

**Consolidated  
Financial  
Statements  
for the year ended  
30 June 2014**



# Corporate Directory

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

25 Bridge Street  
Pymble, NSW 2073, Australia

## POSTAL ADDRESS

PO Box 20,  
Gordon, NSW 2072,  
Australia

## BOARD OF DIRECTORS

John Martin (Executive Chairman)  
Professor Graham Vesey (CEO)  
Assoc Professor Ben Herbert (Non-Executive Director)  
Barry Sechos (Non-Executive Director)  
Dr Roger Aston (Non-Executive Director)

## COMPANY SECRETARY

Sandra McIntosh

## WEBSITE

[www.regeneus.com.au](http://www.regeneus.com.au)

## LAWYERS

DibbsBarker  
Level 8, 123 Pitt Street  
Sydney NSW 2000

## AUDITORS

Grant Thornton Audit Pty Ltd  
Level 17  
383 Kent Street  
Sydney NSW 2000

## PATENT ATTORNEYS

Spruson & Ferguson  
Level 35, 31 Market Street  
Sydney, NSW 2000

## SHARE REGISTRY

Link Market Services Limited  
Level 12, 680 George Street

## STOCK EXCHANGE LISTING

Australian Stock Exchange  
ASX Code: RGS

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## MESSAGE FROM THE CHAIRMAN & CEO

On behalf of the Board of Directors, it gives us great pleasure to report on our progress to shareholders over the 12 months to 30 June 2014. The past year has seen several important milestones achieved for Regeneus and good progress in the development of our research and its commercialisation pathways. We completed our IPO and listed on the ASX; progressed our adipose (fat) derived stem cell product developments and early commercialisation activities; established an improved research facility to increase the capability and output of our research and development activities; and secured exclusive worldwide human and veterinary commercialisation rights to a novel therapeutic cancer vaccine developed by the Kolling Institute of Medical Research in Sydney. We can report a year of positive momentum and progress to our shareholders in the fast growing field of regenerative cell therapies.

Our financial results for the period were in line with expectations. A more detailed analysis of operations and financial results is set out in the Directors' Report.

## IPO and ASX Listing

In September 2013, we listed on the Australian Securities Exchange (ASX code – RGS) following an Initial Public Offer which raised \$10.5 million in new equity via the issue of 42 million new shares at an issue price of \$0.25 per share. This valued the company at \$46 million post the IPO. The IPO introduced a number of new shareholders to the company and we welcome these new shareholders to our company. In addition to raising capital to fund the development of activities, this has raised the profile of Regeneus and what we are doing, as well as facilitating access to funding to accelerate our R&D and product development and commercialisation pathways.

## Competitive Positioning and Product Pipeline Overview

Regeneus is competitively positioned as an emerging leader in cell-based regenerative medicine with a diversified and proprietary portfolio of innovative personalised (autologous) and off-the-shelf (allogeneic) stem cell and other biological therapies

	Product	Indication	Preclinical	Phase 1	Phase 2	Phase 3	Marketed
HUMAN	HiQCell	Osteoarthritis	Exempt Biological*				
		Neuropathic Pain	Exempt Biological*				
	Progenza	Osteoarthritis					
	Secretions Cream	Inflammatory Skin Conditions	NICNAS				
	Cancer Vaccine	Oncology	Exempt Biological*				
	Product	Indication	Preclinical	Clinical		Marketed	
Veterinary	CryoShot Canine	Osteoarthritis	Trials (AUS/CAN); INAD open (US)				
	CryoShot Equine	Osteoarthritis	Field Trials (AUS)				
	Kvax	Oncology				AUS/US available for commercialisation	

Autologous Adipose MSC's    
 Allogeneic Adipose MSC's    
 Xenogeneic Adipose MSC's    
 Autologous Tumor Cells    
 \* Exempt biological under Australian regulations

**Autologous cells** - means a patient's own cells

**Allogeneic cells** - means cells from a donor

**Xenogeneic cells** - means cells from a donor of a different species

for human and veterinary health markets with a primary focus on musculoskeletal and oncology applications.

We have been able to accelerate our product development pipeline through using personalised stem cell therapies to treat musculoskeletal conditions for both humans and animals. Personalised cell therapies that use a patient's own stem cells have much lower regulatory hurdles than off-the-shelf therapies that use donor cells.

We have been able to use our clinical development experience in personalised cell therapies to advance our off-the-shelf cell therapies and we have used know-how from product developments for the veterinary applications to accelerate the development of similar products for human applications.

Our product pipeline is underpinned by 11 patent families which are owned and controlled by the company except for intellectual property licensed from the Kolling Institute of Medical Research in Sydney relating to the therapeutic cancer vaccine for both human and veterinary applications.

## HUMAN HEALTH

[HiQCell – a personalised \(autologous\) adipose \(fat\) derived stem cell therapy for human osteoarthritis and other musculoskeletal conditions](#)

HiQCell is a simple, same day medical procedure supervised by a Regeneus licensed treating medical practitioner (TMP).

Regeneus provides the TMP with optimal in-clinic cell processing, handling and storage facilities. As the procedure uses a patient's own cells, it is an exempt biological under the Australian Therapeutic Goods Administration regulatory framework.

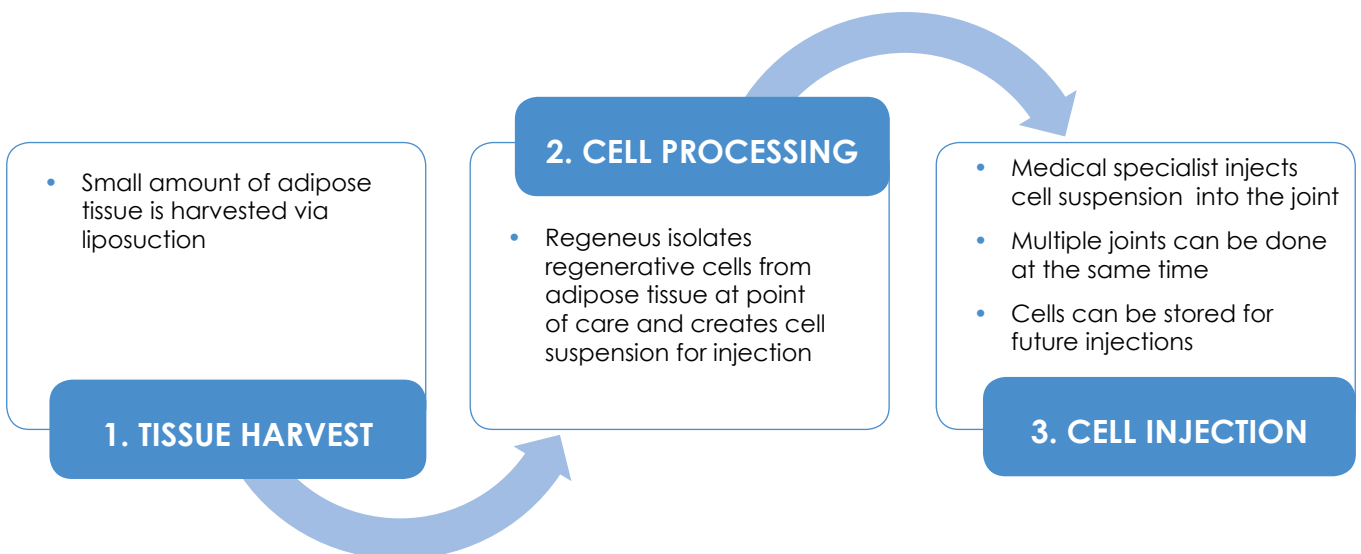
HiQCell is focussed on the treatment gap between symptomatic pain medication and joint replacement. Osteoarthritis is a leading chronic disease in Australia (and other developed countries) with no current cure. It affects approximately 4 million Australians (17% of the population) and is estimated to grow to around 7 million people by 2050. Currently, more than 80,000 knee and hip replacements are performed annually in Australia, with numbers continuing to grow as the population ages.

HiQCell was launched in FY12 through a leading sports medicine practice in Sydney and expanded to Melbourne in FY14.

As at 30 June 2014, we had 12 sports medicine and orthopaedic specialists trained to perform the HiQCell treatments in Sydney, Melbourne and the Gold Coast – an increase of 4 over the past 12 months. To date, more than 530 patients have received HiQCell with over 1,200 joints being treated.

In June 2014, a HiQCell processing centre was established at the new East Sydney Private Hospital. HiQCell was the first ever procedure to be performed at the hospital. Five HiQCell treating medical practitioners are now accredited at the hospital.

We have identified Singapore as our first off-shore location to launch HiQCell for the treatment of arthritic



joints. Singapore is a hub for high end and innovative medical treatments in South East Asia. We are on track to launch our Singapore presence with first treatments likely in Q4 2014. We are also exploring the market opportunity for HiQCell in the UK and are currently in discussions with potential UK medical partners.

Our aim in FY15 is to continue growing treatment numbers by:

- driving our new direct marketing and social media initiatives which we launched in June 2014
- increasing the activity levels and number of HiQCell licensed medical specialists in Australia
- promoting the cryostorage option with HiQCell – as an enhancement to treatment outcomes, product differentiator and additional revenue stream
- publication of further positive HiQCell clinical data and a commitment to further clinical studies
- HiQCell being made available to treat neuropathic pain following the publication of the positive results of treatments in the Journal of Pain Research in May 2014
- exploring other international markets and licensing options

#### Progenza – off-the-shelf (allogeneic) cell therapy treatment for human osteoarthritis

There is a significant opportunity for an effective off-the-shelf allogeneic cell therapy for human osteoarthritis. This is a large potential market. We have developed a proprietary product composition and production method for Progenza, leveraging our CryoShot technology platform and expertise.

We are on track to start our first-in-man trial (safety study) of Progenza in Q2 2015.

After receiving ethics approval, we have procured adipose tissue from human donors and are producing stem cell banks for our clinical trial to assess initial safety and preliminary efficacy in human volunteers with knee OA. We have partnered with Cryosite, which has a TGA registered facility for biologicals handling and storage, to establish a cell production facility in Sydney. This is part of a broader R&D exchange between the companies in relation to tissue handling, cell extraction and cell manufacturing. This is an important milestone in taking our human allogeneic product for osteoarthritis through the regulatory approval process.

The first batch of Progenza has been produced for a pre-clinical study that is now underway in the US. We are on track to have Progenza manufactured in preparation for the human safety trial in Sydney in Q2 2015. Experiments demonstrate that more than 500,000

units of product can be manufactured from one donor.

We have targeted the Japanese market following announcement in November 2013 of new accelerated cell therapy approval processes in Japan which may provide:

- limited safety and efficacy data for conditional licence
- data reporting requirements through registry
- 70% government reimbursement

We understand that the Japanese regulations to support the new laws will be released later this year. This will provide important detail on the new framework for cell therapies which has been specifically designed to fast-track the approval of cell therapies like Progenza without the need for large and expensive Phase III trials. As part of our strategy, we are actively seeking to identify Japanese partners to work with in launching Progenza in the Japanese market.

#### Stem Cell Cream for inflammatory skin conditions

There is an increasing understanding in the scientific community of the importance of the role played by the secretions of stem cells. Stem cells secrete bioactive molecules (cytokines and growth factors) that modulate the immune system to decrease inflammation, stimulate repair and reduce scarring. We have developed a proprietary technology to process, capture and concentrate these cytokines and have identified that the cell secretions in a cream formulation have potential in the treatment of inflammatory skin conditions such as acne, rosacea and psoriasis.

We are pursuing a commercialisation pathway through NICNAS (National Industrial Chemicals Notification and Assessment Scheme), the Federal Government body responsible for regulating cosmetics.

We have commenced a pre-clinical safety study on the secretions cream which will be completed by Q4 2014. We also propose to complete additional safety and efficacy studies as part of NICNAS requirements.

We are optimising the scale-up of the cream manufacturing process to enable a cost effective product for early commercialisation.

#### Human Therapeutic Cancer Vaccine

In July 2014, Regeneus secured the exclusive worldwide rights for human applications of a new therapeutic cancer vaccine technology developed by the Kolling Institute of Medical Research at Royal North Shore Hospital in Sydney.

The therapeutic cancer vaccine has the potential to target a wide range of cancers with a single product. As the vaccine uses the patient's own tumour cells and can be prepared under the supervision of the treating clinician, the local regulatory environment

for biological therapies in Australia (and other major markets) may allow for an accelerated clinical pathway for the autologous cancer vaccine removing the need for expensive and time consuming Phase III trials.

Regeneus will fund a first-in-man trial (safety study) scheduled to commence in Q1 2015. Leading oncologists Professor Stephen Clarke and Associate Professor Nick Pavlakis, from the University of Sydney's Northern Clinical School at the Kolling Institute, will be the investigators on the trial and good progress is being achieved in preparing for the submission of the ethics approval.

## VETERINARY HEALTH

### CryoShot – Allogeneic adipose-derived stem cells to treat canine and equine osteoarthritis

One in five dogs suffer from osteoarthritis, with no current cure. The current treatment options are generally anti-inflammatories, which have a short term impact and can have side effects. The global market for animal anti-inflammatories is estimated to be about \$500 million pa.

CryoShot targets a longer term and more effective pain management market for dogs and horses.

Our opportunity is for CryoShot to be the first registered allogeneic canine cell therapy for osteoarthritis.

Regeneus has been conducting extensive field trials in Australia collecting clinical data during product development. We currently have more than 80 vet practices in Australia participating in our CryoShot field trials for canine and equine musculoskeletal conditions; with more than 2,500 treatments administered to date. These results have been encouraging with a reduction in pain and improvement in mobility noted within 10 days, with continued improvement for at least a month and then that improvement continuing up to 12 months.

While CryoShot remains unregistered we will continue to focus on Clinical trials rather than significant revenue growth.

We are preparing a US registration trial for canine CryoShot and have commenced a supporting pilot double-blind placebo controlled trial in Australia with the latest specification of CryoShot. Initial data from the Australian trial should be available for analysis in Q4 2014.

In addition, we are well underway with leading biological manufacturer, Lonza, in the US on GMP (good manufacturing practice) of CryoShot for the registration trial.

On an indicative basis, we are targeting the following dates:

- Sign off on trial design, product characterisation and manufacture for FDA trial by Q2 2015

- Target animal trial commenced by Q4 2015
- Chemistry and Manufacturing Controls package completed by Q2 2016 and approved in Q4 2016
- Product registered for US market by Q1 2017

We will continue to explore our commercial partnering opportunities for the sales and marketing of CryoShot.

### Kvax – autologous canine cancer vaccine

Kvax is a novel cancer vaccine technology that uses a dog's own tumour cells as a source of therapy. The technology was developed at the Kolling Institute, Royal North Shore Hospital, Sydney. Approximately 27% of dogs will be diagnosed with cancer and 48% of dogs over the age of 10 will die of tumour-related illnesses.

Regeneus holds the exclusive worldwide commercial rights for the veterinary market. We will launch our Kvax product in Australia in Q3 2014. We have established a manufacturing capacity for the vaccine at our facility in Sydney and have commenced a marketing trial in connection with the launch of the product.

We are actively exploring our commercial partner options for Kvax in the US market now that we have US Department of Agriculture (Center for Veterinary Biologics) regulatory clearance to proceed with commercialisation. We have appointed Hennessey Research in the US to manufacture the vaccine. A US marketing trial for bone cancer has commenced.

In addition, we are exploring the regulatory pathway for the launch of Kvax in the UK.

## POST BALANCE DATE

On 15 August 2014, we raised \$3.0m via a placement to institutional and sophisticated investors and announced a Share Purchase Plan for shareholders to raise up to a further \$3.0m. These funds together with cash reserves at 30 June 2014 (\$2.5m), an R&D tax rebate of approximately \$3.7m (expected in late September 2014) and expected sales revenues provides Regeneus with a sound funding platform to progress our initiatives outlined above.

## THANKS TO THE REGENEUS TEAM

We would like to thank the Board, executive management and the entire Regeneus team, including our R&D and commercial partners for their outstanding efforts, energy and passion in their work over the past year. Finally thank you to our shareholders for their continued support of Regeneus and commitment to the development of regenerative medicine.

Your Directors present their report for Regeneus Ltd and its controlled entities (the Group) for the financial year ended 30 June 2014.

## 1.1 DIRECTORS

The names of the Directors in office at any time during or since the end of the year are:

**John Martin**

– Executive Chairman

**Professor Graham Vesey**

– CEO and Executive Director

**Assoc Professor Ben Herbert**

– Non-Executive Director

**Barry Sechos**

– Non-Executive Director

**Dr Roger Aston**

– Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Chairman

**John Martin** has served on the Board of the Company since early 2009 and was appointed Chairman in 2010. John has over 20 years of corporate, commercial and legal experience including roles as CEO and Director of ASX listed and private emerging technology and high growth companies and corporate and executive partner of Allens specialising in M&A, fundraising and corporate advice. He is a non-executive director of Channel Group, Ai-Media and Eagle Eye Solutions (Asia Pacific).

Other Current Directorships	–	none
Previous Directorships (last 3 years)	–	none
Interests in shares	–	6,689,292
Interests in options	–	2,680,355

### CEO

**Dr Graham Vesey** is a co-founder and founding CEO of the Company and has served on the Board since incorporation. Graham is a successful biotechnology entrepreneur, technology innovator and inventor and a highly regarded scientist. Graham was a co-founder and executive Director of the successful biotech start-up, BTF, which was sold to bioMerieux in 2007. Graham is an Adjunct Professor at Macquarie University.

Other Current Directorships	–	none
Previous Directorships of (last 3 years)	–	none
Interests in shares	–	15,495,352
Interests in options	–	2,142,855

### Non-Executive Directors

**Assoc Professor Ben Herbert** is a co-founder and founding Director of the Company and has served on the Board since incorporation. Ben is Assoc.Professor of Translational Regenerative Medicine at University of Sydney Medical School at the Kolling Institute. Ben is a regular presenter at conferences and in the media on regenerative medicine and stem cell technologies. Ben was the former Director of the Proteomics Technology Centre of Expertise at the University of Technology, Sydney, co-founder of Proteome Systems and a key member of the team that set up Australia's first proteomics facility, Australian Proteome Analysis Facility at Macquarie University in 1995.

Other Current Directorships	–	none
Previous Directorships (last 3 years)	–	none
Interests in shares	–	9,009,412
Interests in options	–	nil

**Barry Sechos** has over 20 years experience as a Director, business executive and corporate lawyer with particular experience in investment and asset management. Barry is executive Director of the Sherman Group (a strategic investor in the Company) and sits on the Board of many Sherman Group companies and investee companies.

Other Current Directorships:

Aberdeen Leaders Fund Ltd

Previous Directorships of (last 3 years):

iCash Payment System Ltd

Interests in shares	–	nil
Interests in options	–	nil

**Dr Roger Aston** is one of the most experienced and commercially astute people in drug commercialisation in Australia. Roger brings more than 20 years experience in the pharmaceutical and healthcare industries in senior roles in the United Kingdom, Asia-Pacific and Australia. Roger is also a Director or chairman on a number of Boards carrying out late stage drug development.

Other Current Directorships:

Pharmaust Ltd

Immuron Ltd

Oncosil Ltd

Clinuvel Ltd

Previous Directorships of (last 3 years):

Mayne Pharma Health Ltd

IDT Ltd

Interests in shares	–	nil
Interests in options	–	nil



## Company Secretary

Sandra McIntosh is the Company Secretary and HR Manager. Sandra has been with the Company since 2009, and has 20 years management experience in HR, Customer Service and Finance.

## Principal activities

The principal activities of the Group during the financial year were the development and commercialisation of proprietary adipose-derived stem cell technologies used by physicians and veterinarians to treat musculoskeletal conditions in humans and animals.

No significant change in the nature of these activities occurred during the year.

## Financial Summary

### Operating results

The loss of the Group for the financial year after providing for income tax amounted to \$ 7.5m (2013: \$5.2m) which is in line with expectations. The loss includes an anticipated R and D Tax Concession refund of \$3.7m (2013: \$2.3m)

## Review of operations

### Income

During the financial year the Group results have seen an increase in revenue of 18% to \$2.09m (2013: \$1.77m).

Revenue comprised the following:

	2014 \$	2013 \$
<b>Operating Activities</b>		
Licence fee income	904,000	762,333
Income from sale of goods	998,036	956,612
Interest received	192,607	50,683
Total Revenue	2,094,643	1,769,628

Gross Profit for the year increased 24% to \$1,473k (2013: \$1,189k). The increase was the result of the change in revenue mix between commercial activities (sale of goods) and license fees as detailed above.

Income from Commercial Activities:

**Human Health** – HIQCell revenues increased to \$765k (2013: \$750k). At the end of the year HIQCell procedures were being performed primarily by 7 active practitioners in Sydney and Melbourne at 3 medical facilities in Sydney, 1 in Melbourne and 1 in the Gold Coast. The introduction of the cryopreservation,

allowing patients to have their regenerative cells cryogenically stored for future treatments, has created another source of revenue for Regeneus.

**Veterinary Health** – revenues, mostly from veterinarians using Cryoshot in field trials, increased to \$233k. This excludes the substantial amount of product that is provided at no charge to clinics for research purposes. The focus continues on generating clinical trial data, rather than revenue, for the off-the-shelf product. Cryoshot is made available to veterinarians, on a trial basis, under the Australian Pesticides and Veterinary Medicines Authority Permit 7250.

There was no revenue for the period, from the sale of the new product Kvax.

**Licence Fees** – technology licence fees for Research and Development continue to be an important part of the ongoing relationships Regeneus has with key R&D partners. In December 2013 a new agreement was reached with Cryosite Ltd to expand our R&D activities relating to the manufacture of our off-the-shelf human stem cell product, for clinical trials.

### Expenditure

**Research and Development expenses** – these have increased to \$5.8m (2013: \$4.1m) from both internal and external costs. To comply with the accounting standards, all costs are expensed, in accordance with the Company's policy on Capitalisation of Development Costs.

The internal costs are related to employees, laboratories supplies and equipment expenses. The new premises include a new expanded laboratory for research and production purposes.

**Selling expenses** – there has been significant planned growth in the sales and support teams for all products.

**Occupancy expenses** – these continue to increase in line with the growth of the Group. In February 2014, the Company moved into premises in Pymble that comprise new laboratories, warehouse and offices.

**Corporate expenses** – these include employment, options, patents, compliance and overheads. There were also one-off costs relating to the IPO of \$208k, and an asset disposal of \$103k.

**Income Tax benefit** - the Company estimates receiving a R&D Taxation concession rebate of \$3.7m for FY14 (2013: \$2.3m).

**Cash Flows**

The net cash inflows for the period were

	2014 \$	2013 \$
Net cash (used in) operating activities	(6,239,251)	(4,617,850)
Net cash (used in) investing activities	(1,873,343)	(399,717)
Net cash provided by financing activities	10,209,433	4,900,000
Net change in cash and cash equivalents held	2,096,839	(117,567)

**Operating Activities** – these reflect the increase in research activities, clinical trials and the ongoing growth of the Group.

**Investing Activities** – these include the fit out of the new offices and laboratories, and the expansions of HiQCell clinics.

**Financing Activities** – the net proceeds from the IPO in September 2013.

**Significant changes in state of affairs**

In September 2013, Regeneus raised \$10.5m through an IPO, and became a listed entity on the ASX.

On 24 February 2014, Regeneus South East Asia Pte Ltd was incorporated in Singapore, as a wholly owned subsidiary. This company will be the operating arm for HiQCell procedures to be made available in Singapore later this year.

**Change in accounting policy**

During the year the Group changed its accounting policy with respect to the disclosure of the R&D Tax Incentive. This government run program helps to offset some of the costs of R&D. Annually, the Group claims a refundable tax offset, this incentive is by its nature similar to a grant. The industry generally recognises these grants as other income rather than an income tax benefit. The Group believes that for clarity due to the nature of this item it is more appropriate to disclose as other income enhancing the quality of the information and comparability.

**Events subsequent to the end of the reporting date**

On 15 August 2014, a private placement of \$3m was made to institutional and professional investors and the Company announced it would raise up to a further \$3m by way of a Share Purchase Plan in September 2014.

**Likely developments business strategies and prospects**

Over FY 15 and FY 16 Regeneus will be focussing on the following business initiatives and strategies

**Human Health**

- launch HiQCell in Singapore with first treatment in Q4 2014
- increase HiQCell treatment numbers in Australia
- explore the market opportunity for HiQCell in the UK
- commence our first-in-man trial (safety study) of Progenza in Q2 2015
- identify a Japanese partner for clinical development and launch of Progenza in the Japanese market
- complete pre-clinical safety study on the secretions cream and proceed with additional safety and efficacy studies in Q4 2014 as part of NICNAS requirements
- fund a first-in-man trial (safety study) for the human therapeutic cancer vaccine scheduled to commence in Q1 2015

**Veterinary Health**

- continue the clinical trials of CryoShot for canine and equine osteoarthritis with a double-blind placebo controlled trial in Australia
- commence GMP manufacture in the US of CryoShot for the registration trial, targeting product registered for US market by Q1 2017
- identify a sales and marketing partner for CryoShot
- launch our Kvax product in Australia in Q3 2014.
- identify a sales and marketing partner for Kvax

**Directors' meetings**

The number of meetings of Directors (including committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

Directors' Name	Board Meetings		Audit and Risk Committee		Remuneration and Nominations Committee	
	A	B	A	B	A	B
John Martin	11	11	3	3	2	2
Professor Graham Vesey	11	11	-	-	-	-
Assoc Professor Ben Herbert	11	11	-	-	-	-
Barry Sechos	11	11	3	3	2	2
Dr Roger Aston	11	10	3	3	2	2

Column A is the number of meetings the Director was entitled to attend.

Column B is the number of meetings the Director did attend.

**Dividends paid or recommended**

No dividends have been paid or declared since the start of the financial year (2013: nil).

**1.2 UNISSUED SHARES UNDER OPTION**

Unissued ordinary shares of Regeneus Ltd under option at the date of this report are:

Date of Granting	Expiry Date	Exercise Price of Option (\$)	Number under option
2/06/2010	30/05/2020	0.006	308,040
1/07/2010	28/06/2020	0.136	2,310,300
23/07/2010	20/07/2020	0.136	770,100
1/01/2011	29/12/2020	0.136	539,070
21/02/2011	18/02/2021	0.136	1,001,674
11/03/2011	8/03/2021	0.140	100,000
25/05/2011	22/05/2021	0.280	60,000
25/07/2011	22/07/2021	0.280	25,000
1/07/2011	28/06/2021	0.280	857,143
1/12/2011	28/11/2021	0.280	1,571,428
16/09/2013	15/09/2018	0.250	4,435,710
4/12/2013	3/12/2018	0.250	3,486,400

All unexercised, vested options expire on the earlier of their expiry date or within a period set out in the plans, from termination of employment. These options were issued under the Employee Share Option Plan and Option Trust Share plans, and have been allotted to individuals on condition that they meet the agreed milestones before the options vest. The options do not entitle the holder to participate in any share issue of the Company.

As part of the IPO, 12,740,252 employee options, that had an exercise price of less than 20 cents, were exercised prior to the listing on the 19 September 2013. These were financed by a full recourse loan provided by the Company to the option holders.

### 1.3 SHARES ISSUED DURING OR SINCE THE END OF THE YEAR AS A RESULT OF EXERCISE

During, or since the end of the financial year the Company issued ordinary shares as a result of the exercise of options as follows

Date Options Granted	Number of shares issued	Value of shares issued (\$)
1/07/2009	693,090	2,705
1/01/2010	1,540,200	6,075
1/07/2010	770,100	65,150
1/01/2011	770,100	66,300
17/05/2010	2,310,300	197,668
1/07/2010	3,758,102	281,766
10/06/2010	154,020	13,175
13/08/2010	231,030	19,680
25/08/2010	770,100	66,100
21/02/2011	153,476	17,411
1/09/2010	292,638	24,757
25/05/2011	77,010	9,600
11/03/2011	450,000	121,000
1/01/2012	770,100	158,641
4/12/2013	528,000	172,867

### 1.4 REMUNERATION REPORT (AUDITED)

The Directors of the Group present the Remuneration Report for non-executive Directors, executive Directors and other key management personnel prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The Remuneration Report is set out under the following main headings:

- a - Principles used to determine the nature and amount of remuneration
- b - Details of remuneration
- c - Service agreements
- d - Share based remuneration

#### (a) Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

Regeneus has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board has established a Remuneration and Nominations Committee which operates in accordance with its Charter as approved by the Board and is responsible for making recommendations to the Board for reviewing and approving compensation arrangements for the Directors and the executive team.

The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary; and
- short and long term incentives, being employee bonuses and options.

The Remuneration and Nominations Committee assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

All bonuses, options and incentives are linked to pre-determined performance criteria.

#### Short term incentive (STI)

Regeneus performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Company values.

The performance measures are set annually after consultation with the Directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The KPI's for the Executive Team are summarised as follows:

Performance area:

- Financial - operating results ; and
- Non-financial - strategic goals set for each individual business unit.

The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPIs and extraordinary achievements.

#### Voting and comments made at the Companies last Annual General Meeting

Regeneus received 18,640,103 'For' votes on its Remuneration Report for the financial year ending 30 June 2013. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

#### Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and the previous four (4) financial years:

Item	2014	2013	2012	2011	2010
EPS (cents)	(0.05)	(0.05)	(0.03)	(0.01)	(0.01)
Dividends (cents per share)	\$0	\$0	\$0	\$0	\$0
Net profit / (loss) (\$'000)	(7,523)	(5,195)	(3,261)	(1,093)	(988)
Share price (\$)	\$0.40	\$0.25*	n/a	n/a	n/a

\* \$0.25 Share price on listing 19 September 2013

#### (b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel ('KMP') of Regeneus are shown in the table below:

Executive Directors		Short term employee benefits				Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments	Total (\$)	% of remuneration that is performance based
		Cash salary and fees (\$)	Cash bonus (\$)	Back pay of Directors fees(\$)	Non-monetary benefits (\$)	Superannuation (\$)	Long-term bonus (\$)	Termination payments (\$)	Options (\$)		
John Martin	2014	303,160	137,300	-	-	40,115	-	-	278,030	758,605	55%
	2013	277,667	-	-	-	25,000	-	-	1,187	303,854	0%
Graham Vesey	2014	293,722	45,767	210,069	-	38,398	-	-	272,176	860,132	61%
	2013	275,000	-	-	-	24,750	-	-	-	299,750	0%
<b>Non Executive Directors</b>											
Ben Herbert Independent Non-executive Director	2014	72,083	45,000	22,068	-	-	-	-	-	139,151	0%
	2013	55,000	45,000	-	-	-	-	-	-	100,000	0%
Bary Sechos Independent Non-executive Director	2014	45,000	-	-	-	-	-	-	-	45,000	0%
	2013	25,000	-	-	-	-	-	-	-	25,000	0%
Roger Aston – Independent Non-Executive Director	2014	55,838	-	-	-	3,777	-	-	-	59,615	0%
	2013	49,239	-	-	-	2,167	-	-	-	51,406	0%
Marc Wilkins - Independent Non Executive Director	2014	-	-	-	-	-	-	-	-	-	0%
	2013	25,000	-	-	-	-	-	-	-	25,000	0%
<b>2014 Total</b>		<b>769,803</b>	<b>228,067</b>	<b>232,137</b>	-	<b>82,290</b>	-	-	<b>550,206</b>	<b>1,862,503</b>	
<b>2013 Total</b>		<b>706,906</b>	<b>45,000</b>	-	-	<b>51,917</b>	-	-	<b>1,187</b>	<b>805,010</b>	

The cash bonus and back pay of directors' fees relate to the successful IPO in September 2013, and directors fees that had been incurred in 2009, accrued in 2013, paid this year.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name - Executive Directors	Fixed Remuneration	At Risk - STI	At Risk - Options
John Martin	45%	18%	37%
Graham Vesey	39%	30%	31%

### (c) Service agreements

Remuneration and other terms of employment for the Executive Directors and other key management personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary \$	Term of agreement	Notice period
John Martin	290,000	unspecified	Three months
Graham Vesey	290,000	unspecified	Three months

There are no termination payments provided for in these agreements, other than those required by statute.

## Options

### Options granted over unissued shares.

All options are for ordinary shares in the Company, and are exercisable on a one for one basis.

The options were provided at no cost to the recipients. All options expire on the earlier of their expiry date or within the time period set out in the plan, from termination of the individual's employment.

Details of options over ordinary shares in the Company that were granted as remuneration to each key management personnel are set out below.

	Number granted	Grant date	Value per option at grant date (\$)	Number vested	Number lapsed	Exercise price (\$)	First exercise date	Last exercise date
Graham Vesey	714,285	15/09/2009	0.1561	714,285	-	0.25	1/07/2013	15/09/2018
Graham Vesey	714,285	15/09/2009	0.1561	714,285	-	0.25	30/06/2014	15/09/2018
Graham Vesey	714,285	15/09/2009	0.1561	-	-	0.25	30/06/2015	15/09/2018
John Martin	714,285	15/09/2009	0.1561	714,285	-	0.25	30/06/2013	15/09/2018
John Martin	714,285	15/09/2009	0.1561	714,285	-	0.25	30/06/2014	15/09/2018
John Martin	714,285	15/09/2009	0.1561	-	-	0.25	30/06/2015	15/09/2018
Wild Rose Pty Ltd - John Martin	37,500	15/09/2009	0.1561	37,500	-	0.25	11/09/2013	15/09/2018
John Martin	500,000	30/06/2007	0.1758	500,000	-	0.28	31/12/2011	28/06/2021

### Bonuses included in remuneration

Details of the short-term incentive cash bonuses awarded as remuneration to each Key Management Personnel, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years.

Executive Directors	Included in Remuneration (\$)	Percentage Vested in Year	Percentage Forfeited in Year
John Martin	137,300	100%	0%
Graham Vesey	45,767	100%	0%

### Other information

#### Options held by Key Management Personnel

The number of options to acquire shares in the Company held during the 2014 reporting period by each of the Key Management Personnel of the Group; including their related parties are set out below.

Personnel	Year Ended 30 June 2014						
	Balance at Start of Year	Granted as Remuneration	Exercised	Other Changes	Balance at End of Year	Vested and Exercisable at the End of the Reporting Period	Vested and Un-Exercisable at the End of the Reporting Period
John Martin	4,273,490	2,180,355	3,773,490	-	2,680,355	1,966,070	-
Graham Vesey	1,108,944	2,142,855	1,108,944	-	2,142,855	1,428,570	-
<b>Totals</b>	<b>5,382,434</b>	<b>4,323,210</b>	<b>4,882,434</b>	<b>-</b>	<b>4,823,210</b>	<b>3,394,640</b>	<b>-</b>

#### Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2014 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

Personnel	Year Ended 30 June 2014				
	Balance at Start of Year	Granted as Remuneration	Received on Exercise	Other Changes	Held at the End of Reporting Period
John Martin	3,095,802	-	3,773,490	-	6,869,292
Graham Vesey	13,586,408	-	1,108,944	800,000	15,495,352
Ben Herbert	8,689,412	-	-	320,000	9,009,412
<b>Totals</b>	<b>25,371,622</b>	<b>-</b>	<b>4,882,434</b>	<b>1,120,000</b>	<b>31,374,056</b>

End of audited remuneration report

### 1.5 ENVIRONMENTAL LEGISLATION

Regeneus operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

### 1.6 INDEMNITIES GIVEN TO AUDITORS AND OFFICERS AND INSURANCE PREMIUMS PAID

During the year, Regeneus paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

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 Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of 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 for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

### 1.7 NON-AUDIT SERVICES

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non audit services were subject to the corporate governance procedures adopted by the Company to ensure they do not impact upon the impartiality and objectivity of the auditor: and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did

not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton Audit Pty Ltd, and its related practices for audit and non-audit services provided during the year are set out in Note 25 to the Financial Statements.

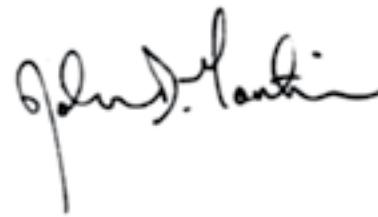
### 1.8 PROCEEDINGS ON BEHALF OF THE GROUP

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

### Auditor's independence declaration

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17 and forms part of this Directors' report.

Signed in accordance with a resolution of the Board of Directors:



John Martin

Executive Chairman

Dated this 22 day of August 2014





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**Auditor's Independence Declaration  
To the Directors of Regeneus Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Regeneus Ltd for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

N.J. Bradley  
Partner – Audit & Assurance

Sydney, 22 August 2014

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, the Group has adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The Group complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition ('the ASX Principles'). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, were in place for the full reporting period.

Further information on the Group's corporate governance policies and practices can be found on Regeneus' website - [www.regeneus.com.au](http://www.regeneus.com.au).

### 3.1 PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### Functions of the Board and Management

The Board of Directors is responsible for the corporate governance of the Group and operates in accordance with the principles set out in its Charter, which is available in the corporate governance section under the Investor Centre on the Regeneus website. To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of Directors and for the operation of the Board. These responsibilities include:

- Setting the strategy for the Group, including operational and financial objectives and ensuring that there are sufficient resources for this strategy to be achieved.
- Appointing and, where appropriate, removing the CEO, approving other key executive appointments and planning for executive succession.
- Overseeing and evaluating the performance of the CEO through a formal performance appraisal process having regard to the Group's business strategies and objectives.
- Monitoring compliance with legal, regulatory and occupational health and safety requirements and standards.
- Overseeing the identification of key risks faced by the Group and the implementation of an appropriate internal control framework to ensure those risks are managed to an acceptable level.
- Approving the Group's budgets, including operational and capital budgets, and the

approval of significant acquisitions, expenditures or divestitures.

- Approval of the annual and half-yearly financial reports.
- Ensuring the market and shareholders are fully informed of material developments.

The responsibility for the operation and administration of the Group is delegated by the Board to the CEO and the executive management team. The Board ensures that both the CEO and executive team are appropriately qualified and experienced to discharge their responsibilities and, as discussed above, has in place procedures to monitor and assess their performance.

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following sub-committees:

- Audit and Risk Committee
- Remuneration and Nominations Committee.

Sub-committees are able to focus on a particular responsibility and provide informed feedback to the Board. Each of these sub-committees have established Charters and operating procedures, which are reviewed on a regular basis. The Board may also establish other sub-committees from time to time to deal with issues of special importance.

#### Senior Executive performance evaluation

The Board reviews the performance of the executive team from time to time. Performance is measured against a set of key performance indicators which have been established with reference to the Group's strategy and the individual's responsibilities.

The Remuneration and Nominations Committee annually reviews and determines the remuneration arrangements for the Executive Chairman and CEO and executive team, submitting their recommendations to the Board for approval.

### 3.2 PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The names of the members of the Board as at the date of this report are as follows:

John Martin

– Executive Chairman

Professor Graham Vesey

– CEO and Executive Director

Assoc Professor Ben Herbert

– Non-Executive Director

Barry Sechos

– Non-Executive Director

Dr Roger Aston

– Non-Executive Director

The Board's composition is determined with regard to the following criteria:

- A majority of Directors having extensive experience in the industries that the Group operates in. With those that do not, having extensive experience in significant aspects of financial reporting and risk management in ASX listed companies.
- Re-election of Directors at least every three years (except for the Executive Chairman and CEO).
- The size of the Board is appropriate to facilitate effective discussion and efficient decision making.
- There are a sufficient number of Directors to serve on Board sub-committees without overburdening the Directors or making it difficult for the Directors to effectively discharge their responsibilities.

With regards to Director independence, the Board has adopted specific principles which state that an independent Director must not be a member of management and must comply with the following criteria:

- Not, within the last three years, have been employed in an executive capacity by Regeneus or any other member of the Group.
- Not be a substantial shareholder.
- Not, within the last three years, have been a professional advisor to the Group either as a principal, or material consultant, or an employee materially associated with the service provided.
- Not be a material supplier or customer of the Group or associated either directly or indirectly with a material supplier or customer of the Group.

At the end of this reporting period the Board comprised of five Directors, two of whom were independent non-executive Directors.

The Board undertakes an annual review of the extent to which each non-executive Director is independent, having regard to the criteria set out in its Charter. As part of this review, each Director is required to make an annual declaration stating their compliance with the independence criteria to the Board. As at the date of this report, the three non-executive Directors have submitted their annual declaration to the Board, and the Board is satisfied that two of the three have retained their independence throughout the reporting period.

Individual details of the Directors, including period in office, Board committee memberships, qualifications, experience and skills are set out in the information on Directors section of the Directors' Report.

#### Role of the Chairman

The Chairman is responsible for the leadership of the Board. This includes taking responsibility for ensuring that the Board functions effectively and that they comply with the continuous disclosure requirements of the ASX with regard to communicating the operations and activities of the Group to shareholders. The Chairman's responsibilities include:

- Setting the agenda for Board meetings.
- Managing the conduct, frequency and length of Board meetings to ensure that all Directors have had the opportunity to establish a detailed understanding of the issues affecting the Group.
- Facilitating the Board meetings to ensure effective communication between the Directors and that all Directors have contributed to the decision-making process thereby leading to a considered decision being made in the best interest of the Group and its shareholders.

#### Remuneration and Nominations Committee

The Remuneration and Nominations Committee oversees the appointment and induction process for Directors and the selection, appointment and succession planning process of the Group's CEO. A copy of the Committee's Charter is available on Regeneus 's website - [www.regeneus.com.au](http://www.regeneus.com.au).

Directors are initially appointed to office by the Board and must stand for re-election at the Group's next annual general meeting of shareholders. Directors must then retire from office and nominate for re-election at least once every three years with the exception of the CEO.

The Remuneration and Nominations Committee comprises of Barry Sechos, Dr Roger Aston and John Martin, being a majority of independent non-executive Directors.

#### Directors' Performance Evaluation

The Board undertakes an assessment of its collective performance, the performance of the Board committees and the Chairman on an annual basis.

#### Independent Professional Advice and Access To Information

Each Director has the right of access to all relevant information in the Group in addition to access to the Group's executives. Each Director also has the right to seek independent professional advice subject to prior consultation with, and approval from, the Chairman. This advice will be provided at the Group's expense and will be made available to all members of the Board.

#### Insurance

The Group has in place a Directors and Officers liability insurance policy providing a specified level of cover for current and former Directors and executive officers of the Group against liabilities incurred whilst acting in their respective capacity.

### 3.3 PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

#### Code of Conduct

The Group recognises the importance of establishing and maintaining high ethical standards and decision making in conducting its business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and employees are expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Group.

Unethical practices, including fraud, legal and regulatory breaches, and policy breaches are required to be reported on a timely basis to management. Reporting parties are able to do so without fear of reprisal or retribution as their identity and report are kept in the strictest confidence.

The Group has established a Code of Conduct a copy of which is available on the Regeneus website – [www.regeneus.com.au](http://www.regeneus.com.au).

#### Share Trading Policy

The Group has established a share trading policy which governs the trading in the Group's shares and applies to all Directors and employees of the Group.

Under this share trading policy, an executive, employee or Director must not trade in any securities of the Group at any time when they are in possession

of unpublished, price sensitive information in relation to those securities.

Before commencing to trade, an executive or employee must first obtain the permission of the Company Secretary to do so, and a Director must obtain the permission of the Chairman. The trading windows are 45 days after the release of the half year results, full year results and the holding of the Annual General Meeting. Trading of securities outside the trading windows can only occur in exceptional circumstances and with the approval of the Chairman for Directors or Key Management Personnel or the Company Secretary for employees.

As required by the ASX listing rules, the Group notifies the ASX of any transaction conducted by Directors in the securities of the Group.

A copy of this policy is available on the Regeneus website - [www.regeneus.com.au](http://www.regeneus.com.au).

#### Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. This diversity policy outlines the requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. The Board has developed the following objectives for achieving diversity and aims to achieve these objectives over the next few years as positions become vacant and appropriately qualified candidates become available. A copy of this policy is available on the Regeneus website - [www.regeneus.com.au](http://www.regeneus.com.au).

	2014		2015-2016	
	No.	%	No.	%
Women on the Board	-	0%	1	14%
Women in Senior Management roles	3	38%	3	38%
Women employees in the Company	25	50%	25	50%

### 3.4 PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

#### Audit and Risk Committee

An Audit and Risk Committee has been established by the Board. The Committee's role and operations are documented in a Charter.

The Committee's Charter provides that the majority

of members of the Audit and Risk Committee must be Independent Non-Executive Directors and that the Chair cannot be the Chairman of the Board. Members of the Committee throughout the period and at the date of this report were Barry Sechos, Dr Roger Aston and John Martin, the majority of whom are Independent Non-Executive Directors of the Group.

The purpose of the Committee is to:

- Ensure the integrity of the Group's internal and external financial reporting including compliance with applicable laws and regulations.
- Ensure that financial information provided to the Board is of a sufficiently high quality to allow the Board to make informed decisions.
- Ensure that appropriate and effective internal systems and controls are in place to manage the Group's exposure to risk.
- Oversee the appointment, compensation, retention and oversight of the external auditor, and review of any non-audit services provided by the external auditor.
- Regularly review the performance of the external auditor regarding quality, costs and independence.

The Audit and Risk Committee is required under the Charter to meet quarterly and otherwise as necessary. The Committee met three times during the year and Committee members' attendance records are disclosed in the Audit and Risk Meeting Minutes.

The Chief Financial Officer and external auditor may also attend the Committee meetings by invitation. Other Directors and management are invited to attend Committee meetings and participate in discussion relating to specific issues that they have an interest in.

The Committee is authorised to obtain independent legal advice at the Group's expense if it considers it necessary in fulfilling its duties.

A copy of the Risk and Audit Committee charter is available on the Regeneus website – [www.regeneus.com.au](http://www.regeneus.com.au).

### 3.5 PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Regeneus has established policies and procedures to ensure timely and balanced disclosure of all material matters concerning the Group, and ensure that all shareholders have access to information on the Group's financial performance. This ensures that the Group is compliant with the information disclosure requirements under the ASX Listing Rules.

These policies and procedures include a comprehensive Continuous Disclosure Policy that includes identification of matters that may have a material impact on the price of Regeneus securities, notifying them to the ASX, posting relevant information on the Group's website and issuing media releases.

Matters involving potential market sensitive information must first be reported to the Chairman either directly or via the Company Secretary. The Chairman will advise the other Directors if the issue is important enough to warrant the consideration of the full Board. In all cases the appropriate action must be determined and carried out in a timely manner in order for the Group to comply with the Information Disclosure requirements of the ASX.

Once the appropriate course of action has been agreed upon, either the Chairman or Company Secretary will disclose the information to the relevant authorities, being the only authorised officers of the Group who are able to disclose such information. Board approval is required for market sensitive information such as financial results, material transactions or upgrading/downgrading financial forecasts.

A copy of the Continuous Disclosure Policy is available on the Regeneus website – [www.regeneus.com.au](http://www.regeneus.com.au).

### 3.6 PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Regeneus has established a Shareholder Communication Policy which describes the Group's approach to promoting effective communication with shareholders which includes:

- The annual report, including relevant information about the operations of the Group during the year, key financial information, changes in the state of affairs and indications of future developments. The annual report can be accessed either through the ASX website or Regeneus' website [www.regeneus.com.au](http://www.regeneus.com.au).
- The half year and full year financial results are announced to the ASX and are available to shareholders via the Regeneus and ASX websites.
- All announcements made to the market and related information (including new presentations to shareholders and information provided to analysts or the media during briefings), are made available to all shareholders under the investor information section of Regeneus's website after they have been released to the ASX.
- Detailed notices of shareholder meetings are sent to all shareholders in advance of the meeting.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the adoption of the Group's remuneration report, the granting of options and shares to Directors and changes to the Constitution.

The external auditor attends the Annual General Meeting to answer any questions concerning the audit of the Group and the contents of the auditor's report.

### 3.7 PRINCIPLE 7: RECOGNISE AND MANAGE RISK

#### Risk Management Framework

Regeneus recognises that a robust risk management framework is essential for corporate stability, protecting the interests of its stakeholders and for sustaining its competitive market position and long term performance.

The following objectives drive the Group's approach to risk management:

- Having a culture that is risk aware and supported by high standards of accountability at all levels.
- Promoting and achieving an integrated risk management approach whereby risk management forms a part of all key organisational processes.
- Supporting more effective decision-making through better understanding and consideration of risk exposures.
- Increasing shareholder value by protecting and improving share price and earnings per share in the short to medium term while building a sustainable business in the longer term.
- Safeguarding the Group's assets.
- Enabling the Board to fulfil its governance and compliance requirements.
- Supporting the sign off for ASX Principles 4 and 7 by the Chief Executive Officer and Chief Financial Officer.

In achieving effective risk management, Regeneus recognises the importance of leadership. As such, the Board and executive management have responsibility for driving and supporting risk management across the Group.

#### Audit and Risk Committee

Under its Charter, the Audit and Risk Committee has been delegated responsibility by the Board to oversee the implementation and review of risk management and related internal compliance and control systems throughout the Group.

The Committee reviews the appropriateness and adequacy of internal processes for determining, assessing and monitoring risk areas including the assessment of the effectiveness of the Group's internal compliance and controls including:

- The existence and adequacy of key policies and procedures.
- The adequacy of disclosures and processes for regular reporting of information to the appropriate parties, including the Board.

The Committee is also responsible for monitoring the Group's compliance with applicable laws and regulations including:

- Ensuring that management is reviewing developments and changes in applicable laws and regulations relating to the Group's responsibilities.
- Reviewing management's actions and responses to ensure that the Group's practices are compliant with all new developments.
- Reviewing material actual and suspected breaches of applicable laws and regulations, and any breaches of Group policies.
- Reviewing material litigation, legal claims, contingencies or significant risks relating to the Group.
- Reviewing Director and executive management related party transactions.

The Audit and Risk Committee reports to the Board on the major issues and findings that are presented and discussed at its meetings.

#### Corporate reporting

Management has implemented a risk management and internal control system to manage the Group's material business risks reports on whether those risks are being effectively managed.

The Chief Executive Officer and Chief Financial Officer, in addition to the executive management have reported and declared in writing to the Board as to the effectiveness of the Group's management of its material business risks, in accordance with Recommendation 7.2 of the ASX Corporate Governance Principles.

The Board has received the relevant declarations from the Chief Executive Officer and Chief Financial

Officer in accordance with s295A of the Corporations Act 2001 and the relevant assurances required under Recommendation 7.3 of the ASX Corporate Governance Principles.

### 3.8 PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

#### Remuneration and Nominations Committee

As previously stated in Principle 2, the Board has established a Remuneration and Nomination Committee whose role is documented in a Charter, which is approved by the Board.

The objective of the Committee with respect to its remuneration function is to assist the Board in determining appropriate remuneration arrangements for the Directors and executive management.

These objectives include:

- Reviewing the adequacy and form of remuneration of Independent Non-Executive Directors.
- Ensuring that the remuneration of the Independent Non-Executive Directors is reflective of the responsibilities and the risks of being a Director of the Group.
- Reviewing the contractual arrangements of the CEO and the executive management team including their remuneration.
- Comparing the remuneration of the CEO and executive management to comparable groups within similar industries to ensure that the remuneration on offer can attract, retain and properly reward performance which will translate into long term growth in shareholder value.
- Annually review key performance indicators of the CEO and executive team to ensure that they remain congruent with the Group's strategies and objectives.
- Reviewing the basis for remuneration of other Executive Directors of the Group for their services as Directors.
- Reviewing incentive performance arrangements when instructed by the Board.
- Reviewing proposed remuneration arrangements for new Director or executive appointments.

The Committee will submit their recommendations to the Board regarding the remuneration arrangements and performance incentives for the CEO and executive team. The Board will review these recommendations before providing their approval.

Details of the Group's remuneration structure and details of senior executives' remuneration and incentives are set out in the Remuneration Report contained within the Directors' Report. The Remuneration Report also contains details on the structure of Non-Executive Director Remuneration.

### 3.9 ASX LISTING RULE DISCLOSURE – EXCEPTION REPORTING

The following table discloses the extent to which Regeneus, as at the 30th June 2014, has not followed the best practice recommendations set by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition). As the Company was listed on the ASX on 19 September 2013, it is now focusing on putting into place the best practice recommendations.

Principle No	Best Practice Recommendation	Compliance	Reasons for Non-compliance
2.2	The chair should be an independent director	Currently, the Company has an Executive Chairman.	The person has been selected as Chairman to bring specific skills and industry experience relevant to the Company. Given the size of the Company and the stage of its development, the Board considers that this appointment is appropriate until such time that a better alternative can be identified.
4.2	The audit committee should be structured so that it consists only of non-executive directors	The Company's Audit and Risk Committee currently has three members, two who are Non executive Directors.	Given the present size of the Company and the Board, the Audit and Risk Committee currently has only 2 independent Non-executive Directors as members. The Board believes no efficiencies or other benefits could be gained by altering the structure of the Audit and Compliance Committee.

## 04

Consolidated Statement of Profit or Loss  
and Other Comprehensive Income

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014			
	Note	2014 \$	2013 \$
Revenue	6	2,094,643	1,769,628
Cost of sales	7	(621,498)	(580,526)
<b>Gross profit</b>		<b>1,473,145</b>	<b>1,189,102</b>
Other income	6	3,867,666	2,627,885
Research & development expenses		(5,758,409)	(4,134,478)
Selling expenses		(2,253,138)	(1,783,534)
Occupancy expenses		(627,913)	(468,592)
Corporate expenses		(3,875,367)	(2,296,770)
Finance costs	7	(349,202)	(328,660)
<b>Loss before income tax</b>		<b>(7,523,218)</b>	<b>(5,195,047)</b>
Income tax benefit	24	-	-
<b>Loss for the year</b>		<b>(7,523,218)</b>	<b>(5,195,047)</b>
Other comprehensive income		1,154	-
<b>Total comprehensive loss for the year</b>		<b>(7,522,064)</b>	<b>(5,195,047)</b>
<b>Earnings per share</b>			
Basic earnings per share			
Earnings per share from continuing operations	26	(0.05)	(0.05)
Diluted earnings per share			
Earnings per share from continuing operations	26	(0.05)	(0.05)



Consolidated Statement of Financial Position as at 30 June 2014			
	Note	2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents	8	2,507,497	410,658
Other financial assets	9	127,754	122,926
Trade and other receivables	10	134,266	26,576
Inventories	11	205,709	231,057
Current tax assets	17	3,730,576	2,327,288
Other current assets	12	383,472	251,689
<b>Total current assets</b>		<b>7,089,274</b>	<b>3,370,194</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	1,361,529	608,563
Intangible assets	14	30,001	44,677
Other non current assets	15	1,778,250	-
<b>Total non-current assets</b>		<b>3,169,780</b>	<b>653,240</b>
<b>Total assets</b>		<b>10,259,054</b>	<b>4,023,434</b>
<b>Current liabilities</b>			
Trade and other payables	16	921,004	1,842,458
Provisions	18	167,751	149,801
Financial liabilities	19	-	4,900,000
Other current liabilities	20	608,900	-
<b>Total current liabilities</b>		<b>1,697,655</b>	<b>6,892,259</b>
Non current liabilities			
Other non current liabilities	20	253,371	-
<b>Total non-current liabilities</b>		<b>253,371</b>	<b>-</b>
<b>Total liabilities</b>		<b>1,951,026</b>	<b>6,892,259</b>
<b>Net assets / (Net liabilities)</b>		<b>8,308,028</b>	<b>(2,868,825)</b>
<b>Equity</b>			
Issued capital	21.1	24,908,920	6,651,935
Retained earnings / (Accumulated losses)		(18,792,423)	(11,269,205)
Reserves	21.2	2,191,531	1,748,445
<b>Total equity</b>		<b>8,308,028</b>	<b>(2,868,825)</b>

## 06

## Consolidated Statement of Changes in Equity

	For year ended 30 June 2014						
	Share Capital \$'000	Share Option Reserve \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve \$'000	Total Attributable to Parent Owners \$'000	Non - Controlling Interest \$'000	Total Equity \$'000
<b>Balance at 1 July 2012</b>	<b>6,651,935</b>	<b>1,441,804</b>	<b>(6,145,049)</b>		<b>1,948,690</b>	-	<b>1,948,690</b>
Reported loss for the year	-	-	(5,195,047)	-	(5,195,047)	-	(5,195,047)
Reported other comprehensive income	-	-	-	-	-	-	-
Employee share-based payment option expense	-	377,532	-	-	377,532	-	377,532
Shares issued on exercise of options	-	-	-	-	-	-	-
Transfer to share capital for options exercised	-	-	-	-	-	-	-
Issue of share capital - net of transaction costs	-	-	-	-	-	-	-
Transfer from reserves to retained earnings for options forfeited	-	(70,891)	70,891	-	-	-	-
<b>Balance at 30 June 2013</b>	<b>6,651,935</b>	<b>1,748,445</b>	<b>(11,269,205)</b>	-	<b>(2,868,825)</b>	-	<b>(2,868,825)</b>
<b>Balance at 1 July 2013</b>	<b>6,651,935</b>	<b>1,748,445</b>	<b>(11,269,205)</b>	-	<b>(2,868,825)</b>	-	<b>(2,868,825)</b>
Reported loss for the year	-	-	(7,523,218)	-	(7,523,218)	-	(7,523,218)
Reported other comprehensive income	-	-	-	1,154	1,154	-	1,154
Employee share-based payment option expense	-	1,647,792	-	-	1,647,792	-	1,647,792
Shares issued on exercise of options	1,650,438	-	-	-	1,650,438	-	1,650,438
Transfer to share capital for options exercised	1,205,860	(1,205,860)	-	-	-	-	-
Issue of share capital - net of transaction costs	15,400,687	-	-	-	15,400,687	-	15,400,687
Transfer from reserves to retained earnings for options forfeited	-	-	-	-	-	-	-
<b>Balance at 30 June 2014</b>	<b>24,908,920</b>	<b>2,190,377</b>	<b>(18,792,423)</b>	<b>1,154</b>	<b>8,308,028</b>	-	<b>8,308,028</b>

## 07

## Consolidated Statement of Cash Flows

## Statement of cash flows for year ended 30 June 2014

	Note	2014 \$	2013 \$
<b>Operating activities</b>			
Receipts from customers		1,984,467	2,318,031
Payments to suppliers and employees		(10,803,142)	(8,665,253)
Interest received		127,151	50,683
Other income		137,090	-
R&D tax refund		2,327,288	1,678,689
Finance costs		(12,105)	-
<b>Net cash (used in) operating activities</b>	<b>27</b>	<b>(6,239,251)</b>	<b>(4,617,850)</b>
<b>Investing activities</b>			
Investment in short-term deposit		(4,828)	(122,926)
Purchase of property, plant and equipment		(1,174,695)	(262,223)
Purchase of intangibles		(1,180)	(14,568)
Deposits		(692,640)	-
<b>Net cash (used in) investing activities</b>		<b>(1,873,343)</b>	<b>(399,717)</b>
<b>Financing activities</b>			
Proceeds from issue of shares		10,209,433	-
Proceeds from issue of Convertible Notes		-	4,900,000
<b>Net cash provided by financing activities</b>		<b>10,209,433</b>	<b>4,900,000</b>
Net change in cash and cash equivalents held		2,096,839	(117,567)
Cash and cash equivalents at beginning of financial year		410,658	528,225
<b>Cash and cash equivalents at end of financial year</b>	<b>8</b>	<b>2,507,497</b>	<b>410,658</b>

## 1 NATURE OF OPERATIONS

Regeneus is a Sydney-based ASX listed regenerative medicine company that develops and commercialises innovative personalised and off-the-shelf adipose (fat) derived stem cell and other biological therapies for human and veterinary health markets with a focus on musculoskeletal and oncology conditions. Regenerative medicine is a rapidly growing multi-disciplinary specialty that is focused on the repair or regeneration of cells, tissues and organs. The primary goal is to enhance the body's natural ability to replace tissue damaged or destroyed by injury or disease.

The commercial activities are conducted in business units:

- Human Health
- Veterinary Health

## 2 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Regeneus Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial statements cover Regeneus Ltd and its controlled entities as a consolidated entity ("The Group"). As at the 30 June 2014, Regeneus is a Public Group, incorporated and domiciled in Australia.

The address of its registered office and its principal place of business is 25 Bridge St, Pymble, NSW 2073, Australia.

### Statement of compliance

Compliance with Australian Accounting Standards ensures that the financial statements and notes of Regeneus comply with International Financial Reporting Standards (IFRS) as issued by the IASB.

The consolidated financial statements for the year ended 30 June 2014 were approved and authorised for issue by the Board of Directors on 22 August 2014.

### Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

Adoption of new and revised accounting standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

Significant effects on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts are described in the following notes:

### Changes in accounting policy

During the year, the Group changed its accounting policy with respect to the disclosure of the R&D Tax Incentive. The Group now recognises the R&D Tax Incentive as Other Income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The Group believes the new policy is preferable as it more closely aligns the accounting for these incentives as income rather than a tax offset and it is now included with other similar income.

Additionally, as it is widely recognised that these grants are other income the change will provide clarity and enhance the comparability of the reports. The impact of this change in accounting policy, on the consolidated financial statements, is to reduce the tax benefit to nil and increase the other income in both years being reported. The impact on each line item of the financial statements is shown in the table on the next page:

Changes to Statement of Profit or Loss and Other Comprehensive Income (extract)	2014 \$			2013 \$		
	Previous Amount \$	Adjustments \$	Restated Amount \$	Previous Amount \$	Adjustments \$	Restated Amount \$
Other income	137,090	3,730,576	3,867,666	300,597	2,327,288	2,627,885
Loss before income tax	(11,253,794)	3,730,576	(7,523,218)	(7,522,335)	2,327,288	(5,195,047)
Income tax benefit	3,730,576	(3,730,576)	-	2,327,288	(2,327,288)	-

### New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013. Information on these new standards is presented below.

#### AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

#### AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

#### Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits. The amendments which impact the Group related to the following:

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

Management have assessed the impact of this change and noted that it is not material to the Group for the year ended 30 June 2014 and 30 June 2013.

### Accounting Standards issued but not yet effective and not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

#### AASB 2014-1 Amendments to Australian Accounting Standards

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle. Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- (a) clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and
- (b) amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.

#### AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- (b) Allows 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 (instead of in profit or loss). 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.
- (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
  - The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

### 3 SUMMARY OF ACCOUNTING POLICIES

#### Overall Considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

##### a. Basis of Consolidation

A controlled entity is any entity that Regeneus has the power to control the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 4 to the financial statements. All controlled entities have a June financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. All inter-Group balances and transactions between entities in the Group have been eliminated on consolidation.

##### b. Segment Reporting

The Group has two operating segments: Human Health and Veterinary Health. In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group. (see note 5)

There has been a change from prior periods in the measurement methods used to determine reported segment profit or loss. Research and Development is now not considered to be a commercial operating segment.

Each of these operating segments is managed separately as each of these service lines require different technologies and other resources as well as marketing approaches.

The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements, except that expenses related to share-based payments are not included in arriving at the operating profit of the operating segments. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

##### c. Going concern basis of accounting

Notwithstanding the consolidated entity incurring a net loss for the year, negative operating cash flows from operations and accumulated losses, the Directors have prepared the financial statements on a going concern basis. As at 30 June 2014 Regeneus had positive net assets. On 15 August 2014 the Company raised \$3m in additional equity which along with the R&D rebate ensures available funds for its ongoing operations.

##### d. Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

##### e. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### f. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to

apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

#### g. Inventories

Inventories are measured at the lower of cost and net realisable value. The average cost method has been used to value inventory. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### h. Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

#### i. Depreciation

The depreciable amount of fixed assets are depreciated on either a straight line or reducing balance basis over their useful lives to the Consolidated entity commencing from the time the asset is held ready for use. Leased assets are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office equipment reducing balance	2.5% - 67%
Laboratory equipment reducing balance	20% - 30%
Office fit out straight line	20%
Leasehold improvements straight line	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period 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. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

#### j. Intangibles

Intangible assets include acquired software. Intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a reducing balance basis over their estimated useful lives, as these assets are considered finite. Amortisation commences from the date the asset is brought into use. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure is expensed as incurred.

Costs associated with maintaining intangibles are expensed as incurred.

The amortisation rate used for acquired software is 25% reducing balance.

The company has reviewed its policy not to capitalise development costs unless they meet the criteria as set in AASB 118. All not meeting these criteria are expensed.

#### k. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that the assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required (i.e. intangible assets with indefinite useful lives and intangible assets not yet available for use), the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or



groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

To determine the value-in-use, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

#### **l. Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

#### **m. Foreign Currency Transactions and Balances**

##### **Functional and presentation currency**

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in

Australian dollars which is the Consolidated entity's functional and presentation currency.

##### **Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

#### **n. Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets 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. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

**Financial liabilities**

The Group's financial liabilities include trade and other payables, and finance lease obligations.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

**o. Equity and Reserves**

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- Option reserve - comprises equity-settled share based remuneration plans for the Groups employees.
- Retained earnings/(Accumulated losses) include all current and prior period retained profits/(losses).

**p. Post-employment benefits and short-term employee benefits**

The Group pays fixed contributions into independent entities in relation to several plans.

The Groups has no legal or constructive obligations to pay contributions in addition to fixed contributions, which are recognised as an expense in the period that the relevant employee services are received.

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. All amounts are expected to be settled within 1 year.

**q. Share-based employee remuneration**

The Group operates equity-settled share-based remuneration plans for its employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding

credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

**r. Revenue**

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Consolidated Group. Revenue is measured at the fair value of the consideration received or receivable. Licence fee revenue is recognised on a straight line basis over the period that the licence covers.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue relating to the provision of services is recognised when the services are provided.

Interest revenue is recognised using the effective interest rate method.

All revenue is stated net of the amount of goods and services tax (GST).

**s. 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 Taxation 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.

**t. Research and development**

Expenditure during the research phase of a project is recognised as an expense when incurred. The research

and development tax incentive is calculated and accrued at year end. The amount is credited to income tax expense and the receivable is included in the Consolidated Statement of Financial Position as a current tax asset.

#### u. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

#### v. Significant management judgements and estimates in applying accounting policies

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### Estimation Uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below. Actual results may be substantially different.

#### Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

#### Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date.

## 4 CONTROLLED ENTITIES

Set out below are details of the subsidiaries held directly by the Group

Name of the Subsidiary	Country of Incorporation & Principal Place of Business	Principal Activity	Group Proportion of	
			Ownership Interests	Ownership Interests
			30-Jun-14	30-Jun-13
Regeneus Animal Health Pty Ltd	Australia – 25 Bridge St, Pymble, NSW 2073, Australia	Non trading	100%	100%
Cell Ideas Pty Ltd	Australia – 25 Bridge St, Pymble, NSW 2073, Australia	Non trading – owns various IP	100%	100%
Regeneus South East Asia Pte Ltd – incorporated on 24th February 2014	Singapore - 4 Sussex Gardens, Singapore,	Singapore operating entity	100%	-

**5 SEGMENT REPORTING**

Management currently identifies the Group's two service lines as its operating segments (see Note 3b). These operating segments are monitored by the Group's management committee, and strategic decisions are made on the basis of adjusted segment operating results.

Segment information for the reporting period is as follows:

	Human 2014 \$	Veterinary 2014 \$	Total 2014 \$
<b>Revenue</b>	<b>765,215</b>	<b>232,821</b>	<b>998,036</b>
Cost Of Goods Sold	(539,522)	(81,976)	(621,498)
<b>Segment Gross Profit</b>	<b>225,693</b>	<b>150,845</b>	<b>376,538</b>
Research & development expenses	(105,777)	(263,412)	(369,189)
Selling expenses	(886,473)	(320,695)	(1,207,168)
Occupancy expenses	(46,780)	(15,033)	(61,813)
Corporate expenses	(604,123)	(238,130)	(842,253)
<b>Segment expenses</b>	<b>(1,643,153)</b>	<b>(837,270)</b>	<b>(2,480,423)</b>
<b>Segment operating Loss</b>	<b>(1,417,460)</b>	<b>(686,425)</b>	<b>(2,103,885)</b>
Segment assets	281,014	61,802	342,816

	Human 2013 \$	Veterinary 2013 \$	Total 2013 \$
<b>Revenue</b>	<b>749,600</b>	<b>207,012</b>	<b>956,612</b>
Cost Of Goods Sold	(486,163)	(94,363)	(580,526)
<b>Segment Gross Profit</b>	<b>263,437</b>	<b>112,649</b>	<b>376,086</b>
Research & development expenses	(149,497)	(52,569)	(202,066)
Selling expenses	(699,375)	(268,079)	(967,454)
Occupancy expenses	(48,524)	(18,332)	(66,856)
Corporate expenses	(379,115)	(161,024)	(540,139)
<b>Segment expenses</b>	<b>(1,276,511)</b>	<b>(500,004)</b>	<b>(1,776,515)</b>
<b>Segment operating Loss</b>	<b>(1,013,074)</b>	<b>(387,355)</b>	<b>(1,400,429)</b>
Segment assets	171,204	3,212	174,416

	2014 \$	2013 \$
<b>Revenues</b>		
Total reportable segment revenues	998,036	956,612
Other revenues	1,096,607	813,016
<b>Group revenues</b>	<b>2,094,643</b>	<b>1,769,628</b>
<b>Profit or loss</b>		
Total reportable segment operating Loss	(2,103,885)	(1,400,429)
Other segment revenue	1,096,607	813,016
Other Income	3,867,666	2,627,885
Research & development expenses	(5,389,220)	(3,932,412)
Selling expenses	(1,045,971)	(816,079)
Occupancy expenses	(566,100)	(401,737)
Corporate expenses	(3,033,113)	(1,756,631)
Finance costs	(349,202)	(328,660)
<b>Group loss before tax</b>	<b>(7,523,218)</b>	<b>(5,195,047)</b>
<b>Assets</b>		
Total reportable segment assets	342,816	174,416
Other non segment current assets	6,955,008	3,343,618
Non segment Fixed Assets	1,152,979	460,723
Other non segment non current assets	1,808,251	44,677
<b>Group Assets</b>	<b>10,259,054</b>	<b>4,023,434</b>

**6 REVENUE**

	2014 \$	2013 \$
<b>Operating activities</b>		
Licence fee income	904,000	762,333
Income from sale of goods	998,036	956,612
Interest received	192,607	50,683
<b>Total revenue</b>	<b>2,094,643</b>	<b>1,769,628</b>
<b>Other income</b>		
Grant income	100,841	93,088
R&D tax incentive	3,730,576	2,327,288
Other income	36,249	207,509
<b>Total other income</b>	<b>3,867,666</b>	<b>2,627,885</b>

**7 RESULTS FOR THE YEAR**

The results for the year have been arrived at after charging the following items

	2014 \$	2013 \$
<b>a. Expenses</b>		
Cost of sales	621,498	580,526
Rental expense on operating leases - minimum lease payments	247,911	167,012
Amortisation of intangible assets	15,855	14,953
Depreciation	317,821	180,511
Loss on disposal of assets	103,908	-
Employment expenses (excludes share based payments)	4,632,604	3,263,827
Share based payments	1,647,792	377,530
Write-off of inventories	2,956	22,815
<b>b. Finance costs:</b>		
- Interest expense	342,305	323,291
- Bank charges	6,897	5,369
<b>Total finance costs</b>	<b>349,202</b>	<b>328,660</b>

**8 CASH AND CASH EQUIVALENTS**

Cash and other cash equivalents include the following components

	2014 \$	2013 \$
Cash on hand	500	624
Cash at Bank (AUD account)	2,482,160	410,034
Cash at Bank (SGD account)	24,837	-
<b>Total cash and cash equivalents</b>	<b>2,507,497</b>	<b>410,658</b>

**9 OTHER FINANCIAL ASSETS**

	2014 \$	2013 \$
Term deposits	127,754	122,926
<b>Total other financial assets</b>	<b>127,754</b>	<b>122,926</b>

**10 TRADE AND OTHER RECEIVABLES**

Trade and other receivables consist of the following

	2014 \$	2013 \$
Trade receivables	134,266	26,576
<b>Total trade and other receivables</b>	<b>134,266</b>	<b>26,576</b>

All amounts are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. All of the Group's trade and other receivables have been reviewed for indicators of impairment of which none were noted.

**11 INVENTORIES**

Inventories consist of the following

	2014 \$	2013 \$
Raw materials and consumables at cost	205,709	231,057
<b>Total inventories</b>	<b>205,709</b>	<b>231,057</b>

**12 OTHER CURRENT ASSETS**

	2014 \$	2013 \$
<b>Other current assets</b>		
Prepayments	137,702	89,122
Security deposits	150,000	63,217
GST receivables	95,770	94,018
Other receivables	-	5,332
<b>Total other current assets</b>	<b>383,472</b>	<b>251,689</b>

**13 PLANT AND EQUIPMENT**

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Office Equipment \$	Lab Equipment \$	Leasehold Improvements \$	Equipment in Clinics \$	Office Fit Out \$	Total \$
<b>Gross carrying amount</b>						
Balance 1 July 2013	175,035	376,902	213,018	188,716	-	953,671
Additions	29,141	47,275	-	132,459	972,265	1,181,140
Disposals		(8,668)	(213,018)	(3,323)	-	(225,009)
<b>Balance 30 June 2014</b>	<b>204,176</b>	<b>415,509</b>	<b>-</b>	<b>317,852</b>	<b>972,265</b>	<b>1,909,802</b>
<b>Depreciation and impairment</b>						
Balance 1 July 2013	(79,217)	(147,534)	(77,481)	(40,876)	-	(345,108)
Disposals	-	8,199	105,882	575	-	114,656
Depreciation	(37,320)	(89,009)	(28,401)	(69,001)	(94,090)	(317,821)
<b>Balance 30 June 2014</b>	<b>(116,537)</b>	<b>(228,344)</b>	<b>-</b>	<b>(109,302)</b>	<b>(94,090)</b>	<b>(548,273)</b>
<b>Carrying amount 30 June 2014</b>	<b>87,639</b>	<b>187,165</b>	<b>-</b>	<b>208,550</b>	<b>878,175</b>	<b>1,361,529</b>
<b>Gross carrying amount</b>						
Balance 1 July 2012	121,489	280,264	213,018	76,677	-	691,448
Additions	53,546	96,638	-	112,039	-	262,223
Disposals	-	-	-	-	-	-
<b>Balance 30 June 2013</b>	<b>175,035</b>	<b>376,902</b>	<b>213,018</b>	<b>188,716</b>	<b>-</b>	<b>953,671</b>
<b>Depreciation and impairment</b>						
Balance 1 July 2012	(48,279)	(74,727)	(34,879)	(6,712)	-	(164,597)
Disposals	-	-	-	-	-	-
Depreciation	(30,938)	(72,807)	(42,602)	(34,164)	-	(180,511)
<b>Balance 30 June 2013</b>	<b>(79,217)</b>	<b>(147,534)</b>	<b>(77,481)</b>	<b>(40,876)</b>	<b>-</b>	<b>(345,108)</b>
<b>Carrying amount 30 June 2013</b>	<b>95,818</b>	<b>229,368</b>	<b>135,537</b>	<b>147,840</b>	<b>-</b>	<b>608,563</b>

The Company has an option to acquire the premises fit out, at the end of the finance lease in January 2016 for \$150,000.

**14 OTHER INTANGIBLE ASSETS**

Details of the Group's other intangible assets and their carrying amounts are as follows:

	Acquired Software Licenses \$	Total \$
<b>Gross carrying amount</b>		
Balance at 1 July 2013	66,541	66,541
Addition, separately acquired	1,179	1,179
Balance at 30 June 2014	67,720	67,720
<b>Amortisation and impairment</b>		
Balance at 1 July 2013	(21,864)	(21,864)
Amortisation	(15,855)	(15,855)
Balance at 30 June 2014	(37,719)	(37,719)
<b>Carrying amount 30 June 2014</b>	<b>30,001</b>	<b>30,001</b>

**Gross carrying amount**

Balance at 1 July 2012	51,973	51,973
Addition, separately acquired	14,568	14,568
Balance at 30 June 2013	66,541	66,541

**Amortisation and impairment**

Balance at 1 July 2012	(6,911)	(6,911)
Amortisation	(14,953)	(14,953)
Balance at 30 June 2013	(21,864)	(21,864)

<b>Carrying amount 30 June 2013</b>	<b>44,677</b>	<b>44,677</b>
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**15 OTHER NON CURRENT ASSETS**

	2014 \$	2013 \$
<b>Non current</b>		
Shareholder Loan	1,234,755	-
Security deposits	542,640	-
Other non current assets	855	-
<b>Total other non current assets</b>	<b>1,778,250</b>	<b>-</b>

The shareholder loan is a full recourse, interest free, loan for 4 years, maturing in July 2017.

**16 TRADE AND OTHER PAYABLES**

Trade and other payables consist of the following

	2014 \$	2013 \$
<b>Current</b>		
Trade payables	434,844	627,841
Amounts payable to related parties	10,548	76,314
Accruals	279,983	918,546
PAYG payable	93,919	137,511
Superannuation payable	101,710	82,246
<b>Total trade and other payables</b>	<b>921,004</b>	<b>1,842,458</b>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

**16.1 Foreign currency risk**

The carrying amount of trade and other payables denominated in the foreign currencies is:

	2014 \$	2013 \$
US Dollar	7,325	36,109
GBP	2,047	34,247
Euro	-	3,069
Yen	20,874	-

**17 CURRENT TAX ASSET**

	2014 \$	2013 \$
<b>Current</b>		
R&D tax refund receivable	3,730,576	2,327,288
<b>Total current tax asset</b>	<b>3,730,576</b>	<b>2,327,288</b>

**18 PROVISIONS**

	2014 \$	2013 \$
<b>Current - annual leave</b>		
Opening balance 1 July	149,801	53,131
Benefits accrued	17,950	96,670
<b>Balance as at 30 June</b>	<b>167,751</b>	<b>149,801</b>



**19 FINANCIAL LIABILITIES**

	2014 \$	2013 \$
<b>Current</b>		
Convertible notes issued	-	4,900,000
<b>Total financial liabilities</b>	-	4,900,000

The convertible notes were issued with a coupon rate of 10% p.a. and, in accord with the original offer, were converted to shares as part of the IPO at a 12% discount to the IPO price of \$0.25.

**20 OTHER LIABILITIES**

	2014 \$	2013 \$
<b>Current</b>		
Deferred Income	120,000	-
Lease liability	488,900	-
<b>Total other current liabilities</b>	<b>608,900</b>	-
<b>Non current</b>		
Lease liability	253,371	-
<b>Total other non current liabilities</b>	<b>253,371</b>	-

**21 EQUITY****21.1 Share Capital**

The share capital of Regeneus Ltd consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Regeneus Ltd.

	2014 Shares	2013 Shares	2014 \$	2013 \$
Shares Issued and fully paid				
Beginning of the year	102,934,566	102,934,566	6,651,935	6,651,935
Options exercised	13,268,265	-	2,856,298	-
Convertible notes and interest capitalised	25,560,246	-	5,623,256	-
Shares issued	42,630,000	-	9,777,431	-
<b>Closing balance at the end of the year</b>	<b>184,393,077</b>	<b>102,934,566</b>	<b>24,908,920</b>	<b>6,651,935</b>

Additional shares were issued during 2014 relating to share-based payments (see Note 22.2) for details on the Group's share-based employee remuneration schemes).

As part of the IPO the Company issued 42,000,000 shares on 19 September 2013, corresponding to 22% of total shares issued. Each share has the same right to receive dividend and the repayment of capital and represents one vote at the shareholders' meeting of the Company.

## 21.2 Reserves

The details of reserves are as follows:

	Share Option Reserve \$	Foreign Currency Translation Reserve \$	Total Reserves \$
Balance at 1 July 2012	1,441,804	-	1,441,804
Share options expense	377,532	-	377,532
Options exercised	-	-	-
Transfer from reserves to retained earnings for options forfeited	(70,891)	-	(70,891)
Foreign currency translation	-	-	-
<b>Balance at 30 June 2013</b>	<b>1,748,445</b>	<b>-</b>	<b>1,748,445</b>
Balance at 1 July 2013	1,748,445	-	1,748,445
Share options expense	1,647,792	-	1,647,792
Options exercised	(1,205,860)	-	(1,205,860)
Transfer from reserves to retained earnings for options forfeited	-	-	-
Foreign currency translation	-	1,154	1,154
<b>Balance at 30 June 2014</b>	<b>2,190,377</b>	<b>1,154</b>	<b>2,191,531</b>

## 22 EMPLOYEE REMUNERATION

### 22.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

Employee Benefits - Expense	2014 \$	2013 \$
Wages, salaries and bonuses	4,220,359	3,003,995
Superannuation	412,245	259,832
Share-based payments	1,647,792	377,531
<b>Employee benefits expense</b>	<b>6,280,396</b>	<b>3,641,358</b>

**22.2 Share-based employee remuneration**

As at 30 June 2014 the Group maintained share-based, option plans, as part of employee remuneration.

Share options and weighted average exercise prices are as follows for the reporting periods presented:

Share Options	Employee Share Option Plan		Option Share Trust		Total Share Option Number
	Number	Weighted Avg Exercise Price (\$)	Number	Weighted Avg Exercise Price (\$)	
Outstanding at 1 July 2012	20,770,067	0.14	-	-	20,770,067
Granted	-	-	-	-	-
Forfeited	(487,060)	0.14	-	-	(487,060)
Exercised	-	-	-	-	-
<b>Outstanding at 30 June 2013</b>	<b>20,283,007</b>	<b>0.14</b>	<b>-</b>	<b>-</b>	<b>20,283,007</b>
Granted	-	-	8,450,110	0.25	8,450,110
Forfeited	-	-	-	-	-
Exercised	(12,740,252)	0.12	(528,000)	0.25	(13,268,252)
<b>Outstanding at 30 June 2014</b>	<b>7,542,755</b>	<b>0.18</b>	<b>7,922,110</b>	<b>0.25</b>	<b>15,464,865</b>
Exercisable at 30 June 2013	17,714,289	0.13	-	-	17,714,289
Exercisable at 30 June 2014	6,465,745	0.17	4,801,873	0.25	11,267,618

The fair values of options granted were determined using a variation of the binomial option pricing model. The weighted average share price at the date of exercise was \$0.29

Other details of options currently outstanding

- The range of exercise prices is \$0.006 to \$0.28.
- The weighted average remaining contractual life is 4 years

The following principal assumptions were used in the valuation:

Valuation Assumptions					
Grant date	2/06/2010	1/07/2010	23/07/2010	1/01/2011	21/02/2011
Share price at date of grant	\$0.006	\$0.136	\$0.136	\$0.136	\$0.136
Volatility	45%	45%	45%	45%	45%
Option life	10 years	10 years	10 years	10 years	10 years
Dividend yield	0%	0%	0%	0%	0%
Risk free investment rate	5.3%	5.10%	5.10%	5.60%	5.50%
Fair value at grant date	\$0.004	\$0.085	\$0.085	\$0.086	\$0.085
Exercise price at date of grant	\$0.006	\$0.136	\$0.136	\$0.136	\$0.136

Grant date	11/03/2011	25/05/2011	1/07/2011	25/07/2011	1/12/2011
Share price at date of grant	\$0.140	\$0.280	\$0.280	\$0.280	\$0.280
Volatility	45%	45%	45%	45%	45%
Option life	10 years	10 years	10 years	10 years	10 years
Dividend yield	0%	0%	0%	0%	0%
Risk free investment rate	5.60%	5.30%	5.30%	5.30%	4.50%
Fair value at grant date	\$0.220	\$0.160	\$0.180	\$0.180	\$0.170
Exercise price at date of grant	\$0.140	\$0.280	\$0.280	\$0.280	\$0.280

Grant date	16/09/2013	4/12/2013
Share price at date of grant	\$0.250	\$0.470
Volatility	65%	65%
Option life	5 years	5 years
Dividend yield	0%	0%
Risk free investment rate	3.4%	3.5%
Fair value at grant date	\$0.156	\$0.327
Exercise price at date of grant	\$0.250	\$0.250

In total, \$1,647,792 (2013: \$306,641) of employee remuneration expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss and credited to share option reserve.

**23 LEASING****23.1 Operating leases as lessee**

In November 2013 the group entered a 5 year 4 month operating lease for its office and production facilities. The future minimum lease payments are as follows:

	Minimum Lease Payments Due			
	Within 1 year \$	1-5 years \$	After 5 years \$	Total \$
30-Jun-14	321,816	1,474,990	-	1,796,806
30-Jun-13	113,618	-	-	113,618

**23.2 Finance Lease**

The Group entered into a 2 year finance lease for the fit out of the new offices and laboratories. As of 30 June 2014, the net carrying amount of these assets is \$878,175. The lease liability is secured by a cash deposit of \$480,000.

	Minimum Lease Payments Due			
	Within 1 year \$	1-5 years \$	After 5 years \$	Total \$
<b>30-Jun-14</b>				
Lease Payments	509,776	254,888	-	764,664
Finance Charges	(20,876)	(1,517)	-	(22,393)
<b>Total lease liabilities</b>	<b>488,900</b>	<b>253,371</b>	-	<b>742,271</b>
<b>30-Jun-13</b>				
Lease Payments	-	-	-	-
Finance Charges	-	-	-	-
<b>Total lease liabilities</b>	-	-	-	-

**24 INCOME TAX EXPENSE**

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Regeneus Ltd at 30% (2013: 30%) and the reported tax expense in profit or loss are as follows:

	2014 \$	2013 \$
<b>The prima facie tax on loss before income tax is reconciled to the income tax as follows:</b>		
Prima facie tax receivable on loss before income tax at 30% (2013: 30%)	(3,376,138)	(2,256,700)
Add:		
Tax effect of:		
- tax losses not brought to account	3,204,542	2,037,082
- non-deductible expenses	295,899	297,546
- other non-allowable items	30,146	1,377
Less:		
Tax effect of:		
Other allowable items	(154,449)	(79,305)
<b>Income tax benefit</b>	<b>-</b>	<b>-</b>
<b>The applicable weighted average effective tax rates are as follows:</b>	<b>(0%)</b>	<b>(0%)</b>

**25 AUDITOR'S REMUNERATION**

	2014 \$	2013 \$
<b>Audit and review of financial statements</b>		
- Auditor's of Regeneus Ltd	81,500	74,500
- Auditor's of Regeneus South East Asia Pte Ltd	4,295	-
<b>Remuneration for audit and review of financial statements</b>	<b>85,795</b>	<b>74,500</b>
<b>Other services</b>		
Taxation	2,634	17,784
Corporate Finance	20,250	42,000
Other services	3,187	7,000
<b>Total other service remuneration</b>	<b>26,071</b>	<b>66,784</b>
<b>Total auditor's remuneration</b>	<b>111,866</b>	<b>141,284</b>

**26 EARNINGS PER SHARE**

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Parent Company as the numerator (i.e. no adjustments to the loss were necessary in 2014 or 2013).

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2014 \$	2013 \$
<b>Earnings per share</b>		
Basic earnings per share from continuing operations	(0.05)	(0.05)
The weighted average number of ordinary shares used as the denominator on calculating the EPS	166,539,157	102,934,566
<b>Diluted earnings per share</b>		
Diluted earnings per share from continuing operations	(0.05)	(0.05)
The weighted average number of ordinary shares used as the denominator on calculating the DEPS	166,539,157	102,934,566

Share options have not been included in the diluted EPS calculation because they are anti-dilutive.

**27 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES**

Reconciliation of Cash Flows From Operating Activities	2014 \$	2013 \$
<b>Cash flows from operating activities</b>		
Loss for the period	(7,523,218)	(5,195,047)
Non cash adjustments for:		
• Depreciation	317,821	180,511
• Amortisation	15,855	14,953
• Loss on disposal	103,908	-
• Equity settled share based transactions	1,647,792	377,532
• Non cash interest on finance leases	19,079	-
• Convertible note interest and interest on shareholder loan	318,018	-
• Unwinding of shareholder loan	(65,455)	-
• Employee expense in relation to shareholder loan	131,491	-
• Unrealised foreign exchange movement	1,154	-
Net changes in working capital:		
• Change in inventories	25,348	(88,385)
• Change in trade and other receivables	(107,690)	80,490
• Change in other assets	17,362	16,045
• Change in trade and other payables	(243,462)	(168,825)
• Change in other employee obligations	(24,128)	135,873
• Change in tax assets	(1,403,288)	(648,599)
• Change in accrued liabilities	512,212	96,670
• Change in provisions	17,950	580,932
<b>Net cash from operating activities</b>	<b>(6,239,251)</b>	<b>(4,617,850)</b>

**28 RELATED PARTY TRANSACTIONS**

During the period the group used consulting services of companies in which a director has a shareholding.

	2014 \$	2013 \$
Channel Group Pty Ltd - Marketing and consulting services (John Martin)	135,010	171,250
Parapet Investments Pty Ltd - Consulting services (John Martin)*	-	230,972
Cherbe Pty Ltd - Technical consulting service (Assoc Prof. Ben Herbert)	-	72,000
<b>Total paid to related parties</b>	<b>135,010</b>	<b>474,222</b>

\* Included in Remuneration Report details for John Martin

**29 TRANSACTIONS WITH KEY  
MANAGEMENT PERSONNEL**

Key management personnel remuneration includes the following expenses

	2014 \$	2013 \$
Salaries	769,803	706,906
Bonuses	228,067	45,000
Back pay of directors fees	232,137	-
<b>Total short term employee benefits</b>	<b>1,230,007</b>	<b>751,906</b>
Defined contribution pension plans	82,290	51,917
Share-based payments	550,206	1,187
<b>Total remuneration</b>	<b>1,862,503</b>	<b>805,010</b>

During the year certain key management personnel exercised options with a total exercise price of \$446k (2013: \$nil)

**30 CONTINGENT LIABILITIES**

The Group had no contingent liabilities as at 30 June 2014 (30 June 2013 \$nil)

**31 CAPITAL EXPENDITURE  
COMMITMENTS**

There were no capital commitments as at the 30 June 2014

**32 FINANCIAL INSTRUMENTS****(a) Capital risk management**

The Group's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and financial liabilities.

**(b) Categories of financial instruments**

The total for each category of financial instrument, measured in accordance with AASB139 as detailed in the accounting policies to these financial statement, are as follows:

Financial Assets	2014 \$	2013 \$
Trade and other receivables	134,266	26,576
Cash and cash equivalents	2,507,497	410,658
Term Deposit	127,754	122,926
<b>Total financial assets</b>	<b>2,769,517</b>	<b>560,160</b>

Financial Liabilities	2014 \$	2013 \$
Trade and other payables	921,004	1,842,458
Convertible Notes	-	4,900,000
<b>Total financial liabilities</b>	<b>921,004</b>	<b>6,742,458</b>

The convertible notes were converted into shares when Regeneus listed on the ASX on the 19th September 2013.

**(c) Financial risk management objectives**

The Group is exposed to various risks in relation to financial instruments. The main types of risks are foreign currency risk, credit risk and liquidity risk.

The Group's risk management is coordinated in close operation with the Board of Directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

**(d) Foreign exchange risk**

Foreign exchange risk is the risk of an adverse impact on the Group's financial performance as a result of exchange rate volatility.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.



The Group is exposed to foreign exchange risk arising primarily from transactions with foreign suppliers. Exposure to currency risk arising from foreign currency transactions is limited to trade payables. The Group does not frequently transact with foreign suppliers and the total balance of trade payables denominated in a foreign currency is not material, therefore the Group's exposure is minimal.

Management have assessed the risk of movement in interest rates, and foreign exchange, and do not believe the impact would be material to the accounts.

#### (e) Liquidity Risk Analysis

Liquidity risk is risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in a rolling 365 day projection.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 180-day periods at a minimum. This objective was met for the reporting periods.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk in particular its cash resources and trade receivables.

As at June 2014, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	2014 \$	2013 \$
	Current within 6 months	Current within 6 months
Trade and other payables	921,106	1,842,458
Convertible notes	-	4,900,000
<b>Total financial liabilities</b>	<b>921,106</b>	<b>6,742,458</b>

The convertible notes were converted into shares when Regeneus listed on the ASX on the 19 September 2013.

#### (f) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults.

#### (g) Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

**33 PARENT ENTITY INFORMATION**

Set out below is the supplementary information about Regeneus Ltd, the parent entity.

	2014 \$	2013 \$
<b>Statement of financial position</b>		
Current assets	7,063,892	3,370,094
Total assets	10,323,102	4,023,444
Current liabilities	1,675,629	6,892,269
Total liabilities	1,929,010	6,892,269
Net assets	8,394,092	(2,868,825)
Issued capital	24,908,920	6,651,935
Retained earnings	(18,705,205)	(11,269,205)
Option reserve	2,190,377	1,748,445
<b>Total equity</b>	<b>8,394,092</b>	<b>(2,868,825)</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Loss for the year	(7,435,999)	(5,195,047)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(7,435,999)</b>	<b>(5,195,047)</b>

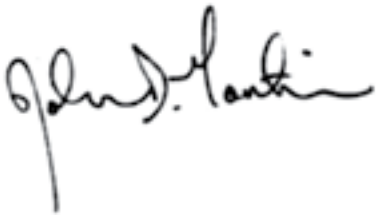
**34 POST REPORTING DATE EVENTS**

On the 15 August 2014 the company made a private placement of 11,538,462 shares at 26 cents each, which raised new capital of \$3,000,000. As part of the placement, 769,232 shares were subscribed for by the directors for \$200,000 and these are pending shareholder approval at the AGM. An option with an exercise price of 40 cents, and an expiry date of August 2015, was also granted for every 3 shares subscribed. Regeneus will also be offering a Share Purchase Plan for all existing shareholders in August 2014.

**DIRECTORS' DECLARATION**

- 1 In the opinion of the Directors of the Group:
  - a The consolidated financial statements and notes are in accordance with the Corporations Act 2001, including
    - i Giving a true and fair view of its financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
    - ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - b There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- 2 The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2014.
- 3 Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Executive Chairman

John Martin

Dated this 22 August 2014



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### **Independent Auditor's Report To the Members of Regeneus Ltd**

#### **Report on the financial report**

We have audited the accompanying financial report of Regeneus Ltd (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

#### **Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

#### **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. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used 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**

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

**Auditor's opinion**

In our opinion:

- a the financial report of Regeneus Ltd is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the financial position as at 30 June 2014 and of their performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

**Report on the remuneration report**

We have audited the remuneration report included on pages 12 to 15 of the directors' report for the year ended 30 June 2014. 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.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Regeneus Ltd for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

A handwritten signature in cursive script that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in cursive script that reads "N.J. Bradley".

N.J. Bradley  
Partner - Audit & Assurance

Sydney, 22 August 2014

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 30 June 2014.

## SUBSTANTIAL SHAREHOLDERS

The number of substantial shareholders and their associates are set out below:

Shareholder	Number of Shares
Vesey Investments Pty Ltd	13,215,026
Thomas Georg Mechtersheimer	9,737,451
Dr Marc Ronald Wilkins	9,215,529
Ben Herbert	8,689,412

## Voting Rights

### Ordinary shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Options

No voting rights

## Distribution of Equity Security Holders

Holding	Shares	Options
1 - 1,000	30,357	
1,001 - 5,000	1,125,519	
5,001 - 10,000	2,612,025	
10,001 - 100,000	25,609,784	1,104,838
100,001 and over	155,015,392	14,360,027
	<b>184,393,077</b>	<b>15,464,865</b>

## Ordinary Shares

Twenty largest shareholders	Number Held	% of Issued Shares
Vesey Investments Pty Ltd	13,215,026	7%
Thomas Georg Mechtersheimer	9,737,451	5%
Dr Marc Ronald Wilkins	9,215,529	5%
Ben Herbert	8,689,412	5%
Hestian Pty Ltd	7,443,466	4%
Parros Pty Ltd	5,448,114	3%
Ubs Wealth Management Australia Nominees Pty Ltd	4,087,506	2%
Tony Batterham	3,850,500	2%
John Martin	3,465,450	2%
Passion Investment Group Pty Ltd	3,362,651	2%
Mr Pierre Frederic Malou	3,166,792	2%
George Miklos	3,080,400	2%
Citicorp Nominees Pty Limited	2,880,150	2%
Smc Capital	2,519,726	1%
Sayers Investment (Act) Pty Ltd	1,988,543	1%
Bacau Pty Ltd	1,981,502	1%
Rose Martin	1,863,642	1%
J P Morgan Nominees Australia Limited	1,669,899	1%
Paul Kelly	1,583,935	1%
Dr Michael Muller	1,571,896	1%

**LESS THAN MARKETABLE PARCELS**

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Number of shareholders	93
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**BUY BACK OF SHARES**

There is no buy back of shares on offer.

**UNISSUED EQUITY SECURITIES**

Options issued under the options plans total 15,464,865.

**SECURITIES EXCHANGE**

The Company was listed on the Australian Securities Exchange on the 19 September 2013

**CASH USAGE**

Since listing on the ASX on 19 September 2013, the Company has used its cash and assets in a form readily converted to cash that it had at the time of admission to the official list of ASX in a manner consistent with its business objectives.







 **regeneus**  
living regenerative medicine

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Regeneus is an emerging leader in using the regenerative capacities of adipose (fat)-derived cells to develop innovative cell therapies for people and animals.

The Sydney-based company has developed proprietary technologies for the manufacture of "in-clinic" and "off-the shelf" cell therapies from adipose tissue.