profit		Impact on Equity	
	2012	2011	2012	2011
	\$	\$	\$	\$
All ordinaries	19,823	8,500	38,696	(9,238)

Post tax loss and equity would increase as a result of gains on equity securities classified as available-for-sale.

Given the nature of the financial assets, the Directors believe the all ordinaries index is the most appropriate benchmark to measure the sensitivity of the price risk of the Group's listed financial investments, however it should be noted that the maximum negative impact on net profit is \$47,720 (2011:\$56,220).

(iii) Cash flow interest rate risk

The Group's main interest rate risk arises from funds held on deposit. Funds on deposit at variable rates expose the Consolidated Entity's to cash flow interest rate risk. During 2011 and

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2012, the Group's funds on deposit were denominated in Australian Dollars only.

As at the reporting date, the Consolidated Entity had the following funds on deposit:

	30 June 2012		30 June 2011	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$	%	\$
Funds on deposit	3.50	203,735	4.53	861,185

(iv) *Consolidated Entity sensitivity*

At 30 June 2012, if interest rates had changed by +/- 100/70 basis points (2011: +/- 100/70 basis points) from the year-end rates with all other variables held constant, post-tax loss for the year would have been \$3,686/\$2,567 lower/higher (2011: \$7,880/\$5,476 lower/higher), mainly as a result of higher/lower interest income from cash and cash equivalents. Equity would have been \$3,686/\$2,567 lower/higher (2011: \$7,880/\$5,476 lower/higher) mainly as a result of a lower/higher interest income from cash and cash equivalent.

(b) **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and receivables.

The Consolidated Entity's maximum exposure to credit risk at the reporting date was:

	2012 \$	2011 \$
Financial Assets		
Cash and cash equivalents	203,735	861,185
Trade and other receivables	-	15,286
Total	203,735	876,471

The Directors believe that there is negligible credit risk with the cash and cash equivalents, as funds are held at call with a reputable Australian Banking institution with a Standard and Poors long term credit rating of AA-.

Trade Receivables are amounts owing by related part ASX listed entities for which the Group has incurred expenses on behalf of, and is reimbursed. These amounts have been fully recovered post balance date. Refer to note 19 for further details on related party receivables.

(c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Consolidated Entity's manages liquidity risk by continuously monitoring forecast and actual cash flows. Surplus funds are generally only invested at call or in bank bills that are highly liquid and with maturities of less than six months.

Financing arrangements

The Consolidated Entity's does not have any financing arrangements.

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Maturities of financial liabilities

The Consolidated Entity's only debt relates to trade payables, where payments are generally due within 30 days.

(d) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 July 2009, the Group adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following tables present the Group's assets measured and recognised at fair value at 30 June 2012 and 30 June 2011.

Group – at 30 June 2012	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	26,660	-	-	26,660
Equity securities	-	-	-	-
Total assets	26,660	-	-	26,660
Group – at 30 June 2011	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	73,640	-	-	73,640
Equity securities	-	-	-	-
Total assets	73,640	-	-	73,640

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key estimates-impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

During the year ended 30 June 2012, the Group made significant judgement about the impairment of a number of its available-for-sale financial assets.

The Group follows the guidance of AASB 139 Financial Instruments: Recognition and Measurement on

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determining when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

The decline in fair value below cost for some of these assets has been considered to be significant and/or prolonged. The Group has recorded an impairment loss during the year ended 30 June 2012, being the transfer of the accumulated fair value adjustments to the consolidated statement of comprehensive income.

4. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Actinogen Limited, at 30 June 2012. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2012	2011
	\$	\$
Current assets	290,864	906,830
Non-current assets	172,559	233,977
Total assets	463,423	1,140,807
Current liabilities	115,705	94,680
Total liabilities	115,705	94,680
Contributed equity	5,776,406	4,920,468
Accumulated losses	(10,217,312)	(8,688,884)
Reserves	4,788,624	4,814,543
Total equity	347,718	1,046,127
Profit / (Loss) for the year	(1,528,428)	(742,380)
Other comprehensive income for the year	(25,920)	22,420
Total comprehensive income / (loss) for the year	(1,554,348)	(719,960)

5. REVENUE

From Continuing Activities

Sales revenue – services	51,562	58,820
	51,562	58,820
Other Revenue		
Interest received from bank	12,882	29,492
Interest received from the Australian Taxation Office	-	6,141
	12,882	35,633
	64,444	94,453

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6. INCOME TAX	2012	2011
	\$	\$
Numerical reconciliation of income tax income to prima facie tax payable		
Operating loss before income tax	(1,786,516)	(1,025,019)
Tax benefit at the Australian tax rate of 30% (2011: 30%)	(535,955)	(307,505)
Tax effect of amounts that are not deductible / taxable in calculating taxable income:		
Provisions and accruals	598	2,534
Capital raising costs	(50,399)	(55,471)
Impairment expenses	6,318	2,550
Impairment of goodwill	200,239	-
Bad Debts Expense	-	(2,722)
Research and development tax offset	(257,360)	(282,639)
Future income tax benefit not brought to account	379,199	360,614
Income tax income / (expense)	257,360	282,639
Tax income (expense) relating to items of other comprehensive income		
Available for sale financial assets	-	-
	-	-
Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised.	3,856,030	2,949,435
Potential tax benefit @ 30%	1,156,809	884,831
Unrecognised temporary differences		
Temporary differences for which deferred tax assets have not been recognised.		
- Provisions and accruals	51,381	49,386
- Capital raising costs	168,006	256,096
	219,387	305,482
Unrecognised deferred tax asset relating to the above temporary differences	65,816	91,645
The tax benefit of tax losses and other temporary differences will only arise in the future where the Group derives sufficient net taxable income and is able to satisfy the carried forward tax loss recoupment rules. The Directors believe that the likelihood of the Group achieving sufficient taxable income in the future is not probable and the tax benefit of these tax losses and other temporary differences have not been recognised.		
7. CASH AND CASH EQUIVALENTS	2012	2011
	\$	\$
Cash at bank and in hand	203,735	861,185
	203,735	861,185

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For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

The Group's exposure to interest rate risk is discussed in note 2(a). The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

8. TRADE AND OTHER RECEIVABLES	2012	2011
	\$	\$
Trade receivables	-	15,286
Goods and services tax refund	22,946	15,172
Prepayments	59,053	15,187
	<u>81,999</u>	<u>45,645</u>

Refer to Note 2 for Financial Risk Management.

There are no receivables that are past due but not impaired.

Trade and other receivables are to related parties. Further details of related party receivables are contained in note 19.

9. AVAILABLE FOR SALE FINANCIAL ASSETS	2012	2011
	\$	\$
Shares in listed corporations	<u>26,660</u>	<u>73,640</u>
	<u>26,660</u>	<u>73,640</u>
At beginning of year	73,640	59,720
Acquisitions	-	-
Fair value adjustment	(25,920)	22,420
Impairment of available for sale financial assets	<u>(21,060)</u>	<u>(8,500)</u>
At end of year	<u>26,660</u>	<u>73,640</u>

Fair value of investments in listed corporations is assessed as the last bid price on the Australian Securities Exchange prior to close of business on balance date.

Listed investments are held in Eagle Nickel Limited and Iron Mountain Mining Limited, being Director related entities.

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10. PROPERTY, PLANT AND EQUIPMENT	2012 \$	2011 \$
Plant & Equipment		
At cost	213,500	198,161
Accumulated depreciation	(76,124)	(53,853)
	<u>137,376</u>	<u>144,308</u>
Movements during the year	Plant and Equipment	Total
Balance at 1 July 2011	144,308	144,308
Acquisitions	12,437	12,437
Depreciation expense	(19,369)	(19,369)
Balance at 30 June 2012	<u>137,376</u>	<u>137,376</u>
	Plant and Equipment	Total
Balance at 1 July 2010	147,530	147,530
Acquisitions	16,323	16,323
Depreciation expense	(19,545)	(19,545)
Balance at 30 June 2011	<u>144,308</u>	<u>144,308</u>
11. INTANGIBLE ASSETS	2012 \$	2011 \$
Cost	16,029	16,029
Accumulated amortisation and impairment	-	-
	<u>16,029</u>	<u>16,029</u>
Movements during the year	Software¹	Total
Balance at 1 July 2011	16,029	16,029
Acquisitions	-	-
Amortisation and impairment expense	- ²	- ²
Balance at 30 June 2012	<u>16,029</u>	<u>16,029</u>
Movements during the year	Software¹	Total
Balance at 1 July 2010	16,029	16,029
Acquisitions	-	-
Amortisation and impairment expense	- ²	- ²
Balance at 30 June 2011	<u>16,029</u>	<u>16,029</u>

¹ Software relates to the purchase of a large scientific data base and library.

² Intangible assets have been assessed as having indefinite useful lives. It is expected that the database will have indefinite application and the scientific library will not become obsolete. The information will be useful to the Group for the duration of the Group's future projects. It is anticipated that the future cost savings achievable from access to the information contained in the database will exceed the carrying value at balance date.

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	2012	2011
	\$	\$
12. TRADE AND OTHER PAYABLES		
Trade payables	8,946	29,171
Other payables and accruals	109,863	62,573
	<u>118,809</u>	<u>91,744</u>

Refer to Note 2 for Financial Risk Management.

13. PROVISIONS		
Employee benefits	-	2,936
	<u>-</u>	<u>2,936</u>

All provisions are expected to be settled within 12 months.

14. CONTRIBUTED EQUITY

(a) Share Capital		
88,662,711 (2011: 49,464,426) fully paid ordinary shares	7,058,391	6,122,545
Capital raising costs	(1,281,984)	(1,202,077)
Total contributed equity	<u>5,776,407</u>	<u>4,920,468</u>

(b) Movement of fully paid ordinary shares during the period were as follows:

Date	Details	Number of Shares	Issue Price (cents)	\$
1 July 2010	Opening Balance	49,464,426		6,122,545
30 June 2011	Balance	<u>49,464,426</u>		<u>6,122,545</u>
17 October 2011	Consideration for Celgenics Ltd	1,000,000	2.2	21,915
17 October 2011	Consideration for Celgenics Ltd (Held on Escrow)	30,000,003	2.2	657,442
18 May 2012	Share issue	7,073,352	3.0	212,201
6 June 2012	Exercise of options	57,000	20.0	11,400
14 June 2012	Share issue	1,062,930	3.0	31,888
20 June 2012	Exercise of options	5,000	20.0	1,000
		<u>88,662,711</u>		<u>7,058,391</u>

(c) Share Options

The Group has on issue 34,305,000 options with an exercise price of 50 cents and expiry date of 1 August 2012 and 17,606,360 options with an exercise price of 20 cents and expiry date of 30 September 2015.

(d) Terms and Conditions of Issued Capital

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands. Ordinary shares have no par value.

(e) Capital risk management

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The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so it can provide returns to shareholders and benefits to other stakeholders. The Group considers capital to consist of cash reserves on hand and available for sale financial assets.

Consistent with the Group's objective, it manages working capital by issuing new shares, selling assets or modifying its planned research and development program as required.

15. RESERVES

Reserves are made up of the options reserve and the movement in the fair value of available for sale investments reserve.

The option reserve records items recognised as expenses on valuation of employee and Director share options. The available for sale investments revaluation reserve records the movement in the fair value of available for sale investments. Detail of the movement in reserves is shown below.

	2012 \$	2011 \$
Option Reserve		
Balance at the beginning of the year	4,788,623	4,788,623
Balance at end of year	4,788,623	4,788,623
Available for sale investments revaluation reserve		
Balance at the beginning of the year	25,920	3,500
Change in fair value	(25,920)	22,420
Balance at end of year	-	25,920
	4,788,623	4,814,543

16. EARNINGS PER SHARE

	2012	2011
Basic EPS from continuing operations attributable to the ordinary share holders of the Group	(2.12)	(1.66)
Weighted number of ordinary shares used as the denominator	72,090,672	44,616,921
Net loss used in calculating EPS	(\$1,529,156)	(\$742,380)
Diluted EPS from continuing operations attributable to the ordinary shareholders of the Group	(2.12)	(1.66)
Weighted number of ordinary shares used as the denominator	72,090,672	44,616,921
Net loss used in calculating diluted EPS	(\$1,529,156)	(\$742,380)

17. COMMITMENTS

Remuneration Commitments

Service Agreements and remuneration commitments

The Group does not have any commitments for future expenditure other than normal operating expenses. The directors are not aware of any contingent liabilities existing for the Group.

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18. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel Compensation:

	2012	2011
	\$	\$
Short-term employee benefits	328,340	345,690
Post employment benefits	6,000	36,367
Long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
	<u>334,340</u>	<u>382,057</u>

The detailed remuneration disclosures are provided in the audited remuneration report on pages 13 to 16.

(b) Equity Instruments Disclosure relating to Key Management Personnel

At balance date the relevant interest of each Key Management Personnel in ordinary fully paid shares and options of the Group were:

2012

Director/KMP	Balance at beginning of the year	Fully Paid Ordinary Shares Shares Issued as part of Celgenics takeover	Net change other	Balance at the end of the year
Directors				
David Alan Zohar	7,827,982	10,000,001	(170,000) ¹	17,657,983
Zhukov Pervan	7,133,334	10,000,000	-	17,133,334
David Keast	3,733,333	10,000,000	-	13,733,333
Alan Morton	666,666	-	-	666,666
Christopher Simon England	500,000	-	-	500,000
Company Secretary				
Suraj Sanghani	-	-	-	-
	-	-	-	-
Total	<u>19,861,315</u>	<u>30,000,001</u>	<u>(170,000)</u>	<u>49,691,316</u>

2011

Director/KMP	Balance at beginning of the year	Fully Paid Ordinary Shares Shares Issued as compensation	Net change other	Balance at the end of the year
Directors				
David Alan Zohar	7,743,015	-	84,967 ²	7,827,982
Zhukov Pervan	7,133,334	-	-	7,133,334
David Keast	3,733,333	-	-	3,733,333
Alan Morton	666,666	-	-	666,666
Christopher Simon England	500,000	-	-	500,000
Company Secretary				
Suraj Sanghani	-	-	-	-
Total	<u>19,776,348</u>	<u>-</u>	<u>84,967</u>	<u>19,861,315</u>

1. Denotes share sales on market by David Alan Zohar
2. Denotes shares purchased on market by David Alan Zohar.

2012

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Director/KMP	Balance at beginning of the year	Share Options		Balance at the end of the year
		Options Issued as Compensation	Net change other	
Directors				
David Alan Zohar	11,750,000	-	-	11,750,000
Zhukov Pervan	11,750,000	-	-	11,750,000
David Keast	5,000,000	-	-	5,000,000
Alan Morton	1,000,000	-	-	1,000,000
Christopher Simon England	-	-	-	-
Company Secretary				
Suraj Sanghani	-	-	-	-
Total	29,500,000	-	-	29,500,000

1. All options are vested and exercisable.

2011

Director/KMP	Balance at beginning of the year	Share Options		Balance at the end of the year
		Options Issued as Compensation	Net change other	
Directors				
David Alan Zohar	11,750,000	-	-	11,750,000
Zhukov Pervan	11,750,000	-	-	11,750,000
David Keast	5,000,000	-	-	5,000,000
Alan Morton	1,000,000	-	-	1,000,000
Christopher Simon England	-	-	-	-
Company Secretary				
Suraj Sanghani	-	-	-	-
Total	29,500,000	-	-	29,500,000

Other transactions and balances with Key Management Personnel disclosed in Note 19.

19. RELATED PARTY TRANSACTIONS

(a) Remuneration of Key Management Personnel.

Discussions relating to Key Management Personnel are set out in Note 18.

(b) Transactions with related parties

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

- (i) Subsidiary Companies
- (ii) Administrative and other related transaction

Consulting fees of \$200 (excl GST) (2011: \$17,650) were paid to Lawton Gillon, which is a director related entity of Simon England, during the year ended 30 June 2012 of which nil is outstanding at year end.

Accounting fees of \$2,820 (excl GST) were paid by Black Gold Resources, which is a director related entity of David Zohar, during the year ended 30 June 2012 of which \$2,820 (excl GST) is outstanding at year end.

The Group acquired the use of rental premises and facilities from Iron Mountain Mining Ltd, a director related entity of David Zohar. Costs incurred were \$74,168 (excl GST) (2011: \$65,744) during the year ended 30 June 2012 of which \$3,676 (excl GST) is outstanding at year end (2011: \$23,560).

The Group acquired administration support services from United Orogen Ltd, a director related entity of David Zohar. Costs incurred were \$8 (excl GST) (2011: \$1,229) during the year ended 30 June 2012 of

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which nil is outstanding at year end (2011: nil).

During the year the Group provided secretarial services to Iron Mountain Mining Ltd, Red River Resources Ltd, and United Orogen Ltd. Total amounts charged (excl GST) by the Group during the year ended 30 June 2012 are as follows:

	2012	Unpaid (2012)	2011	Unpaid (2011)
	\$	\$	\$	\$
Iron Mountain Mining Ltd	33,327	-	27,992	6,420
Red River Resources Ltd	27,955	-	27,992	6,420
United Orogen Ltd	18,397	-	824	300
Eagle Nickel Ltd	-	-	932	-
Black Gold Resources Ltd				
Total	79,679	-	57,740	13,140

(iii) Investment in/by related entities

The Group held available for sale financial assets during the financial year in the following related parties:

- 500,000 shares in Eagle Nickel Ltd, a director related entity of David Zohar and Dr Pervan. These shares were on hand at year end. The cost of these shares and options was \$150,000 and the fair value at the end of the period was \$6,500 (2011: \$11,000).
- The Group holds 720,000 shares in Iron Mountain Mining Ltd, a listed public Group related to David Zohar. These shares were on hand at year end. The fair value of the Iron Mountain Mining Ltd shares at the end of the year was \$20,160 (2011: \$62,640).

All transactions with related parties are undertaken on an arms length basis.

20. RECONCILIATION OF THE OPERATING (LOSS) AFTER TAX TO THE NET CASHFLOWS FROM OPERATING ACTIVITIES	2012 \$	2011 \$
Loss for the year	(1,529,156)	(742,380)
Non cash items:		
Depreciation	19,369	19,545
Accrued Expenses		
Impairment expenses	688,524	8,500
		-
Change in assets and liabilities		
Increase in trade creditors and accruals	27,063	(77,940)
Increase/(Decrease) in provisions	(2,936)	(956)
(Increase)/Decrease in receivables	(26,805)	(12,473)
	(823,941)	(805,704)

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Non cash financing & investing activities

On 17 October 2011, Actinogen Limited acquired 100% of Celgenics Limited through the issue of 31,000,003 fully paid ordinary shares in Actinogen Limited. Refer to note 27 to the financial report for details on the acquisition.

No other non-cash financing and investing activities occurred during the year ended 30 June 2012.

Financing facilities available

As at 30 June 2012, the Group had no financing facilities available.

21. SHARE – BASED PAYMENTS

The following share based payments existed at 30 June 2012.

28,500,000 options were issued to the directors of the Group with an exercise price of 50 cents and a term of 5.09 years.

	2012		2011	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	28,500,000	50 cents	28,500,000	50 cents
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year end	28,500,000	50 cents	28,500,000	50 cents
Exercisable at year end	28,500,000	50 cents	28,500,000	50 cents

22. CONTINGENCIES

The Directors are not aware of any contingent liabilities or assets as at 30 June 2012 (2011: Nil).

23. REMUNERATION OF AUDITOR

Amounts paid or payable to BDO Audit (WA) Pty Ltd for:

- an audit or review of the financial statements of the entity

Amounts paid or payable to Rothsay for:

- An audit or review of the financial statements of the entity

	2012 \$	2011 \$
- an audit or review of the financial statements of the entity	-	549
- An audit or review of the financial statements of the entity	30,000	25,000
	<u>30,000</u>	<u>25,549</u>

ACTINOGEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24. SEGMENT INFORMATION

The Group's sole operations are within the biotech industry within Australia.

Given the nature of the Group, its size and current operations, management does not treat any part of the Group as a separate operating segment. Internal financial information used by the Group's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments.

The Group's 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.

25. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 31 July 2012 2,000 options were exercised and on 1 August 2012, 34,303,000 options expired.

No other 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 financial years.

26. SUBSIDIARIES

The consolidated financial statements incorporate assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of Entity	Country of incorporation	Class of shares	Equity Holding	
			2012	2011
			%	%
Celgenics Limited	Australia	Ordinary	100	-

27. BUSINESS COMBINATION

On 17 October 2011, Actinogen Limited acquired 100% of the issued shares in Celgenics Limited, through consideration of the issue of 31,000,003 shares in Actinogen Limited of which 30,000,003 are held on escrow. The acquisition was intended to enable Actinogen Limited to utilise Celgenics' resources and rapidly integrate these into its current R & D programs.

Details of net liabilities acquired and goodwill are as follows:

Purchase Consideration	\$
Shares issued in Actinogen Limited	679,357
Total Purchase Consideration	679,357
The assets and liabilities arising from the acquisition are as follows:	
	Fair Value
	\$
Cash and cash equivalents	234
Receivables	1,552
Plant & Equipment	10,107
Net identifiable liabilities	11,893
Add: Goodwill on acquisition	667,464
	679,357

ACTINOGEN LIMITED
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Revenue and profit contribution

The acquired business attributed nil revenue and a net loss of \$12,620 to the consolidated group for the period 17 October 2011 to 30 June 2012.

ACTINOGEN LIMITED

DIRECTORS DECLARATION

30 JUNE 2012

In the Directors opinion:

1. The financial statements and notes set out on pages 20 to 50, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date;
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosure included in the audited Remuneration Report in the Director's Report comply with Section 300A of the *Corporations Act 2001*.
4. The directors have been given the declaration by the Chief Financial Officer, Suraj Sanghani, as required by section 295A of the *Corporations Act 2001*.
5. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Directors.



David Zohar
Director

31 August 2012
Perth, Western Australia

ACTINOGEN LIMITED

INDEPENDENT AUDITORS REPORT



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ACTINOGEN LIMITED

Report on the financial report

We have audited the accompanying financial report of Actinogen Limited (the Company) which comprises the statement of financial position as at 30 June 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) 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. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants

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

ACTINOGEN LIMITED

INDEPENDENT AUDITORS REPORT



Audit opinion

In our opinion the financial report of Actinogen Limited is in accordance with the *Corporations Act 2001*, including:

- a) (i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report, where the company will have to seek additional funding in order to progress its research and development activities. If the company is unable to obtain additional funding it may indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore whether it will realize its assets and extinguish its liabilities in the normal course of business at the values stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Actinogen Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Graham Swan
Partner

Dated 31 August 2012

ACTINOGEN LIMITED

SHAREHOLDER INFORMATION

Substantial shareholders

The substantial shareholders as at 27 August 2012 were:

Mr David Zohar	20,675,449
Dr Zhukov Pervan	17,133,334
Mr David Keast	13,733,333

Distribution of ordinary shareholders as at 27 August 2012

Range of Holding	Holders	Shares
1-1,000	14	4,232
1,001-5,000	194	769,698
5,001-10,000	215	1,803,724
10,001 - 100,000	435	16,519,821
100,001 – over	85	70,167,234
	943	89,264,709

Share holders with less than a marketable parcel.

526

Distribution of \$0.20 Option Holders as at 27 August 2012

Range of Holding	Holders	Options
1-1,000	3	2,700
1,001-5,000	108	410,687
5,001-10,000	106	855,426
10,001 - 100,000	206	8,425,819
100,001 - over	41	8,511,726
	464	18,206,358

Option holders with less than a marketable parcel.

454

Voting Rights

Each fully paid ordinary share carries voting rights of one vote per share.

Twenty Largest holders of quoted ordinary shares as at 27 August 2012

	Number of Shares	Percentage of Issued Capital
MR DAVID KEAST	10,000,000	11.20
MR DAVID ZOHAR <ZOHAR FAMILY A/C>	10,000,000	11.20
ZP PTY LTD <Z PERVAN SUPER FUND A/C>	10,000,000	11.20
SWANCOVE ENTERPRISES PTY LTD	7,342,333	8.23
DR ZHUKOV PERVAN	6,600,000	7.39
ASSOCIATE PROFESSOR DAVID KEAST	3,733,333	4.18
UNITED OROGEN LIMITED	2,000,000	2.24
NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	1,333,895	1.49
ANZ TISSUE PRODUCTS PTY LTD <NGAI'S FAMILY A/C>	719,214	0.81
PROFESSOR ALAN MORTON	666,666	0.75
CHUCKY PTY LTD <M J TURNER SUPER FUND A/C>	600,000	0.67
EAGLE NICKEL LIMITED	575,964	0.65
Z P PTY LTD <Z PERVAN SUPER FUND A/C>	533,334	0.60
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	500,300	0.56
MR MARK ANTHONY GUSMAN	500,000	0.56
LAWSTAR PTY LTD	500,000	0.56

ACTINOGEN LIMITED

SHAREHOLDER INFORMATION

MS JANICE MARGARET ROLL	500,000	0.56
ALUMINEX RESOURCES LTD	471,500	0.53
EDENCORP PTY LIMITED	460,000	0.52
MR LIANG-PENG LIM + MRS HUI-CHOO LIM <TIGER LP LIM SUPER FUND A/C>	416,000	0.47
TOTAL	57,452,539	64.36

Twenty Largest \$0.20 Quoted Option Holders as at 27 August 2012

	Number of Options	Percentage of Issued Capital
MR MARK ANTHONY GUSMAN	750,000	4.12
EDENCORP PTY LIMITED	420,000	2.31
MR VICTOR LAWRENCE JOYCE + MRS SUSAN JOAN ABRA <VICTOR L JOYCE S/F A/C>	401,500	2.21
TROMSO PTY LIMITED	400,000	2.20
MR MATTHEW DAVID BURFORD	375,000	2.06
MS LYNETTE GAIL IRVINE	330,000	1.81
MR MATTHEW BURFORD	300,000	1.65
CHUCKY PTY LTD <M J TURNER SUPER FUND A/C>	300,000	1.65
DR PAUL MARK HALLEY	273,000	1.50
MR DEREK YEE HAW TAN + MS PHEPY SI PEI LING	250,000	1.37
A G W PTY LTD <A G W SUPER FUND A/C>	200,000	1.10
MR EMMANUELE CHESSARI +	200,000	1.10
MR JOHN BARRY JOHNSTON	200,000	1.10
MR MATTHEW JAMES KILGOUR	200,000	1.10
MR WILLIAM RUSSELL	174,066	0.96
MR EWEN AUSTIN KLOAS	170,000	0.93
ARSENY (ARNY) FEFELOV	166,666	0.92
SVETOZAR KOKIC	166,666	0.92
MR NEWMAN XAVIER PINTO	166,666	0.92
JOHN SIMMONS + CHUMBI SIMMONS <ESSEX S/F A/C>	166,666	0.92
TOTAL	5,610,230	30.81

Unquoted Securities

There were 30,000,003 ordinary unquoted shares and nil unquoted options on issue as at 26 August 2012.

Shares and Options escrowed

There are 30,000,003 ordinary shares escrowed as at 27 August 2012.

ASX Rule 4.10.19

The Group has used its cash and assets in a form readily convertible to cash that it had at time of admission that is consistent with its business objectives.